

# IFSL

— Fund Services —

## **IFSL Sinfonia OEIC**

### Annual Report and Audited Financial Statements

for the year from 1st October 2016 to 30th September 2017:

- IFSL Sinfonia Income Portfolio
- IFSL Sinfonia Income and Growth Portfolio
- IFSL Sinfonia Cautious Managed Portfolio
- IFSL Sinfonia Balanced Managed Portfolio
- IFSL Sinfonia Adventurous Growth Portfolio

Issue date: 31st January 2018

# Contact Information

## The Company

IFSL Sinfonia OEIC

## Registered and Head Office of the Company

Marlborough House  
59 Chorley New Road  
Bolton  
BL1 4QP

## Authorised Corporate Director (ACD) and Registrar

Investment Fund Services Limited (IFSL)  
Marlborough House  
59 Chorley New Road  
Bolton  
BL1 4QP  
(Authorised and regulated by the Financial Conduct Authority (FCA))

Investor Support 0808 178 9321

## Directors of IFSL

Andrew Staley  
Nicholas FJ Cooling  
Allan Hamer  
Wayne D Green  
Dom Clarke  
Helen Redmond  
Helen Derbyshire  
Guy Sears (Non-Executive Director; appointed 10th April 2017)  
John R Heap (Resigned 9th February 2017)  
Bernard J Leyland (Resigned 9th February 2017)

## Depository

National Westminster Bank plc  
1st Floor  
280 Bishopsgate  
London  
EC2M 4RB  
(Authorised by the Prudential Regulation Authority (PRA) and regulated by the FCA and the PRA)

## Auditor

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

## Investment Manager

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5 Aldermanbury Square  
London  
EC2V 7BP  
(Authorised and regulated by the FCA)

## Custodian

BNP Paribas Securities Services  
10 Harewood Avenue  
London  
NW1 6AA  
(Authorised and supervised in France by the Autorité de Contrôle Prudentiel and by the Autorité des Marchés Financiers and authorised and subject to limited regulation by the FCA for the conduct of its investment business in the UK)

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# IFSL Sinfonia OEIC

## Report of the Authorised Corporate Director (ACD)

### Constitution and Authorised Status

IFSL Sinfonia OEIC (the Company) is an open-ended investment company with variable capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001 (OEIC Regulations). The Company is a UCITS Scheme as defined in the Collective Investment Schemes Sourcebook (COLL) and is also an umbrella company for the purposes of the OEIC Regulations. The Company is incorporated in England and Wales with registered number IC000624. The Company was authorised by an order made by the Financial Conduct Authority (FCA) with effect from 8th May 2008.

### The Sub-Funds

The Company currently has five sub-funds:

- IFSL Sinfonia Income Portfolio;
- IFSL Sinfonia Income and Growth Portfolio;
- IFSL Sinfonia Cautious Managed Portfolio;
- IFSL Sinfonia Balanced Managed Portfolio; and
- IFSL Sinfonia Adventurous Growth Portfolio.

Shareholders of the sub-funds do not have any proprietary interest in the underlying assets of the Company. The shareholders of the sub-funds will not be liable for the debts of the Company.

In the future, further sub-funds may be added in accordance with the Company's Instrument of Incorporation and the Regulations. The Prospectus will be revised on the introduction of a new sub-fund or class of share within a sub-fund.

The sub-funds are operated separately and the property attributable to each sub-fund is managed in accordance with the investment objective and policy applicable to that sub-fund.

A share of each class represents a proportional entitlement to the assets of the sub-fund. The allocation of income and taxation and the rights of each share in the event that the sub-fund is wound up are on the same proportional basis.

The sub-funds are segregated by law under the Protected Cell Regime. In the event that one sub-fund in the Company is unable to meet its liabilities, the assets of another sub-fund within the Company will not be used to settle those liabilities.

### Cross Holdings

The sub-funds of the Company do not hold shares in any other sub-funds of the Company.

### Changes in Prospectus

On 20th February 2017 the administrative function of the Company transferred from BNP Paribas Securities Services to Investment Fund Services Limited.

Up to date key investor information documents, prospectuses and ACD's Reports and Financial Statements for any sub-fund or Company within the ACD's range can be requested by the investor at any time.

# IFSL Sinfonia OEIC

## Report of the Authorised Corporate Director (ACD) (continued)

### Remuneration Policy

In line with the requirements of UCITS V, Investment Fund Services Limited, the Authorised Fund Manager (AFM), is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30th September 2017 (the AFM's year-end) are set out below:

	Number of Identified Staff £	Total Remuneration Paid £	Fixed Remuneration Paid £	Variable Remuneration Paid £
<i>Remuneration paid to staff of the AFM who have a material impact on the risk profile of the OEIC</i>				
Senior Management	11	459,633	354,725	104,907
Risk takers and other identified staff	3	73,212	57,149	16,063
<i>Allocation of total remuneration of the employees of the AFM to the OEIC</i>				
Senior Management	0.16	17,029	13,143	3,887
Risk takers and other identified staff	0.04	2,713	2,117	595

The total number of staff employed by the AFM was 139 at 30th September 2017. The total remuneration paid to those staff was £5,799,615, of which £2,206,922 is attributable to the AFM.

The allocation of remuneration to the AFM is based on Assets Under Management (AUM), as staff work for two AFMs. The allocation of remuneration to the OEIC is based on AUM where staff are not directly allocated to the OEIC. The way these disclosures are calculated may change in the future.

# IFSL Sinfonia OEIC

## Authorised Corporate Director's Statement

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

Allan Hamer  
Joint Managing Director

Wayne D Green  
Joint Managing Director

**Investment Fund Services Limited (IFSL)**  
Authorised Corporate Director of IFSL Sinfonia OEIC

31st January 2018

## Statement of the Authorised Corporate Director's Responsibilities

The Collective Investment Schemes Sourcebook (COLL) requires the Authorised Corporate Director (ACD) to prepare Financial Statements for each accounting year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial affairs of the Company comprising its sub-funds and of its net revenue/expense and the net gains for the year.

In preparing the Financial Statements the ACD is required to:

- comply with the Prospectus, the Statement of Recommended Practice for Financial Statements of Authorised Funds issued in May 2014, the Instrument of Incorporation, United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the COLL, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the auditor is unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise themselves with any relevant audit information and to establish that the auditor is aware of that information.

### Statement of the Depositary's Responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together the Regulations), the Company's Instrument of Incorporation and Prospectus (together the Scheme documents) as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager (AFM) are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank plc  
1st Floor  
280 Bishopsgate  
London  
EC2M 4RB

31st January 2018



# IFSL Sinfonia OEIC

## Independent Auditor's Report to the Members of IFSL Sinfonia OEIC

### Opinion

We have audited the financial statements of IFSL Sinfonia OEIC (the Company) comprising its sub-funds for the year ended 30th September 2017 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders together with the Balance Sheet, the accounting, distribution and risk management policies and related notes for each sub-fund and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising its sub-funds as at 30th September 2017 and of the net revenue and the net capital gains/(losses) on the scheme property of the Company comprising its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for the period of at least twelve months from the date when the financial statements are authorised for issue.

### Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on Other Matters Prescribed by the Rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

### Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

### **Responsibilities of the Authorised Corporate Director (ACD)**

As explained more fully in the ACD's responsibilities statement set out on page 7, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclose, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statement is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of the auditor's report.

Ernst & Young LLP  
Statutory Auditor  
Edinburgh

31st January 2018

### **Notes:**

1. the maintenance and integrity of the Investment Fund Services Limited website is the responsibility of the ACD; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Following the excitement in the UK during early summer 2016, the last portion of 2016 certainly did not fail to disappoint with news flow dominated by the US Presidential Campaign and eventually the election of Donald Trump into the White House. Political aspects in Europe also caused concern for investors with the laborious formation of a government in Spain and negative opinion polls for the Italian prime minister concerning the outcome of the constitutional referendum early December 2016. Brexit returned to the limelight, with Theresa May announcing in October that Article 50 of the Lisbon Treaty would be activated before the end of the first quarter of 2017. Initially, Trump's victory took a toll on equities but financial impacts were nevertheless short-lived as market focus (and hopes) turned from Trump the outspoken candidate, to Trump the pragmatic Republican President with a highly expansionary fiscal policy in the pipeline. This prompted a clear rebound on equity markets and in the dollar, as well as tension on long-term rates. The momentum remained intact throughout the last quarter of 2016 even though precise details on the extent of the stimulus plan or when it could be implemented were not clear.

Throughout the last quarter of 2016, the US Federal Reserve's (Fed) communication stayed on the same track established at the end of August, namely that arguments in favour of an increase in key interest rates had strengthened. This diagnosis, backed by strong economic data (notably with a 3.5% rise in the third quarter GDP figures and favourable surveys for the fourth quarter), logically resulted in a 25bp hike in the key rate on 14th December. The Fed fund's target rate is now set to range between 0.50% and 0.75%. This move was expected and came almost exactly a year to the day after the hike in December 2015, the first after seven years of status quo which serves to highlight the slow pace of monetary policy normalisation. The central banks in Europe and the UK were largely quiet as the year drew to a close, with only slight disappointment from the European Central Bank (ECB) regarding their lack of substantial action in the December meeting to note.

Continuing its trend, the US dollar strengthened against most major currencies over the last quarter 2016, both in developed and emerging countries, gaining 8% against a basket of currencies according to Bank of England (BoE) estimates and restoring its highest level since spring 2003. Sterling continued its fall in this early period to finish 2016 at 1.2340 versus the USD compared to 1.2970 at the end of the third quarter and the substantially higher level of 1.4736 at the end of 2015.

The equity markets fared very well in the first portion of 2017 despite some tentativeness that emerged in March, mainly on US markets. In dollar terms, the MSCI AC World rose by 6.4%, while the MSCI Emerging rallied by 11.2%. The FTSE was again a little more subdued gaining a modest 2.52% during the first quarter. The US Presidential Inauguration was in focus looking towards the future ambitions of the new administration. The rejection of some executive orders regarding the more controversial ideas of the election campaign and the forced resignation of a national security advisor provided some reassurance to the markets in so far as it reinforced the effectiveness of US checks and balances. Key policy objective around rescinding "Obamacare" hit many stumbling blocks and did not augur well for future Congressional debate on stimulus measures; this can be evidenced by the relative impasse in reform measures over the summer and autumn of 2017.

In the environment of broadly positive global equity performance the FTSE 100 returns in the first half of the year are exceptionally modest reflecting investor doubts at a time when the authorities have not ruled out the possibility of a "hard" Brexit and Prime Minister Theresa May fulfilled her promise and formerly triggered Article 50 of the Lisbon Treaty on 29th March to open the door to negotiations with the European Union. Local politics continued to dominate as a snap General Election was called by the conservatives in an attempt to strengthen the majority and provide a clear mandate to the party for the Brexit negotiations. Ultimately this approach backfired in a considerable fashion as the Conservatives were left to call on another smaller party in order to reach a working majority. For the financial markets, this added some relief as the perceived uncertainty and chance of a Hard Brexit was diminished.

On the monetary policy side, we again saw the BoE officially remain on the side-lines even as economic data indicators would perhaps point to a more restrictive path coming into force. The US Fed's tone toughened during the first quarter against a backdrop of favourable economic indicators and acceleration in inflation. Political uncertainties (post-Brexit referendum, as Theresa May triggered Article 50 on 29th March, and with presidential and legislative elections in France) no doubt played a role in the ECB's decision to maintain its stance on interest rates and stick to its forward guidance on monetary policy over the first half of 2017. The ECB is hinting that it will take on the Fed's strategy of tapering off its asset purchases before raising its key rates but the market remains divided over whether to expect an early rate hike instead.

Amid the general cautious air surrounding central bank guidance, both the BoE and ECB startled markets with more hawkish comments at a conference in Sintra, Portugal late June. This hinted at the slight shift in central banks stance to follow going into the second half of the year.

Despite some tentativeness in August of this year, global equity markets continued to rally in the third quarter, with the MSCI AC World index (in dollars) gaining 4.7% and the MSCI Emerging (in dollars) up 7%. The only real source of market nervousness was the geopolitical situation, when the North Korean crisis ratcheted up in August after new tests by Pyongyang, however as tensions receded the market quickly found its feet again. The equity rally is being driven mainly by improved economic growth. Economists in both the private sector and at major international institutions have revised their growth forecasts regularly, in particular for the euro zone, due to very solid indicators and sustained momentum.

The 10-year US T-Note yield peaked on 7th July, at 2.40% in the wake of rising long-term European bond yields. The 10-year Bund yield continued to rise in early July, as it had since Mario Draghi's late June statements, which had been deemed hawkish. The yield moved from 0.47% at end-June to 0.60% on 13th July in reaction to uncertainty on the coming central bank statements on both sides of the Atlantic. The 10-year UK Gilt yield followed suit rising from around 1.00% in June to a high of 1.31% in early July. However, Mario Draghi managed to reassure investors somewhat. Fed comments regarded as accommodating and the slowdown in inflation played out in the same direction and yields continued to decline against a backdrop of geopolitical tensions and a flight to safety. The 10-year Bund yield hit a low on the quarter in the wake of the 7th September ECB Council of Governors meeting, approaching 0.30% when it became apparent that forward guidance would remain highly conservative on a possible reduction in asset purchases. Thereafter, rising US yields spilled over onto European markets, which, moreover, bore the brunt of heavy new issuance. The 10-year Bund yield moved rapidly back to 0.40% before tracking US long-term yields up in late September on Trump administration tax cut promises. The 10-year Bund yield ended the quarter at 0.46%. The 10-year UK Gilt yield continued to rally on more positive sentiment and late in the quarter expectations for potential rate hikes, finishing the September at 1.36%.

In the United States, the S&P 500 ended the latest quarter up 4%, at a new all-time high above 2500 points. Tech stocks rose the most, followed by energy, while consumer and utilities stocks underperformed. The Russell 2000 outperformed in the third quarter, as small caps rallied in September, driven by tax cut announcements. In the euro zone the EuroSTOXX 50 gained 4.4% on the back of solid gains by cyclical (automakers and IT) and financial stocks, the latter being driven by a slight re-steepening in the yield curve. In the UK equities broadly followed suit finishing the quarter with a positive 2.6% return.

In the currency markets, the final months of this period again saw USD depreciation with both GBP and EUR gaining ground. The EUR/USD rate finished at 1.18 with the GBP/USD rate closing at 1.34. Whilst volatile during the quarter the EUR/GBP exchange rate ended September at essentially the same level it started July. Especially to note amongst the major currencies was the swift appreciation in sterling (+4.6% vs. the euro, +4.1% vs. USD) in September. This reflected a shift in expectations of BoE monetary policy. At its meeting on the 14th September, the BoE kept its key rate at 0.25%, as expected, but did say that "some removal of monetary stimulus is likely to become necessary" in the coming months to bring inflation back to its target rate". Inflation rose to 2.9% in August and could continue to accelerate in the coming months. This trend would offer a window to act by the end of the year. The shift in Theresa May's tone towards a "constructive spirit" on Brexit, according to European negotiators, gives the BoE another reason to reverse some of the measures put through last year in the wake of the referendum.

# IFSL Sinfonia OEIC

## Notes to the Financial Statements – Accounting Policies, Distribution Policies and Risk Management Policies

for the year from 1st October 2016 to 30th September 2017

### 1.1 Accounting Policies

During the year under review, IFSL Sinfonia OEIC consisted of five sub-funds: IFSL Sinfonia Income Portfolio; IFSL Sinfonia Income and Growth Portfolio; IFSL Sinfonia Cautious Managed Portfolio; IFSL Sinfonia Balanced Managed Portfolio; and IFSL Sinfonia Adventurous Growth Portfolio.

The accounting policies have been consistently applied throughout the year to all sub-funds.

#### Basis of Accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds, issued by the Investment Management Association (now known as The Investment Association (IA)) in May 2014. The SORP complies with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable to the UK and Republic of Ireland.

The financial statements for IFSL Sinfonia OEIC are prepared in pounds sterling which is the functional currency of all the sub-funds.

The financial statements for IFSL Sinfonia OEIC have been prepared on a going concern basis.

#### Revenue

Dividends from equities, preference shares and distributions receivable from onshore collective investment schemes are recognised when the security is quoted ex-dividend.

Income from offshore collective investment schemes is recorded on the ex-dividend date and additional reported income is recognised when reported.

Bank interest is accounted for on an accrual basis. Interest earned from fixed interest securities is accounted for on an effective yield basis.

#### Allocation of Revenue

Revenue, attributable after expenses to multiple share classes, with the exception of the ACD's periodic charges, which are directly attributable to individual share classes, is allocated to share classes pro-rata to the value of net assets of the relevant share class on the day that the revenue is incurred.

#### Expenses

All expenses, other than those relating to the purchase and sale of investments, are initially charged against revenue on an accruals basis.

#### Management Fee Rebates

Management fee rebates on collective investment schemes' management fees are accounted for on an accruals basis and are subsequently attributed to the sub-funds' revenue or capital depending on the fee structure of the underlying collective investment scheme.

#### Equalisation

Distributions received from investments in collective investment schemes may include an element of equalisation which represents the average amount of revenue included in the price paid for shares. Equalisation is treated as a return of capital for taxation purposes and does not carry a tax credit.

#### Valuation

The valuation point was 12 midday on 29th September 2017 being the last valuation point of the accounting period. Listed investments are valued at fair value which is the bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the ACD's best estimate of the amount that would be received from the immediate transfer at arm's length in a manner designed to show fair value. At the balance sheet date the percentage of net assets held in such securities was nil (2016: nil).

Where applicable, investment valuations exclude any element of accrued revenue.

Investments in collective investment schemes have been valued at bid price for dual priced funds or the single price for single priced funds. Where these investments are managed by the ACD, the holdings have been valued at the cancellation price for dual priced funds or the single price for single priced funds. This price is the last available published price at the period end.

#### Taxation

Corporation tax has been provided for at 20% on taxable income less expenses. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and taxation purposes. Potential future liabilities and assets are recognised where the transactions, or events giving rise to them, occurred before the balance sheet date.

# IFSL Sinfonia OEIC

## Notes to the Financial Statements – Accounting Policies, Distribution Policies and Risk Management Policies (continued)

### 1.1 Accounting Policies (continued)

#### Exchange Rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12 midday on 29th September 2017 being the last valuation point of the accounting period for IFSL Sinfonia OEIC.

Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment at the principal amounts.

### 1.2 Distribution Policies

#### Distributions

The distribution policy of each sub-fund is to distribute or accumulate all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on non-derivative instruments and currencies, whether realised or unrealised, are taken to capital and are not available for distributions. Revenue recognised from holdings in accumulation shares in collective investment schemes are included in the amount available for distribution.

As the investment objectives of IFSL Sinfonia Income Portfolio and IFSL Sinfonia Income and Growth Portfolio concentrate on the generation of revenue as a higher priority than capital growth, the ACD and the Depositary have agreed that 100% of the ACD's periodic charge is to be taken to capital for the purpose of calculating the distribution as permitted by regulations.

### 1.3 Risk Management Policies

In pursuing the investment objectives set out on pages 16, 36, 54, 71 and 88, the sub-funds may hold a number of financial instruments. These comprise:

- units and shares in collective investment schemes, held in accordance with each sub-funds' investment policy;
- listed investments such as UK equities, investment trusts and fixed interest bonds;
- cash, liquid resources and short-term debtors and creditors that arise from each sub-funds' operations;
- shareholders' funds which represent investors' monies which are invested on their behalf; and
- temporary borrowings used to finance investment activity.

The main risks arising from the sub-funds' financial instruments and the ACD's policies for managing these risks are summarised below. The ACD reviews (and agrees with the Depositary) the policies for managing each of these risks. The policies have remained unchanged since the beginning of the period to which these financial statements relate.

The sub-funds are managed according to the COLL 5 'Investment and Borrowing Powers' which helps achieve the statutory objective of protecting consumers by laying down the minimum standards for the investments that may be held by an authorised fund. In particular: (a) the proportion of transferable securities and derivatives that may be held by the authorised fund is restricted if those transferable securities and derivatives are not listed on an eligible market. The intention of this is to restrict the transferable securities and derivatives that cannot be accurately valued and readily disposed of; and (b) authorised funds are required to comply with a number of investment rules that require the spreading of risk.

#### Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments which the sub-funds' hold. It represents the potential loss the sub-funds might suffer through holding positions in the face of price movement. The Investment Manager of the sub-funds has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation and seeks to ensure that individual stocks also meet the risk and reward profile that is acceptable.

#### Foreign Currency Risk

The sub-funds' financial assets and liabilities are substantially invested in other collective investments schemes, most, but not necessarily all of whose prices are quoted in sterling. The sub-funds may therefore have direct exposure to foreign currency risk in respect of part of the portfolios. In addition, the value of the sub-funds' underlying investments will be affected by movements in exchange rates against sterling in respect of non-sterling denominated assets.

The ACD has identified three areas where foreign currency risk could impact the sub-funds. These are: movements in exchange rates affecting the value of investments; short-term timing differences such as exposure to exchange rate movements during the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs; and finally, movements in exchange rates affecting revenue received by each sub-fund. The sub-funds convert all receipts of income, received in currency, into sterling on the day of receipt.

To manage foreign currency risk the sub-funds are permitted to invest in forward foreign currency exchange transactions for the purpose of reducing the exposure of the sub-funds to a foreign currency. Forward foreign currency exchange contracts will be listed in the Portfolio Statement for each sub-fund where applicable.

The foreign currency exposure within the sub-funds is monitored to ensure that it is manageable and sensible.

# IFSL Sinfonia OEIC

## Notes to the Financial Statements – Accounting Policies, Distribution Policies and Risk Management Policies (continued)

### 1.3 Risk Management Policies (continued)

#### Interest Rate Risk

The sub-funds hold various cash positions and any change to the interest rates relevant to those particular positions may result in revenue either increasing or decreasing. There are no material amounts of non-interest bearing financial assets or liabilities, other than collective investment schemes investing in equities which do not have maturity dates or fixed interest investments which mature within one year.

Interest rate risk is managed through a limit framework and investment guidelines with which the sub-funds must comply. These include restrictions on position size, and the level of interest rate risk.

The Investment Manager continuously reviews interest rates and inflation expectations, the assessment of this may result in a change to the investment strategy.

#### Liquidity Risk

The main liability of the sub-funds is the redemption of any shares that investors wish to sell. The sub-funds' assets are invested in collective investment schemes of recognised product providers spread sufficiently to enable redemption of holdings without undue adverse effect. The liquidity of the sub-funds' assets is regularly reviewed by the ACD. The ACD has an approved list of counterparties used for investment transactions which is revised on a regular basis.

#### Concentration Risk

Some of the underlying collective investment schemes invest solely in certain markets, such as UK shares or fixed interest securities. This allows them to focus on those markets' potential but means that they are not spread amongst a range of markets. Securities in the same market tend to be affected by the same factors, so these collective investment schemes may experience greater fluctuations in price. The asset allocations aim to minimise this risk whenever possible, whilst still meeting the objectives of the sub-funds'.

#### Derivatives and other financial instruments

The ACD is permitted to use derivatives for the purposes of both efficient portfolio management and investment decisions. Forward currency transactions may also be entered into to hedge the portfolios against currency movements. Investment performance of derivatives can be volatile and may present greater risks than more traditional investments.

The ACD is obliged through FCA rules to put in place a risk management policy which sets out how the ACD measures and monitors these risks.

# IFSL Sinfonia Income Portfolio

## Investment Objective, Investment Policy and Investment Manager's Review

for the year from 1st October 2016 to 30th September 2017

### Investment Objective

The investment objective of the sub-fund is to provide regular income with some potential for capital growth over the long term.

### Investment Policy

The sub-fund's investment objective will be achieved by investing in a diversified portfolio of equities, fixed interest securities, warrants and money market instruments primarily through investment in a portfolio of collective investment schemes. The sub-fund will typically be invested in a global portfolio of assets with a focus on UK assets.

Normally, the sub-fund will be fully invested except for an amount to enable redemption of shares, efficient management of the sub-fund in relation to its strategic objectives, and other purposes which may be reasonably regarded as ancillary to the investment objectives of the sub-fund. However, the sub-fund's investment policy may mean that at times, where it is considered appropriate, the scheme property will not be fully invested and that prudent levels of liquidity will be maintained.

It is intended that the sub-fund will be invested in a portfolio of assets which the Investment Manager considers to be mainly low and medium risk investments over the long term.

The asset classes in which the sub-fund may also invest includes transferable securities, money market instruments, cash and near cash and deposits as such asset classes are permitted for investment by UCITS Schemes and in accordance with the Company's general investment powers as provided in the Instrument of Incorporation, OEIC Regulations and COLL. The investment powers applicable to the sub-fund are summarised for your information in the Prospectus.

The sub-fund is permitted to invest in derivative instruments and forward transactions for investment purposes, however, it is the Investment Manager's intention that the sub-fund shall utilise derivative instruments and forward transactions for hedging purposes using efficient portfolio management techniques, as explained further in the Prospectus.

### Investment Manager's Review

Early in October 2016 and following another extended run in Inflation Linked bonds, we closed this position in the portfolio. While we see scope for further inflation pickup, market levels appear stretched and it was prudent to lock in profits at that time. Heading into the pending US elections, the portfolio had been positioned with an exposure to US Small Cap equities over Large Cap as the more domestic focus allows them increased benefit from fiscal stimulus than internationally-oriented large caps. Small caps should also in general be less vulnerable to any protectionist measures that could evolve out of the new government. This conviction was closed mid-February following good performance and we felt continued upside was limited as the risk of extreme protectionism abated. The portfolio has held a mildly underweight exposure to Equities on a broad basis as we felt valuations have become very stretched at elevated levels and the upside risk premium was less justified. This had dragged on performance as global equities continued to rally into and beyond the New Year. Our expectation regarding obstructions to any new corporate friendly policy in the US proved correct and there was disturbance to the market with elections in Europe, yet equity markets remained resilient. If anything the relief rally from the election of the moderate Macron to President in France and the weakening of the Conservative government in the UK led to more positivity in the markets. As such it was prudent to return the portfolio to a more market neutral stance and cut the underweight.

Within the equity allocation we remained active, the opportunistic trades of Long Europe vs UK equities benefited well primarily from a currency aspect. Late in the reporting period we again saw value in US Large Cap over Small Caps which so far is positively contributing to the sub-fund's return.

The portfolio remained nimble in duration space with tactical changes in response to key market events in both April and May around the French and UK elections, and again over the summer following hawkish comments from the Bank of England governor caused a sell-off in the rates market. On both occasions we looked through the short term market reaction and managed to lock in profits as tensions eased and prices somewhat normalised. That said UK yields for most of the period remain at low levels and subsequently our interest rate exposure has on average been to the lower side.

During January, the credit exposure of the sub-fund was reduced as in an environment of "fatter tails" credit does not provide an attractive risk/return profile at these high valuation levels as it lacks the upside to reflation but has a significant exposure to a downward turn in the cycle. From a carry perspective this has been a detractor.

From a fund selection perspective, the active managers selected in the portfolio have broadly delivered positive returns. We were excited to add an interesting manager in the Japan Equity space with Eastspring. This was primarily a replacement for the hedged share class of Melchior while performing well, we felt the sterling strength in early summer was excessive and took the opportunity to switch to the unhedged Eastspring and Amundi JPX 400 ETF.

Early in the period, Parvest Multi Asset Emerging Income was introduced into the sub-fund, and has posted a strong return with the significant rise of global emerging assets generally. Lastly, we introduced a UK small cap manager in Standard Life, this diversifies our UK exposure a little and also continues to outperform its benchmark.



# IFSL Sinfonia Income Portfolio

## Investment Objective, Investment Policy and Investment Manager's Review

(continued)

### Material Portfolio Changes

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
Vanguard UK Gilt ETF	1,846	SPDR Barclays 1-5 Year Gilt ETF	1,486
SPDR Barclays 1-5 Year Gilt ETF	1,425	BNP Paribas Insticash GBP 'X Capitalisation'	1,466
BNP Paribas Insticash GBP 'X Capitalisation'	1,213	Legal & General All Stocks Gilt Index 'C' Dist	859
Legal & General All Stocks Gilt Index 'C' Dist	878	Vanguard UK Gilt ETF	815
Legal & General UK Index 'C' Dist	630	Legal & General UK Index 'C' Dist	606
Vanguard FTSE Developed Europe ex UK ETF	449	Vanguard UK Inflation-Linked Gilt Index 'A' GBP Gross Inc	603
Parvest Equity Best Selection Europe ex-UK 'X Capitalisation'	265	BlackRock UK Credit Screened 'Flexible' Acc GBP	489
iShares MSCI USA Small Cap USD Acc ETF	241	Vanguard FTSE Developed Europe ex UK ETF	378
Parvest Equity USA Small Cap 'X Capitalisation'	204	Standard Life European Corporate Bond 'D' Acc	294
BNP Paribas Easy S&P 500 'C' USD ETF	183	Parvest Bond Absolute Return V350 'X Capitalisation'	253
Other purchases	697	Other sales	1,449
Total purchases for the year	8,031	Total sales for the year	8,698

# IFSL Sinfonia Income Portfolio

## Comparative Tables

	A Income 2017 (Pence per Share)	A Income 2016 (Pence per Share)	A Income 2015 (Pence per Share)	B Income 2017 (Pence per Share)	B Income 2016 (Pence per Share)	B Income 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	130.00	116.01	113.88	124.46	111.87	110.59
Return before operating charges*	0.95	18.84	4.58	1.15	18.08	4.62
Operating charges	(1.45)	(1.39)	(1.28)	(2.43)	(2.32)	(2.21)
Return after operating charges*	(0.50)	17.45	3.30	(1.28)	15.76	2.41
Distributions on income shares	(1.59)	(3.46)	(1.17)	(1.52)	(3.17)	(1.13)
Closing net asset value per share	127.91	130.00	116.01	121.66	124.46	111.87
* after direct transaction costs of:	0.02	0.03	0.07	0.02	0.03	0.07
<b>Performance</b>						
Return after charges	(0.38%)	15.04%	2.90%	(1.03%)	14.09%	2.18%
<b>Other Information</b>						
Closing net asset value (£'000)	1,084	1,170	618	260	312	490
Closing number of shares	847,488	899,977	532,562	214,010	250,287	438,105
Operating charges	1.12%	1.14%	1.09%	1.97%	1.99%	1.94%
Direct transaction costs	0.02%	0.02%	0.06%	0.02%	0.02%	0.06%
<b>Prices</b>						
Highest share price	133.70	134.20	121.70	127.90	128.50	117.80
Lowest share price	124.30	115.60	113.50	119.10	111.40	110.20

## IFSL Sinfonia Income Portfolio Comparative Tables (continued)

	C Income 2017 (Pence per Share)	C Income 2016 (Pence per Share)	C Income 2015 (Pence per Share)	D Income 2017 (Pence per Share)	D Income 2016 (Pence per Share)	D Income 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	120.46	108.72	107.96	122.70	110.51	109.51
Return before operating charges*	0.71	17.53	4.57	0.93	17.81	4.58
Operating charges	(2.94)	(2.82)	(2.70)	(2.69)	(2.55)	(2.46)
Return after operating charges*	(2.23)	14.71	1.87	(1.76)	15.26	2.12
Distributions on income shares	(1.50)	(2.97)	(1.11)	(1.49)	(3.07)	(1.12)
Closing net asset value per share	116.73	120.46	108.72	119.45	122.70	110.51
* after direct transaction costs of:	0.02	0.02	0.06	0.02	0.02	0.06
<b>Performance</b>						
Return after charges	(1.85%)	13.53%	1.73%	(1.43%)	13.81%	1.94%
<b>Other Information</b>						
Closing net asset value (£'000)	-	-	-	115	179	550
Closing number of shares	100	100	100	96,248	145,832	497,849
Operating charges	2.47%	2.49%	2.44%	2.22%	2.24%	2.19%
Direct transaction costs	0.02%	0.02%	0.06%	0.02%	0.02%	0.06%
<b>Prices</b>						
Highest share price	123.70	124.40	114.80	126.00	126.60	116.60
Lowest share price	115.10	108.20	107.60	117.20	110.00	109.10

# IFSL Sinfonia Income Portfolio

## Comparative Tables (continued)

	A Accumulation 2017 (Pence per Share)	A Accumulation 2016 (Pence per Share)	A Accumulation 2015 (Pence per Share)	B Accumulation 2017 (Pence per Share)	B Accumulation 2016 (Pence per Share)	B Accumulation 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	153.04	132.97	129.24	146.87	128.68	125.95
Return before operating charges*	1.11	21.67	5.19	1.33	20.87	5.25
Operating charges	(1.70)	(1.60)	(1.46)	(2.86)	(2.68)	(2.52)
Return after operating charges*	(0.59)	20.07	3.73	(1.53)	18.19	2.73
Distributions on accumulation shares	(1.84)	(3.98)	(1.34)	(1.76)	(3.67)	(1.29)
Retained distributions on accumulation shares	1.84	3.98	1.34	1.76	3.67	1.29
Closing net asset value per share	152.45	153.04	132.97	145.34	146.87	128.68
* after direct transaction costs of:	0.02	0.03	0.08	0.02	0.03	0.07
<b>Performance</b>						
Return after charges	(0.39%)	15.09%	2.89%	(1.04%)	14.14%	2.17%
<b>Other Information</b>						
Closing net asset value (£'000)	7,766	7,526	5,039	1,502	1,761	1,847
Closing number of shares	5,093,965	4,918,071	3,789,829	1,033,093	1,198,892	1,435,309
Operating charges	1.12%	1.14%	1.09%	1.97%	1.99%	1.94%
Direct transaction costs	0.02%	0.02%	0.06%	0.02%	0.02%	0.06%
<b>Prices</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>
Highest share price	156.60	154.60	138.80	149.40	148.50	134.80
Lowest share price	146.40	132.50	128.80	140.60	128.10	125.50

# IFSL Sinfonia Income Portfolio

## Comparative Tables (continued)

	C Accumulation 2017 (Pence per Share)	C Accumulation 2016 (Pence per Share)	C Accumulation 2015 (Pence per Share)	D Accumulation 2017 (Pence per Share)	D Accumulation 2016 (Pence per Share)	D Accumulation 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	141.65	124.73	122.63	143.93	126.42	124.03
Return before operating charges*	1.16	20.16	5.19	1.07	20.44	5.19
Operating charges	(3.45)	(3.24)	(3.09)	(3.15)	(2.93)	(2.80)
Return after operating charges*	(2.29)	16.92	2.10	(2.08)	17.51	2.39
Distributions on accumulation shares	(1.71)	(3.42)	(1.26)	(1.74)	(3.53)	(1.28)
Retained distributions on accumulation shares	1.71	3.42	1.26	1.74	3.53	1.28
Closing net asset value per share	139.36	141.65	124.73	141.85	143.93	126.42
* after direct transaction costs of:	0.02	0.03	0.07	0.02	0.03	0.07
<b>Performance</b>						
Return after charges	(1.62%)	13.57%	1.71%	(1.45%)	13.85%	1.93%
<b>Other Information</b>						
Closing net asset value (£'000)	39	40	40	788	1,108	2,282
Closing number of shares	28,234	28,234	32,110	555,419	769,618	1,804,877
Operating charges	2.47%	2.49%	2.44%	2.22%	2.24%	2.19%
Direct transaction costs	0.02%	0.02%	0.06%	0.02%	0.02%	0.06%
<b>Prices</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>
Highest share price	143.30	143.30	131.00	145.90	145.60	132.60
Lowest share price	135.30	124.10	122.10	137.50	125.80	123.50

# IFSL Sinfonia Income Portfolio

## Portfolio Statement

as at 30th September 2017

Holding	Investment	Market Value £'000	Percentage of Total Net Assets %
	<b>UK Corporate Bonds (19.13%)</b>		
121,779	BlackRock UK Credit Screened 'Flexible' Acc GBP	1,909	16.52
		<b>1,909</b>	<b>16.52</b>
	<b>UK Government Bonds (33.42%)</b>		
1,694,555	Legal & General All Stocks Gilt Index 'C' Dist	2,055	17.79
13,859	SPDR Barclays 1-5 Year Gilt ETF	707	6.12
64,187	Vanguard UK Gilt ETF	1,448	12.53
		<b>4,210</b>	<b>36.44</b>
	<b>European Bonds (2.46%)</b>		
	<b>Global Bonds (18.73%)</b>		
903	Amundi Bond Global Aggregate IHE 'C' Acc	933	8.08
6,850	db x-trackers II Barclays Global Aggregate Bond '1D' USD ETF	236	2.04
9,590	Parvest Bond World 'X Capitalisation'	1,026	8.88
		<b>2,195</b>	<b>19.00</b>
	<b>Targeted Absolute Return (5.01%)</b>		
3,942	Parvest Bond Absolute Return V350 'X Capitalisation'	371	3.21
		<b>371</b>	<b>3.21</b>
	<b>UK Equities (10.17%)</b>		
172,278	JPM UK Equity Core 'E-Net' Acc	600	5.19
342,555	Legal & General UK Index 'C' Dist	560	4.85
17,100	Standard Life UK Smaller Companies 'Institutional' Acc	133	1.15
		<b>1,293</b>	<b>11.19</b>
	<b>European Equities (1.35%)</b>		
1,911	Parvest Equity Best Selection Europe ex-UK 'X Capitalisation'	236	2.04
753	Parvest Real Estate Securities Europe 'X Capitalisation'	116	1.01
4,486	Vanguard FTSE Developed Europe ex UK ETF	117	1.01
		<b>469</b>	<b>4.06</b>
	<b>US Equities (3.04%)</b>		
1,160	BNP Paribas Easy S&P 500 'C' USD ETF	117	1.01
1,100	iShares MSCI USA Small Cap USD Acc ETF	248	2.15
		<b>365</b>	<b>3.16</b>
	<b>Emerging Market Equities (Nil)</b>		
1,972	Parvest Multi-Asset Income Emerging 'X Capitalisation'	176	1.52
		<b>176</b>	<b>1.52</b>
	<b>Money Market (6.58%)</b>		
3,958	BNP Paribas Insticash GBP 'X Capitalisation'	545	4.72
		<b>545</b>	<b>4.72</b>
	<b>Portfolio of Investments</b>	<b>11,533</b>	<b>99.82</b>
	Net current assets	21	0.18
	<b>Total Net Assets</b>	<b>11,554</b>	<b>100.00</b>

The figures in brackets represent percentage holdings as at 30th September 2016.

# IFSL Sinfonia Income Portfolio

## Statement of Total Return

for the year from 1st October 2016 to 30th September 2017

	Notes	30th September 2017		30th September 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(139)		1,344
Revenue	4	196		359	
Expenses	5	(137)		(145)	
Net revenue before taxation		59		214	
Taxation	6	-		-	
Net revenue after taxation			59		214
Total return before distributions			(80)		1,558
Distributions	7 & 8		(142)		(311)
<b>Change in Net Assets Attributable to Shareholders from Investment Activities (see below)</b>			<b>(222)</b>		<b>1,247</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year from 1st October 2016 to 30th September 2017

	30th September 2017		30th September 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		12,096		10,866
Amounts receivable on issue of shares	2,269		3,176	
Amounts payable on cancellation of shares	(2,713)		(3,462)	
	(444)		(286)	
Change in net assets attributable to shareholders from investment activities (see above)		(222)		1,247
Retained distribution on accumulation shares		124		269
<b>Closing Net Assets Attributable to Shareholders</b>		<b>11,554</b>		<b>12,096</b>

# IFSL Sinfonia Income Portfolio

## Balance Sheet

as at 30th September 2017

	Notes	30th September 2017 £'000	30th September 2016 £'000
<b>Assets</b>			
<b>Fixed Assets:</b>			
Investments	17	11,533	12,082
<b>Current Assets:</b>			
Debtors	9	3	5
Cash and bank balances		104	73
<b>Total Assets</b>		<b>11,640</b>	<b>12,160</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Bank overdrafts		44	–
Distribution payable		9	36
Creditors	10	33	28
<b>Total Liabilities</b>		<b>86</b>	<b>64</b>
<b>Net Assets Attributable to Shareholders</b>		<b>11,554</b>	<b>12,096</b>



# IFSL Sinfonia Income Portfolio

## Notes to the Financial Statements

for the year from 1st October 2016 to 30th September 2017

### 1 Accounting Policies, Distribution Policies and Risk Management Policies

For more information please refer to the notes applicable to the Company on pages 13 to 15.

### 2 Net Capital (Losses)/Gains

	2017 £'000	2016 £'000
(Losses)/gains on non-derivative securities	(118)	1,324
Transaction costs	(1)	(1)
Other currency (losses)/gains	(20)	21
<b>Net Capital (Losses)/Gains</b>	<b>(139)</b>	<b>1,344</b>

### 3 Direct Transaction Costs

	2017 Purchases £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	8,030	1	0.01	-	-	-	-	1	0.01
	8,030	1	0.01	-	-	-	-	1	0.01
Total purchases after commissions, taxes and other expenses	8,031								

	2017 Sales £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	8,699	1	0.01	-	-	-	-	1	0.01
	8,699	1	0.01	-	-	-	-	1	0.01
Total sales after commissions, taxes and other expenses	8,698								

<b>Total Transaction Costs Expressed as a Percentage of Average Net Asset Value</b>	<b>2</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>0.02</b>
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	2016 Purchases £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	9,307	2	0.01	-	-	-	-	2	0.01
	9,307	2	0.01	-	-	-	-	2	0.01
Total purchases after commissions, taxes and other expenses	9,309								

	2016 Sales £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	9,402	1	0.01	-	-	-	-	1	0.01
	9,402	1	0.01	-	-	-	-	1	0.01
Total sales after commissions, taxes and other expenses	9,401								

<b>Total Transaction Costs Expressed as a Percentage of Average Net Asset Value</b>	<b>3</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>0.02</b>
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No significant in-specie transfers or corporate actions were identified in the period (2016: nil).

Direct transaction costs are fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

The portfolio dealing spread as at 30th September 2017 was 0.03% (2016: 0.32%).

# IFSL Sinfonia Income Portfolio

## Notes to the Financial Statements (continued)

### 4 Revenue

	2017 £'000	2016 £'000
Distributions from underlying collective investment schemes – UK franked dividends	34	18
Distributions from underlying collective investment schemes – Overseas dividends	16	231
Distributions from underlying collective investment schemes – UK Interest	28	110
Distributions from underlying collective investment schemes – Overseas interest	118	–
<b>Total Revenue</b>	<b>196</b>	<b>359</b>

### 5 Expenses

	2017 £'000	2016 £'000
<b>Payable to the ACD or Associates of the ACD:</b>		
ACD's periodic charge	106	113
Registration fees	2	2
	108	115
<b>Other Expenses:</b>		
Depository's fee	9	9
Safe custody charges	3	2
Audit fees <sup>A</sup>	8	9
Legal and professional costs	6	8
Printing and postage costs	3	2
	29	30
<b>Total Expenses</b>	<b>137</b>	<b>145</b>

<sup>A</sup> The audit fee net of VAT for the sub-fund for the current year is £7,000 (2016: £7,000).

### 6 Taxation

#### a) Analysis of charge in year

	2017 £'000	2016 £'000
<b>Total Tax Charge (note (b))</b>	<b>–</b>	<b>–</b>

#### b) Factors affecting taxation charge for the year

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by Open Ended Investment Companies (OEICs). OEICs are also exempt from tax on capital gains made within the sub-funds.

The tax charge actually suffered is analysed below:

	2017 £'000	2016 £'000
<b>Net Revenue Before Tax</b>	<b>59</b>	<b>214</b>
Corporation tax at 20% (2016: 20%)	12	43
<b>Effects of:</b>		
Non-taxable UK dividends	(7)	(4)
Unutilised management expenses	–	5
Utilised management expenses	(6)	–
Non-taxable overseas dividend	(3)	(46)
Realised gains on non-reporting offshore funds	1	2
Unrealised gains on non-reporting offshore funds	3	–
<b>Total Tax Charge (note (a))</b>	<b>–</b>	<b>–</b>

#### c) Provision for deferred taxation

The sub-fund has unutilised management expenses of £21,000 (2016: £38,000). A deferred tax asset of £2,000 (2016: £8,000) has not been recognised as it is unlikely that the sub fund will generate sufficient taxable profits in the future.

# IFSL Sinfonia Income Portfolio

## Notes to the Financial Statements (continued)

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2017 £'000	2016 £'000
First interim dividend income and accumulation	24	14
Second interim dividend income and accumulation	21	14
Third interim dividend income and accumulation	25	27
Final interim dividend income and accumulation	72	257
	142	312
Add: Amounts deducted on cancellation of shares	4	2
Deduct: Amounts received on issue of shares	(4)	(3)
<b>Total Distributions</b>	<b>142</b>	<b>311</b>

### 8 Movement Between Net Revenue and Distributions

	2017 £'000	2016 £'000
Net revenue after taxation	59	214
Add: ACD fee borne by capital	106	113
Deduct: Tax effect of ACD fee/management fee rebate borne by capital	(23)	(16)
<b>Net Distributions/Accumulations for the Year</b>	<b>142</b>	<b>311</b>

### 9 Debtors

	2017 £'000	2016 £'000
Amounts receivable from issue of shares	-	4
Accrued revenue	3	1
<b>Total Debtors</b>	<b>3</b>	<b>5</b>

### 10 Creditors

	2017 £'000	2016 £'000
Amounts payable for cancellation of units	12	6
Accrued expenses	12	13
ACD fees payable	9	9
<b>Total Creditors</b>	<b>33</b>	<b>28</b>

### 11 Related Party Transactions

IFSL, as ACD, a related party, acts as principal on all transactions of shares in the Company. The aggregate monies received through creations and cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and note 7. Amounts due to/(from) IFSL in respect of share transactions at the year end are disclosed in notes 9 and 10. Amounts paid to IFSL in respect of ACD's periodic charges are disclosed in note 5.

The amounts due to/(from) the ACD as at 30th September 2017 were as follows:

	2017 £'000	2016 £'000
IFSL Sinfonia Income Portfolio	21	11

# IFSL Sinfonia Income Portfolio

## Notes to the Financial Statements (continued)

### 12 Equalisation

Equalisation is accrued revenue included in the price of shares purchased during the distribution period (Group 2 shares) which is refunded as part of the shareholders' first distribution for all shares of the same type. As a repayment of capital, equalisation is not liable to income tax but should be deducted from the cost of shares for capital gains tax purposes.

### 13 Share Classes

During the year, the sub-fund could issue shares in the following share classes: A Income; A Accumulation; B Income; B Accumulation; C Income; C Accumulation; D Income; and D Accumulation. The annual management charge on each share class is as follows:

	2017
A Income	0.65%
A Accumulation	0.65%
B Income	1.50%
B Accumulation	1.50%
C Income	2.00%
C Accumulation	2.00%
D Income	1.75%
D Accumulation	1.75%

The net asset value of each share class, the net asset value per share, and the number of shares in issue for each share class are given in the Comparative Tables on pages 18 to 21.

All share classes have the same rights on winding up.

### 14 Risks of Financial Instruments

*Market price risk sensitivity* – a five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £577,000 (2016: £605,000). A five per cent decrease would have an equal and opposite effect.

*Foreign currency risk* – a five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £167,000 (2016: £148,591). A five per cent decrease would have an equal and opposite effect.

*Interest rate risk sensitivity* – an interest rate sensitivity disclosure has not been included because the investments in the sub-fund are in collective investment schemes. These collective investment schemes may invest in interest bearing financial assets, however, information regarding these investments was not available from their ACD/fund managers as at the sub-fund's balance sheet date.

The interest rate risk profile of financial assets/liabilities as at 30th September 2017 consists of the following:

	2017 £'000	2016 £'000
<b>Sterling:</b>		
Financial assets floating rate <sup>A</sup>	104	73
Financial assets interest bearing instruments	9,230	9,524
Financial assets non-interest bearing instruments	2,306	2,563
Financial liabilities floating rate <sup>A</sup>	(44)	–
Financial liabilities non-interest bearing instruments	(42)	(64)
	<b>11,554</b>	<b>12,096</b>

<sup>A</sup> Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to LIBOR or international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

# IFSL Sinfonia Income Portfolio

## Notes to the Financial Statements (continued)

### 14 Risks of Financial Instruments (continued)

*Liquidity Risk* – the liquidity rate risk profile of financial liabilities as at 30th September 2017 consists of the following:

	On Demand £'000	Within One Year £'000	Over One Year but not More Than Five Years £'000	Over Five Years £'000	Total £'000
<b>2017</b>					
<i>Non-derivatives</i>					
Distribution payable	-	9	-	-	9
Bank overdrafts	-	44	-	-	44
Other creditors	-	33	-	-	33
<b>Total</b>	<b>-</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>86</b>
<b>2016</b>					
<i>Non-derivatives</i>					
Distribution payable	-	36	-	-	36
Other creditors	-	28	-	-	28
<b>Total</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>64</b>

*Fair value* – there is no material difference between the value of financial assets and liabilities, as shown in the balance sheet, and their fair value.

*Derivatives and other financial instruments* – the underlying exposure to forward currency contracts as at 30th September 2017 was nil (2016: nil).

### 15 Contingent Assets and Liabilities

There were no contingent assets or liabilities at the current or preceding year end date.

### 16 Provisions for Liabilities

There were no provisions for liabilities at the current or preceding year end date.

### 17 Fair Value Hierarchy

The Fair Value Hierarchy as at 30th September 2017:

Valuation Technique	2017 Assets £'000	2017 Liabilities £'000	2016 Assets £'000	2016 Liabilities £'000
Level 1	2,873	-	1,897	-
Level 2	8,660	-	10,185	-
Level 3	-	-	-	-
	<b>11,533</b>	<b>-</b>	<b>12,082</b>	<b>-</b>

The sub-fund has early adopted, as permitted, the March 2016 amendment to section 34 of FRS 102 which is applicable to accounting periods beginning on or after 1st January 2017.

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distressed sale) between knowledgeable, willing participants on an independent basis.

The purpose of the Fair Value Hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

# IFSL Sinfonia Income Portfolio

## Notes to the Financial Statements (continued)

### 17 Fair Value Hierarchy (continued)

In accordance with FRS 102 the sub-fund classifies fair value measurement under the following levels:

Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2 – inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

### 18 Shareholders' Fund Reconciliation

	A Income	A Accumulation	B Income	B Accumulation	C Income	C Accumulation	D Income	D Accumulation
Opening number of shares	899,977	4,918,071	250,287	1,198,892	100	28,234	145,832	769,618
Creations during the period	169,324	1,344,995	-	10,954	-	-	765	-
Cancellations during the period	(221,813)	(1,169,101)	(47,137)	(167,598)	-	-	(50,349)	(214,199)
Shares converted during the period	-	-	10,860	(9,155)	-	-	-	-
<b>Closing Shares in Issue</b>	<b>847,488</b>	<b>5,093,965</b>	<b>214,010</b>	<b>1,033,093</b>	<b>100</b>	<b>28,234</b>	<b>96,248</b>	<b>555,419</b>

### 19 Post Balance Sheet Events

Since 30th September 2017, the net asset value per share has changed as follows:

	Net Asset Value per Share (Pence)		
	29th September 2017 <sup>A</sup>	30th January 2018	Movement (%)
A Income	128.70	129.50	0.62
A Accumulation	152.50	154.50	1.31
B Income	122.50	122.90	0.33
B Accumulation	145.40	147.00	1.10
C Income	117.60	117.30	(0.26)
C Accumulation	139.40	140.70	0.93
D Income	120.30	120.50	0.17
D Accumulation	141.90	143.30	0.99

<sup>A</sup> These Net Asset Values differ from those in the Comparative Tables as they are the quoted Net Asset Values.

# IFSL Sinfonia Income Portfolio

## Distribution Tables

First interim dividend (in pence per share) for A Income shares:

Group	Net Income	Equalisation (Note 12)	28th February 2017 Income Paid	29th February 2016 Income Paid
1	0.2516	–	0.2516	0.1591
2	–	0.2516	0.2516	0.1591

First interim dividend (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	28th February 2017 Accumulation Paid	29th February 2016 Accumulation Paid
1	0.2961	–	0.2961	0.1823
2	–	0.2961	0.2961	0.1823

First interim dividend (in pence per share) for B Income shares:

Group	Net Income	Equalisation (Note 12)	28th February 2017 Income Paid	29th February 2016 Income Paid
1	0.2401	–	0.2401	0.1380
2	–	0.2401	0.2401	0.1380

First interim dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	28th February 2017 Accumulation Paid	29th February 2016 Accumulation Paid
1	0.2833	–	0.2833	0.1587
2	–	0.2833	0.2833	0.1587

First interim dividend (in pence per share) for C Income shares:

Group	Net Income	Equalisation (Note 12)	28th February 2017 Income Paid	29th February 2016 Income Paid
1	0.2342	–	0.2342	0.1194
2	0.0142	0.2200	0.2342	0.1194

First interim dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	28th February 2017 Accumulation Paid	29th February 2016 Accumulation Paid
1	0.2753	–	0.2753	0.1369
2	0.0153	0.2600	0.2753	0.1369

First interim dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	28th February 2017 Income Paid	29th February 2016 Income Paid
1	0.2368	–	0.2368	0.1303
2	–	0.2368	0.2368	0.1303

First interim dividend (in pence per share) for D Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	28th February 2017 Accumulation Paid	29th February 2016 Accumulation Paid
1	0.2777	–	0.2777	0.1490
2	0.0077	0.2700	0.2777	0.1490

Group 1: shares purchased prior to 1st October 2016.

Group 2: purchased on or after 1st October 2016 to 31st December 2016.

# IFSL Sinfonia Income Portfolio

## Distribution Tables (continued)

Second interim dividend (in pence per share) for A Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	0.2533	–	0.2533	0.1329
2	0.1729	0.0804	0.2533	0.1329

Second interim dividend (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	0.2885	–	0.2885	0.1525
2	0.1125	0.1760	0.2885	0.1525

Second interim dividend (in pence per share) for B Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	0.1756	–	0.1756	0.1490
2	0.1756	–	0.1756	0.1490

Second interim dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	0.2111	–	0.2111	0.1715
2	0.1561	0.0550	0.2111	0.1715

Second interim dividend (in pence per share) for C Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	0.1499	–	0.1499	0.1381
2	0.1499	–	0.1499	0.1381

Second interim dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	0.1785	–	0.1785	0.1586
2	0.1785	–	0.1785	0.1586

Second interim dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	0.1579	–	0.1579	0.2415
2	0.1396	0.0183	0.1579	0.2415

Second interim dividend (in pence per share) for D Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	0.1999	–	0.1999	0.2765
2	0.1999	–	0.1999	0.2765

Group 1: shares purchased prior to 1st January 2017.

Group 2: purchased on or after 1st January 2017 to 31st March 2017.



# IFSL Sinfonia Income Portfolio

## Distribution Tables (continued)

Third interim dividend (in pence per share) for A Income shares:

Group	Net Income	Equalisation (Note 12)	31st August 2017 Income Paid	31st August 2016 Income Paid
1	0.2755	–	0.2755	0.3083
2	0.0963	0.1792	0.2755	0.3083

Third interim dividend (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st August 2017 Accumulation Paid	31st August 2016 Accumulation Paid
1	0.3299	–	0.3299	0.3542
2	0.1290	0.2009	0.3299	0.3542

Third interim dividend (in pence per share) for B Income shares:

Group	Net Income	Equalisation (Note 12)	31st August 2017 Income Paid	31st August 2016 Income Paid
1	0.2913	–	0.2913	0.2489
2	0.2913	–	0.2913	0.2489

Third interim dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st August 2017 Accumulation Paid	31st August 2016 Accumulation Paid
1	0.3134	–	0.3134	0.2870
2	0.1318	0.1816	0.3134	0.2870

Third interim dividend (in pence per share) for C Income shares:

Group	Net Income	Equalisation (Note 12)	31st August 2017 Income Paid	31st August 2016 Income Paid
1	0.3000	–	0.3000	0.2151
2	0.3000	–	0.3000	0.2151

Third interim dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st August 2017 Accumulation Paid	31st August 2016 Accumulation Paid
1	0.3164	–	0.3164	0.2473
2	0.3164	–	0.3164	0.2473

Third interim dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	31st August 2017 Income Paid	31st August 2016 Income Paid
1	0.2674	–	0.2674	0.1975
2	0.0109	0.2565	0.2674	0.1975

Third interim dividend (in pence per share) for D Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st August 2017 Accumulation Paid	31st August 2016 Accumulation Paid
1	0.3157	–	0.3157	0.2266
2	0.3157	–	0.3157	0.2266

Group 1: shares purchased prior to 1st April 2017.

Group 2: shares purchased on or after 1st April 2017 to 30th June 2017.

# IFSL Sinfonia Income Portfolio

## Distribution Tables (continued)

Final dividend (in pence per share) for A Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	0.8073	–	0.8073	2.8580
2	0.7272	0.0801	0.8073	2.8580

Final (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	0.9274	–	0.9274	3.2921
2	0.7379	0.1895	0.9274	3.2921

Final dividend (in pence per share) for B Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	0.8129	–	0.8129	2.6379
2	0.0773	0.7356	0.8129	2.6379

Final dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	0.9502	–	0.9502	3.0481
2	0.6276	0.3226	0.9502	3.0481

Final dividend (in pence per share) for C Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	0.8200	–	0.8200	2.5008
2	0.8200	0.0000	0.8200	2.5008

Final dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	0.9401	–	0.9401	2.8809
2	0.9401	0.0000	0.9401	2.8809

Final dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	0.8264	–	0.8264	2.5002
2	0.0846	0.7418	0.8264	2.5002

Final dividend (in pence per share) for D Accumulation shares:

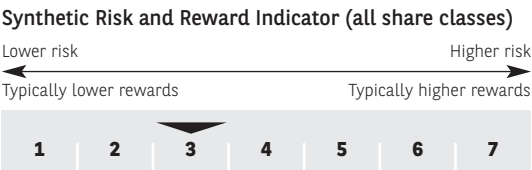
Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	0.9487	–	0.9487	2.8741
2	0.9487	0.0000	0.9487	2.8741

Group 1: shares purchased prior to 1st July 2017.

Group 2: shares purchased on or after 1st July 2017 to 30th September 2017.

# IFSL Sinfonia Income Portfolio

## Risk Profile



The risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the sub-fund. It is calculated based on the volatility of the sub-fund using weekly historic returns over the last five years. If five years data is not available for a sub-fund, the returns of a representative portfolio are used.

As the risk and reward indicator is calculated based on historical data it may not be a reliable indication of the future risk profile of the sub-fund. The risk category shown is not guaranteed and may change over time. The lowest rating does not mean a risk-free investment. The value of your investments and the income from them may fall as well as rise and you may not get back the amount you originally invested.

The sub-fund has been measured as 3 because it has experienced low to moderate volatility. This rating has remained unchanged during the period.

# IFSL Sinfonia Income and Growth Portfolio

## Investment Objective, Investment Policy and Investment Manager's Review

for the year from 1st October 2016 to 30th September 2017

### Investment Objective

The investment objective of the sub-fund is to provide income and capital growth for investors over the long-term.

### Investment Policy

The sub-fund's investment objective will be achieved by investing in a diversified portfolio of equities as well as fixed interest securities, warrants and money market instruments primarily through investment in a portfolio of collective investment schemes. The sub-fund will typically be invested in a global portfolio of assets with a focus on UK assets.

Normally, the sub-fund will be fully invested except for an amount to enable redemption of shares, efficient management of the sub-fund in relation to its strategic objectives, and other purposes which may be reasonably regarded as ancillary to the investment objectives of the sub-fund. However, the sub-fund's investment policy may mean that at times, where it is considered appropriate, the scheme property will not be fully invested and that prudent levels of liquidity will be maintained.

It is intended that the sub-fund will be invested in a portfolio of assets which the Investment Manager considers to be mainly medium and high risk investments with the intention of generating long term returns.

The asset classes in which the sub-fund may also invest includes transferable securities, money market instruments, cash and near cash and deposits as such asset classes are permitted for investment by UCITS Schemes and in accordance with the Company's general investment powers as provided in the Instrument of Incorporation, OEIC Regulations and COLL. The investment powers applicable to the sub-fund are summarised for your information in the Prospectus.

The sub-fund is permitted to invest in derivative instruments and forward transactions for investment purposes, however, it is the Investment Manager's intention that the sub-fund shall utilise derivative instruments and forward transactions for hedging purposes using efficient portfolio management techniques, as explained further in the Prospectus.

### Investment Manager's Review

Early in October 2016 and following another extended run in Inflation Linked bonds, we closed this position in the portfolio. While we see scope for further inflation pickup, market levels appear stretched and it was prudent to lock in profits at that time. Heading into the pending US elections, the portfolio had been positioned with an exposure to US Small Cap equities over Large Cap as the more domestic focus allows them increased benefit from fiscal stimulus than internationally-oriented large caps. Small caps should also in general be less vulnerable to any protectionist measures that could evolve out of the new government. This conviction was closed mid-February following good performance and we felt continued upside was limited as the risk of extreme protectionism abated. The portfolio has held a mildly underweight exposure to Equities on a broad basis as we felt valuations have become very stretched at elevated levels and the upside risk premium was less justified. This had dragged on performance as global equities continued to rally into and beyond the New Year. Our expectation regarding obstructions to any new corporate friendly policy in the US proved correct and there was disturbance to the market with elections in Europe, yet equity markets remained resilient. If anything the relief rally from the election of the moderate Macron to President in France and the weakening of the Conservative government in the UK led to more positivity in the markets. As such it was prudent to return the portfolio to a more market neutral stance and cut the underweight.

Within the equity allocation we remained active, the opportunistic trades of Long Europe vs UK equities benefited well primarily from a currency aspect. Late in the reporting period we again saw value in US Large Cap over Small Caps which so far is positively contributing to the sub-fund's return.

The portfolio remained nimble in duration space with tactical changes in response to key market events in both April and May around the French and UK elections, and again over the summer following hawkish comments from the Bank of England governor caused a sell-off in the rates market. On both occasions we looked through the short term market reaction and managed to lock in profits as tensions eased and prices somewhat normalised. That said UK yields for most of the period remain at low levels and subsequently our interest rate exposure has on average been to the lower side.

During January the credit exposure of the sub-fund was reduced as in an environment of "fatter tails" credit does not provide an attractive risk/return profile at these high valuation levels as it lacks the upside to reflation but has a significant exposure to a downward turn in the cycle. From a carry perspective this has been a detractor.

From a fund selection perspective, the active managers selected in the portfolio have broadly delivered positive returns. We were excited to add an interesting manager in the Japan Equity space with Eastspring. This was primarily a replacement for the hedged share class of Melchior while performing well, we felt the sterling strength in early summer was excessive and took the opportunity to switch to the unhedged Eastspring and Amundi JPX 400 ETF.

Early in the period, Parvest Multi Asset Emerging Income was introduced into the sub-fund, and has posted a strong return with the significant rise of global emerging assets generally. Lastly, we introduced a UK small cap manager in Standard Life, this diversifies our UK exposure a little and also continues to outperform its benchmark.

# IFSL Sinfonia Income and Growth Portfolio

## Investment Objective, Investment Policy and Investment Manager's Review

(continued)

### Material Portfolio Changes

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
BNP Paribas Insticash GBP 'X Capitalisation'	3,450	BNP Paribas Insticash GBP 'X Capitalisation'	3,719
Vanguard FTSE Developed Europe ex UK ETF	2,551	Vanguard S&P 500 ETF	1,721
Legal & General All Stocks Gilt Index 'C' Dist	2,284	Parvest Equity Best Selection Europe ex-UK 'X Capitalisation'	1,476
Legal & General UK Index 'C' Acc	1,634	Melchior Japan Advantage 'I7' £ Hedged	1,405
iShares MSCI USA Small Cap USD Acc ETF	1,249	Legal & General UK Index 'C' Acc	1,212
Vanguard S&P 500 ETF	1,216	Standard Life European Corporate Bond 'D' Acc	1,060
BlackRock UK Credit Screened 'Flexible' Acc GBP	1,183	Vanguard FTSE Developed Europe ex UK ETF	1,051
SPDR Barclays 1-5 Year Gilt ETF	896	Vanguard UK Inflation-Linked Gilt Index 'A' GBP Gross Acc	783
Standard Life UK Smaller Companies 'Institutional' Acc	871	Legal & General All Stocks Gilt Index 'C' Dist	706
BNP Paribas Easy S&P 500 'C' USD ETF	801	Parvest Equity USA Small Cap 'X Capitalisation'	692
Other purchases	4,441	Other sales	2,250
Total purchases for the year	20,576	Total sales for the year	16,075

# IFSL Sinfonia Income and Growth Portfolio

## Comparative Tables

	A Income 2017 (Pence per Share)	A Income 2016 (Pence per Share)	A Income 2015 (Pence per Share)	B Income 2017 (Pence per Share)	B Income 2016 (Pence per Share)	B Income 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	145.85	127.42	128.44	139.39	122.66	124.65
Return before operating charges*	12.80	22.40	1.31	12.27	21.47	1.32
Operating charges	(1.58)	(1.49)	(1.48)	(2.73)	(2.50)	(2.53)
Return after operating charges*	11.22	20.91	(0.17)	9.54	18.97	(1.21)
Distributions on income shares	(2.30)	(2.48)	(0.85)	(2.18)	(2.24)	(0.78)
Closing net asset value per share	154.77	145.85	127.42	146.75	139.39	122.66
* after direct transaction costs of:	0.02	0.02	-	0.02	0.02	-
<b>Performance</b>						
Return after charges	7.69%	16.41%	(0.13%)	6.84%	15.47%	(0.97%)
<b>Other Information</b>						
Closing net asset value (£'000)	2,406	1,645	935	96	91	405
Closing number of shares	1,554,113	1,127,650	734,003	65,453	65,453	330,451
Operating charges	1.03%	1.10%	1.10%	1.88%	1.95%	1.95%
Direct transaction costs	0.01%	0.01%	-	0.01%	0.01%	-
<b>Prices</b>						
Highest share price	158.50	148.00	140.90	150.40	141.40	136.20
Lowest share price	144.00	124.50	123.30	137.50	119.50	119.60

# IFSL Sinfonia Income and Growth Portfolio

## Comparative Tables (continued)

	C Income 2017 (Pence per Share)	C Income 2016 (Pence per Share)	C Income 2015 (Pence per Share)	D Income 2017 (Pence per Share)	D Income 2016 (Pence per Share)	D Income 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	134.51	118.92	121.45	137.17	120.94	123.20
Return before operating charges*	11.65	20.78	1.33	11.99	21.06	1.32
Operating charges	(3.33)	(3.08)	(3.09)	(3.04)	(2.74)	(2.81)
Return after operating charges*	8.32	17.70	(1.76)	8.95	18.32	(1.49)
Distributions on income shares	(2.19)	(2.11)	(0.77)	(2.13)	(2.09)	(0.77)
Closing net asset value per share	140.64	134.51	118.92	143.99	137.17	120.94
* after direct transaction costs of:	0.02	0.02	-	0.02	0.02	-
<b>Performance</b>						
Return after charges	6.19%	14.88%	(1.45%)	6.52%	15.15%	(1.21%)
<b>Other Information</b>						
Closing net asset value (£'000)	-	-	-	-	-	272
Closing number of shares	100	100	100	113	114	225,167
Operating charges	2.38%	2.45%	2.45%	2.13%	2.20%	2.20%
Direct transaction costs	0.01%	0.01%	-	0.01%	0.01%	-
<b>Prices</b>						
Highest share price	144.40	136.50	132.50	147.60	139.10	134.50
Lowest share price	132.50	115.60	116.50	135.20	117.70	118.20

# IFSL Sinfonia Income and Growth Portfolio

## Comparative Tables (continued)

	A Accumulation 2017 (Pence per Share)	A Accumulation 2016 (Pence per Share)	A Accumulation 2015 (Pence per Share)	B Accumulation 2017 (Pence per Share)	B Accumulation 2016 (Pence per Share)	B Accumulation 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	164.83	141.50	141.77	157.00	135.90	137.30
Return before operating charges*	14.48	25.00	1.37	13.84	23.91	1.39
Operating charges	(1.79)	(1.67)	(1.64)	(3.08)	(2.81)	(2.79)
Return after operating charges*	12.69	23.33	(0.27)	10.76	21.10	(1.40)
Distributions on accumulation shares	(2.60)	(2.77)	(0.94)	(2.52)	(2.49)	(0.86)
Retained distributions on accumulation shares	2.60	2.77	0.94	2.52	2.49	0.86
Closing net asset value per share	177.52	164.83	141.50	167.76	157.00	135.90
* after direct transaction costs of:	0.02	0.02	–	0.02	0.02	–
<b>Performance</b>						
Return after charges	7.70%	16.49%	(0.19%)	6.85%	15.53%	(1.02%)
<b>Other Information</b>						
Closing net asset value (£'000)	20,723	15,164	8,683	2,156	2,371	3,428
Closing number of shares	11,672,950	9,200,047	6,136,262	1,285,173	1,509,905	2,522,705
Operating charges	1.03%	1.10%	1.10%	1.88%	1.95%	1.95%
Direct transaction costs	0.01%	0.01%	–	0.01%	0.01%	–
<b>Prices</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>
Highest share price	180.50	165.30	156.40	170.70	157.60	150.90
Lowest share price	162.50	138.30	136.00	154.60	132.40	131.70



# IFSL Sinfonia Income and Growth Portfolio

## Comparative Tables (continued)

	C Accumulation 2017 (Pence per Share)	C Accumulation 2016 (Pence per Share)	C Accumulation 2015 (Pence per Share)	D Accumulation 2017 (Pence per Share)	D Accumulation 2016 (Pence per Share)	D Accumulation 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	150.89	131.27	133.27	154.33	133.95	135.66
Return before operating charges*	13.22	23.03	1.39	13.56	23.48	1.39
Operating charges	(3.74)	(3.41)	(3.39)	(3.43)	(3.10)	(3.10)
Return after operating charges*	9.48	19.62	(2.00)	10.13	20.38	(1.71)
Distributions on accumulation shares	(2.37)	(2.34)	(0.85)	(2.42)	(2.33)	(0.85)
Retained distributions on accumulation shares	2.37	2.34	0.85	2.42	2.33	0.85
Closing net asset value per share	160.37	150.89	131.27	164.46	154.33	133.95
* after direct transaction costs of:	0.02	0.02	–	0.02	0.02	–
<b>Performance</b>						
Return after charges	6.28%	14.95%	(1.50%)	6.56%	15.21%	(1.26%)
<b>Other Information</b>						
Closing net asset value (£'000)	207	207	181	2,790	2,628	4,978
Closing number of shares	129,280	136,977	138,228	1,696,708	1,702,749	3,716,559
Operating charges	2.38%	2.45%	2.45%	2.13%	2.20%	2.20%
Direct transaction costs	0.01%	0.01%	–	0.01%	0.01%	–
<b>Prices</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>
Highest share price	163.30	151.60	146.10	167.40	155.00	148.90
Lowest share price	148.50	127.60	127.80	152.00	130.40	130.10

# IFSL Sinfonia Income and Growth Portfolio

## Portfolio Statement

as at 30th September 2017

Holding	Investment	Market Value £'000	Percentage of Total Net Assets %
	<b>UK Corporate Bonds (18.70%)</b>		
337,285	BlackRock UK Credit Screened 'Flexible' Acc GBP	5,287	18.63
9,600	iShares £ Corp Bond 0-5yr GBP Dist ETF	1,016	3.58
		<b>6,303</b>	<b>22.21</b>
	<b>UK Government Bonds (5.23%)</b>		
1,390,410	Legal & General All Stocks Gilt Index 'C' Dist	1,686	5.94
10,815	SPDR Barclays 1-5 Year Gilt ETF	552	1.95
		<b>2,238</b>	<b>7.89</b>
	<b>European Bonds (4.23%)</b>		
	<b>Global Bonds (8.97%)</b>		
641	Amundi Bond Global Aggregate IHE 'C' Acc	662	2.33
6,274	Parvest Bond World 'X Capitalisation'	671	2.36
		<b>1,333</b>	<b>4.69</b>
	<b>UK Equities (29.43%)</b>		
1,296,743	JPM UK Equity Core 'E-Net' Acc	4,514	15.91
1,161,903	Legal & General UK Index 'C' Acc	3,423	12.06
112,100	Standard Life UK Smaller Companies 'Institutional' Acc	872	3.07
		<b>8,809</b>	<b>31.04</b>
	<b>European Equities (6.13%)</b>		
6,158	Parvest Equity Best Selection Europe ex-UK 'X Capitalisation'	761	2.68
69,159	Vanguard FTSE Developed Europe ex UK ETF	1,805	6.36
		<b>2,566</b>	<b>9.04</b>
	<b>US Equities (12.07%)</b>		
8,160	BNP Paribas Easy S&P 500 'C' USD ETF	821	2.89
5,700	iShares MSCI USA Small Cap USD Acc ETF	1,287	4.54
7,029	Parvest Equity USA Mid Cap 'X Capitalisation'	722	2.54
16,783	Vanguard S&P 500 ETF	598	2.11
		<b>3,428</b>	<b>12.08</b>
	<b>Japanese Equities (6.09%)</b>		
7,234	Amundi JPX-Nikkei 400 EUR ETF	761	2.68
42,600	Eastspring Japan Dynamic 'Cg'	604	2.13
2,730	Parvest Equity Japan Small Cap 'X Capitalisation'	295	1.04
		<b>1,660</b>	<b>5.85</b>
	<b>Emerging Market Equities (Nil)</b>		
4,213	Parvest Multi-Asset Income Emerging 'X Capitalisation'	377	1.33
		<b>377</b>	<b>1.33</b>
	<b>Money Market (Nil)</b>		
11,597	BNP Paribas Insticash GBP 'X Capitalisation'	1,597	5.63
		<b>1,597</b>	<b>5.63</b>
	<b>Portfolio of Investments</b>	<b>28,311</b>	<b>99.76</b>
	Net current assets	67	0.24
	<b>Total Net Assets</b>	<b>28,378</b>	<b>100.00</b>

The figures in brackets represent percentage holdings as at 30th September 2016.

# IFSL Sinfonia Income and Growth Portfolio

## Statement of Total Return

for the year from 1st October 2016 to 30th September 2017

	Notes	30th September 2017		30th September 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		1,566		2,879
Revenue	4	423		425	
Expenses	5	(253)		(236)	
Net revenue before taxation		170		189	
Taxation	6	-		-	
Net revenue after taxation			170		189
Total return before distributions			1,736		3,068
Distributions	7 & 8		(379)		(368)
<b>Change in Net Assets Attributable to Shareholders from Investment Activities (see below)</b>			<b>1,357</b>		<b>2,700</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year from 1st October 2016 to 30th September 2017

	30th September 2017		30th September 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		22,106		18,884
Amounts receivable on issue of shares	6,797		6,518	
Amounts payable on cancellation of shares	(2,246)		(6,336)	
	4,551		182	
Change in net assets attributable to shareholders from investment activities (see above)		1,357		2,700
Retained distribution on accumulation shares		364		340
<b>Closing Net Assets Attributable to Shareholders</b>		<b>28,378</b>		<b>22,106</b>

# IFSL Sinfonia Income and Growth Portfolio

## Balance Sheet

as at 30th September 2017

	Notes	30th September 2017 £'000	30th September 2016 £'000
<b>Assets</b>			
<b>Fixed Assets:</b>			
Investments	17	28,311	21,944
<b>Current Assets:</b>			
Debtors	9	35	20
Cash and bank balances		207	216
<b>Total Assets</b>		<b>28,553</b>	<b>22,180</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Bank overdrafts		79	3
Distribution payable		17	20
Other creditors	10	79	51
<b>Total Liabilities</b>		<b>175</b>	<b>74</b>
<b>Net Assets Attributable to Shareholders</b>		<b>28,378</b>	<b>22,106</b>

# IFSL Sinfonia Income and Growth Portfolio

## Notes to the Financial Statements

for the year from 1st October 2016 to 30th September 2017

### 1 Accounting Policies, Distribution Policies and Risk Management Policies

For more information please refer to the notes applicable to the company on pages 13 to 15.

### 2 Net Capital Gains

	2017 £'000	2016 £'000
Gains on non-derivative securities	1,612	2,897
Transaction costs	(1)	(1)
Other currency losses	(45)	(17)
<b>Net Capital Gains</b>	<b>1,566</b>	<b>2,879</b>

### 3 Direct Transaction Costs

	2017 Purchases £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	20,574	2	0.01	-	-	-	-	2	0.01
	20,574	2	0.01	-	-	-	-	2	0.01
Total purchases after commissions, taxes and other expenses	20,576								

	2017 Sales £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	16,076	1	0.01	-	-	-	-	1	0.01
	16,076	1	0.01	-	-	-	-	1	0.01
Total sales after commissions, taxes and other expenses	16,075								
<b>Total Transaction Costs Expressed as a Percentage of Average Net Asset Value</b>		<b>3</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>0.01</b>

	2016 Purchases £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	14,282	2	0.01	-	-	-	-	2	0.01
	14,282	2	0.01	-	-	-	-	2	0.01
Total purchases after commissions, taxes and other expenses	14,284								

	2016 Sales £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	13,920	1	0.01	-	-	-	-	1	0.01
	13,920	1	0.01	-	-	-	-	1	0.01
Total sales after commissions, taxes and other expenses	13,919								
<b>Total Transaction Costs Expressed as a Percentage of Average Net Asset Value</b>		<b>3</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>0.01</b>

No significant in-specie transfers or corporate actions were identified in the period (2016: nil).

Direct transaction costs are fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

The portfolio dealing spread as at 30th September 2017 was 0.03% (2016: 0.09%).

# IFSL Sinfonia Income and Growth Portfolio

## Notes to the Financial Statements (continued)

### 4 Revenue

	2017 £'000	2016 £'000
Distributions from underlying collective investment schemes – UK franked dividends	231	123
Distributions from underlying collective investment schemes – Overseas dividends	116	105
Distributions from underlying collective investment schemes – Interest	76	195
Bank interest	-	1
Interest on tax repayment	-	1
<b>Total Revenue</b>	<b>423</b>	<b>425</b>

### 5 Expenses

	2017 £'000	2016 £'000
<b>Payable to the ACD or Associates of the ACD:</b>		
ACD's periodic charge	217	200
Registration fees	3	3
	220	203
<b>Other Expenses:</b>		
Depositary's fee	11	10
Safe custody charges	5	4
Audit fees <sup>A</sup>	8	9
Legal and professional costs	6	8
Printing and postage costs	3	2
	33	33
<b>Total Expenses</b>	<b>253</b>	<b>236</b>

<sup>A</sup> The audit fee net of VAT for the sub-fund for the current year is £7,000 (2016: £7,000).

### 6 Taxation

#### a) Analysis of charge in year

	2017 £'000	2016 £'000
<b>Total Tax Charge (note (b))</b>	<b>-</b>	<b>-</b>

#### b) Factors affecting taxation charge for the year

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by Open Ended Investment Companies (OEICs). OEICs are also exempt from tax on capital gains made within the sub-funds.

The tax charge actually suffered is analysed below:

	2017 £'000	2016 £'000
<b>Net Revenue Before Tax</b>	<b>170</b>	<b>189</b>
Corporation tax at 20% (2016: 20%)	34	38
<b>Effects of:</b>		
Non-taxable UK dividends	(46)	(25)
Non-taxable overseas dividend	(23)	(21)
Unutilised management expenses	(8)	(18)
Realised gains on non-reporting offshore funds	6	11
Unrealised gains on non-reporting offshore funds	37	15
<b>Total Tax Charge for Year (note (a))</b>	<b>-</b>	<b>-</b>

#### c) Provision for deferred taxation

The sub-fund has unutilised management expenses of £331,000 (2016: £370,000). A deferred tax asset of £66,000 (2016: £74,000) has not been recognised as it is unlikely that the sub-fund will generate sufficient taxable profits in the future.

# IFSL Sinfonia Income and Growth Portfolio

## Notes to the Financial Statements (continued)

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2017 £'000	2016 £'000
Interim dividend income and accumulation	200	122
Final dividend income and accumulation	198	247
	398	369
Add: Amounts deducted on cancellation of shares	10	22
Deduct: Amounts received on issue of shares	(29)	(23)
<b>Total Distributions</b>	<b>379</b>	<b>368</b>

### 8 Movement Between Net Revenue and Distributions

	2017 £'000	2016 £'000
Net revenue after taxation	170	189
Add: ACD fee borne by capital	217	200
Deduct: Tax effect of ACD fee/management fee rebate borne by capital	(8)	(21)
<b>Net Distributions/Accumulations for the Year</b>	<b>379</b>	<b>368</b>

### 9 Debtors

	2017 £'000	2016 £'000
Amounts receivable from issue of shares	24	14
Accrued revenue	11	5
<b>Total Debtors</b>	<b>35</b>	<b>19</b>

### 10 Creditors

	2017 £'000	2016 £'000
Amounts payable for cancellation of units	47	21
Accrued expenses	13	14
ACD fees payable	19	16
<b>Total Creditors</b>	<b>79</b>	<b>30</b>

### 11 Related Party Transactions

IFSL, as ACD, a related party, acts as principal on all transactions of shares in the Company. The aggregate monies received through creations and cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and note 7. Amounts due to/(from) IFSL in respect of share transactions at the year end are disclosed in notes 9 and 10. Amounts paid to IFSL in respect of ACD's periodic charges are disclosed in note 5.

The amounts due to/(from) the ACD as at 30th September 2017 were as follows:

	2017 £'000	2016 £'000
IFSL Sinfonia Income and Growth Portfolio	42	23

# IFSL Sinfonia Income and Growth Portfolio

## Notes to the Financial Statements (continued)

### 12 Equalisation

Equalisation is accrued revenue included in the price of shares purchased during the distribution period (Group 2 shares) which is refunded as part of the shareholders' first distribution for all shares of the same type. As a repayment of capital, equalisation is not liable to income tax but should be deducted from the cost of shares for capital gains tax purposes.

### 13 Share Classes

During the year, the sub-fund could issue shares in the following share classes: A Income; A Accumulation; B Income; B Accumulation; C Income; C Accumulation; D Income; and D Accumulation. The annual management charge on each share class is as follows:

	2017
A Income	0.65%
A Accumulation	0.65%
B Income	1.50%
B Accumulation	1.50%
C Income	2.00%
C Accumulation	2.00%
D Income	1.75%
D Accumulation	1.75%

The net asset value of each share class, the net asset value per share, and the number of shares in issue for each share class are given in the Comparative Tables on pages 38 to 41.

All classes have the same rights on winding up.

### 14 Risks of Financial Instruments

*Market price risk sensitivity* – a five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £1,416,000 (2016: £1,097,000). A five per cent decrease would have an equal and opposite effect.

*Foreign currency risk sensitivity* – a five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £438,000 (2016: £239,558). A five per cent decrease would have an equal and opposite effect.

*Interest rate risk sensitivity* – an interest rate sensitivity disclosure has not been included because the investments in the sub-fund are in collective investment schemes. These collective investment schemes may invest in interest bearing financial assets, however, information regarding these investments is not available from their ACD/fund managers as at the sub-fund's balance sheet date.

The interest rate risk profile of financial assets/liabilities as at 30th September 2017 consists of the following:

	2017 £'000	2016 £'000
<b>Sterling:</b>		
Financial assets floating rate <sup>A</sup>	207	216
Financial assets interest bearing instruments	11,471	8,205
Financial assets non-interest bearing instruments	16,875	13,759
Financial liabilities floating rate <sup>A</sup>	(79)	–
Financial liabilities non-interest bearing instruments	(96)	(74)
	<b>28,378</b>	<b>22,106</b>

<sup>A</sup> Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to LIBOR or international equivalent borrowing rate. Interest on investments is variable based on the distributions received from underlying investments.



# IFSL Sinfonia Income and Growth Portfolio

## Notes to the Financial Statements (continued)

### 14 Risks of Financial Instruments (continued)

*Liquidity risk* – the liquidity rate risk profile of financial liabilities as at 30th September 2017 consists of the following:

	On Demand £'000	Within One Year £'000	Over One Year but not More Than Five Years £'000	Over Five Years £'000	Total £'000
<b>2017</b>					
<i>Non-derivatives</i>					
Distribution payable	-	17	-	-	17
Bank overdrafts	-	79	-	-	79
Other creditors	-	79	-	-	79
<b>Total</b>	-	<b>175</b>	-	-	<b>175</b>
<b>2016</b>					
<i>Non-derivatives</i>					
Distribution payable	-	20	-	-	20
Bank overdrafts	-	3	-	-	3
Other creditors	-	51	-	-	51
<b>Total</b>	-	<b>74</b>	-	-	<b>74</b>

*Fair value* – there is no material difference between the value of financial assets and liabilities, as shown in the balance sheet, and their fair value.

*Derivatives and other financial instruments* – the underlying exposure to forward currency contracts as at 30th September 2017 was nil (2016: nil).

### 15 Contingent Assets and Liabilities

There were no contingent assets or liabilities at the current or preceding year end date.

### 16 Provisions for Liabilities

There were no provisions for liabilities at the current or preceding year end date.

### 17 Fair Value Hierarchy

The Fair Value Hierarchy as at 30th September 2017:

Valuation Technique	2017 Assets £'000	2017 Liabilities £'000	2016 Assets £'000	2016 Liabilities £'000
Level 1	6,840	-	3,224	-
Level 2	21,471	-	18,720	-
Level 3	-	-	-	-
	<b>28,311</b>	-	<b>21,944</b>	-

The sub-fund has early adopted, as permitted, the March 2016 amendment to section 34 of FRS 102 which is applicable to accounting periods beginning on or after 1st January 2017.

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the Fair Value Hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

# IFSL Sinfonia Income and Growth Portfolio

## Notes to the Financial Statements (continued)

### 17 Fair Value Hierarchy (continued)

In accordance with FRS 102 the sub-fund classifies fair value measurement under the following levels:

Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2 – inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

### 18 Shareholders' Fund Reconciliation

	A Income	A Accumulation	B Income	B Accumulation	C Income	C Accumulation	D Income	D Accumulation
Opening number of shares	1,127,650	9,200,047	65,453	1,509,905	100	136,977	114	1,702,749
Creations during the period	543,459	3,307,999	–	33,233	–	–	–	112,758
Cancellations during the period	(116,996)	(835,096)	–	(257,965)	–	(7,697)	(1)	(118,799)
Shares converted during the period	–	–	–	–	–	–	–	–
<b>Closing Shares in Issue</b>	<b>1,554,113</b>	<b>11,672,950</b>	<b>65,453</b>	<b>1,285,173</b>	<b>100</b>	<b>129,280</b>	<b>113</b>	<b>1,696,708</b>

### 19 Post Balance Sheet Events

Since 30th September 2017, the net asset value per share has changed as follows:

	Net Asset Value per Share (Pence)		
	30th September 2017 <sup>A</sup>	30th January 2018	Movement (%)
A Income	155.90	161.00	3.27
A Accumulation	177.60	184.70	4.00
B Income	147.80	152.30	3.04
B Accumulation	167.80	174.00	3.69
C Income	141.80	145.40	2.54
C Accumulation	160.40	166.10	3.55
D Income	145.00	149.90	3.38
D Accumulation	164.50	170.50	3.65

<sup>A</sup> These Net Asset Values differ from those in the Comparative Tables as they are the quoted Net Asset Values.

# IFSL Sinfonia Income and Growth Portfolio Distribution Tables

Interim dividend (in pence per share) for A Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	1.2072	–	1.2072	0.7761
2	0.1250	1.0822	1.2072	0.7761

Interim dividend (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	1.3643	–	1.3643	0.8619
2	0.5939	0.7704	1.3643	0.8619

Interim dividend (in pence per share) for B Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	1.1473	–	1.1473	0.7806
2	1.1473	–	1.1473	0.7806

Interim dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	1.3279	–	1.3279	0.8648
2	0.5647	0.7632	1.3279	0.8648

Interim dividend (in pence per share) for C Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	1.1200	–	1.1200	0.7305
2	1.1200	–	1.1200	0.7305

Interim dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	1.2422	–	1.2422	0.8063
2	1.2422	–	1.2422	0.8063

Interim dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	1.1189	–	1.1189	0.8015
2	1.1189	–	1.1189	0.8015

Interim dividend (in pence per share) for D Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	1.2709	–	1.2709	0.8877
2	0.8805	0.3904	1.2709	0.8877

Group 1: shares purchased prior to 1st October 2016.

Group 2: purchased on or after 1st October 2016 to 31st March 2017.

# IFSL Sinfonia Income and Growth Portfolio

## Distribution Tables (continued)

Final dividend (in pence per share) for A Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	1.0904	–	1.0904	1.7081
2	0.4691	0.6213	1.0904	1.7081

Final (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	1.2348	–	1.2348	1.9079
2	0.6106	0.6242	1.2348	1.9079

Final dividend (in pence per share) for B Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	1.0324	–	1.0324	1.4591
2	1.0324	–	1.0324	1.4591

Final dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	1.1891	–	1.1891	1.6264
2	0.9845	0.2046	1.1891	1.6264

Final dividend (in pence per share) for C Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	1.0700	–	1.0700	1.3829
2	1.0700	–	1.0700	1.3829

Final dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	1.1268	–	1.1268	1.5354
2	1.1268	–	1.1268	1.5354

Final dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	1.0129	–	1.0129	1.2915
2	1.0129	–	1.0129	1.2915

Final dividend (in pence per share) for D Accumulation shares:

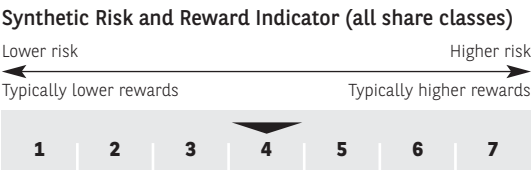
Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	1.1518	–	1.1518	1.4394
2	0.1280	1.0238	1.1518	1.4394

Group 1: shares purchased prior to 1st April 2017.

Group 2: shares purchased on or after 1st April 2017 to 30th September 2017.

# IFSL Sinfonia Income and Growth Portfolio

## Risk Profile



The risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the sub-fund. It is calculated based on the volatility of the sub-fund using weekly historic returns over the last five years. If five years data is not available for a sub-fund, the returns of a representative portfolio are used.

As the risk and reward indicator is calculated based on historical data it may not be a reliable indication of the future risk profile of the sub-fund. The risk category shown is not guaranteed and may change over time. The lowest rating does not mean a risk-free investment. The value of your investments and the income from them may fall as well as rise and you may not get back the amount you originally invested.

This sub-fund has been measured as 4 because it has experienced moderate volatility historically. This rating has remained unchanged during the period.

# IFSL Sinfonia Cautious Managed Portfolio

## Investment Objective, Investment Policy and Investment Manager's Review

for the year from 1st October 2016 to 30th September 2017

### Investment Objective

The investment objective of the sub-fund is to provide long term returns, by a combination of both capital growth and income generation.

### Investment Policy

The sub-fund's investment objective will be achieved by investing in a diversified portfolio of equities as well as fixed interest securities, warrants and money market instruments primarily through investment in a portfolio of collective investment schemes. The sub-fund will typically be invested in a global portfolio of assets and may also focus on UK assets.

Normally, the sub-fund will be fully invested except for an amount to enable redemption of shares, efficient management of the sub-fund in relation to its strategic objectives, and other purposes which may be reasonably regarded as ancillary to the investment objectives of the sub-fund. However, the sub-fund's investment policy may mean that at times, where it is considered appropriate, the scheme property will not be fully invested and that prudent levels of liquidity will be maintained.

It is intended that the sub-fund will be invested in a portfolio of assets which the Investment Manager considers to be mainly medium risk investments with the intention of generating long term returns.

The asset classes in which the sub-fund may also invest includes transferable securities, money market instruments, cash and near cash and deposits as such asset classes are permitted for investment by UCITS Schemes and in accordance with the Company's general investment powers as provided in the Instrument of Incorporation, OEIC Regulations and COLL. The investment powers applicable to the sub-fund are summarised for your information in the Prospectus.

The sub-fund is permitted to invest in derivative instruments and forward transactions for investment purposes, however, it is the Investment Manager's intention that the sub-fund shall utilise derivative instruments and forward transactions for hedging purposes using efficient portfolio management techniques, as explained further in the Prospectus.

### Investment Manager's Review

Early in October 2016 and following another extended run in Inflation Linked bonds, we closed this position in the portfolio. While we see scope for further inflation pickup, market levels appear stretched and it was prudent to lock in profits at that time. Heading into the pending US elections, the portfolio had been positioned with an exposure to US Small Cap equities over Large Cap as the more domestic focus allows them increased benefit from fiscal stimulus than internationally-oriented large caps. Small caps should also in general be less vulnerable to any protectionist measures that could evolve out of the new government. This conviction was closed mid-February following good performance and we felt continued upside was limited as the risk of extreme protectionism abated. The portfolio has held a mildly underweight exposure to Equities on a broad basis as we felt valuations have become very stretched at elevated levels and the upside risk premium was less justified. This had dragged on performance as global equities continued to rally into and beyond the New Year. Our expectation regarding obstructions to any new corporate friendly policy in the US proved correct and there was disturbance to the market with elections in Europe, yet equity markets remained resilient. If anything the relief rally from the election of the moderate Macron to President in France and the weakening of the Conservative government in the UK led to more positivity in the markets. As such it was prudent to return the portfolio to a more market neutral stance and cut the underweight.

Within the equity allocation we remained active, the opportunistic trades of Long Europe vs UK equities benefited well primarily from a currency aspect. Late in the reporting period we again saw value in US Large Cap over Small Caps which so far is positively contributing to the sub-fund's return.

The portfolio remained nimble in duration space with tactical changes in response to key market events in both April and May around the French and UK elections, and again over the summer following hawkish comments from the Bank of England governor caused a sell-off in the rates market. On both occasions we looked through the short term market reaction and managed to lock in profits as tensions eased and prices somewhat normalised. That said UK yields for most of the period remain at low levels and subsequently our interest rate exposure has on average been to the lower side.

During January, the credit exposure of the sub-fund was reduced as in an environment of "fatter tails" credit does not provide an attractive risk/return profile at these high valuation levels as it lacks the upside to reflation but has a significant exposure to a downward turn in the cycle. From a carry perspective this has been a detractor.

From a fund selection perspective, the active managers selected in the portfolio have broadly delivered positive returns. We were excited to add an interesting manager in the Japan Equity space with Eastspring. This was primarily a replacement for the hedged share class of Melchior while performing well, we felt the sterling strength in early summer was excessive and took the opportunity to switch to the unhedged Eastspring and Amundi JPX 400 ETF.

Early in the period, Parvest Multi Asset Emerging Income was introduced into the sub-fund, and has posted a strong return with the significant rise of global emerging assets generally. Lastly, we introduced a UK small cap manager in Standard Life, this diversifies our UK exposure a little and also continues to outperform its benchmark.

# IFSL Sinfonia Cautious Managed Portfolio

## Investment Objective, Investment Policy and Investment Manager's Review

(continued)

### Material Portfolio Changes

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
LBNP Paribas Insticash GBP 'X Capitalisation'	5,000	BNP Paribas Insticash GBP 'X Capitalisation'	5,908
Legal & General All Stocks Gilt Index 'C' Dist	3,492	Vanguard S&P 500 ETF	1,799
Vanguard FTSE Developed Europe ex UK ETF	3,147	Legal & General UK Index 'C' Acc	1,797
SPDR Barclays 1-5 year Gilt ETF	2,054	Vanguard UK Gilt ETF	1,674
Vanguard UK Gilt ETF	1,635	SPDR Barclays 1-5 year Gilt ETF	1,662
iShares MSCI USA Small Cap USD Acc ETF	1,512	Vanguard UK Inflation-Linked Gilt Index 'A' GBP Gross Acc	1,596
Vanguard S&P 500 ETF	1,444	Vanguard FTSE Developed Europe ex UK ETF	1,530
BNP Paribas Easy S&P 500 'C' USD ETF	1,389	Parvest Equity Best Selection Europe ex-UK 'X Capitalisation'	1,522
Legal & General UK Index 'C' Acc	1,384	db x-trackers S&P 500 '2C' GBP Hedged ETF	1,403
Parvest Equity USA Small Cap 'X Capitalisation'	937	Standard Life European Corporate Bond 'D' Acc	1,238
Other purchases	2,952	Other sales	5,908
Total purchases for the year	24,946	Total sales for the year	26,037

# IFSL Sinfonia Cautious Managed Portfolio

## Comparative Tables

	B Income 2017 (Pence per Share)	B Income 2016 (Pence per Share)	B Income 2015 (Pence per Share)	D Income 2017 (Pence per Share)	D Income 2016 (Pence per Share)	D Income 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	151.41	130.94	130.91	150.79	130.08	130.27
Return before operating charges*	7.73	23.94	2.61	7.67	23.74	2.59
Operating charges	(2.86)	(2.58)	(2.46)	(3.22)	(2.90)	(2.78)
Return after operating charges*	4.87	21.36	0.15	4.45	20.84	(0.19)
Distributions on income shares	(0.79)	(0.89)	(0.12)	(0.57)	(0.13)	-
Closing net asset value per share	155.49	151.41	130.94	154.67	150.79	130.08
* after direct transaction costs of:	0.02	0.02	-	0.02	0.02	-
<b>Performance</b>						
Return after charges	3.22%	16.31%	0.11%	2.95%	16.02%	(0.15%)
<b>Other Information</b>						
Closing net asset value (£'000)	58	56	49	81	89	89
Closing number of shares	37,321	37,321	37,321	52,344	59,041	68,704
Operating charges	1.85%	1.86%	1.81%	2.10%	2.11%	2.06%
Direct transaction costs	0.02%	0.01%	-	0.02%	0.01%	-
<b>Prices</b>						
Highest share price	160.00	153.50	141.90	158.90	152.10	141.20
Lowest share price	146.70	130.10	127.80	146.00	129.10	127.20



# IFSL Sinfonia Cautious Managed Portfolio

## Comparative Tables (continued)

	A Accumulation 2017 (Pence per Share)	A Accumulation 2016 (Pence per Share)	A Accumulation 2015 (Pence per Share)	B Accumulation 2017 (Pence per Share)	B Accumulation 2016 (Pence per Share)	B Accumulation 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	163.48	139.37	138.06	156.69	134.71	134.57
Return before operating charges*	8.04	25.61	2.69	7.98	24.63	2.66
Operating charges	(1.67)	(1.50)	(1.38)	(2.95)	(2.65)	(2.52)
Return after operating charges*	6.37	24.11	1.31	5.03	21.98	0.14
Distributions on accumulation shares	(1.66)	(2.25)	(0.58)	(0.83)	(0.92)	(0.12)
Retained distributions on accumulation shares	1.66	2.25	0.58	0.83	0.92	0.12
Closing net asset value per share	169.85	163.48	139.37	161.72	156.69	134.71
* after direct transaction costs of:	0.03	0.02	–	0.02	0.02	–
<b>Performance</b>						
Return after charges	3.90%	17.30%	0.95%	3.21%	16.32%	0.10%
<b>Other Information</b>						
Closing net asset value (£'000)	28,463	27,080	18,627	2,761	3,243	4,117
Closing number of shares	16,757,109	16,564,052	13,365,327	1,707,507	2,069,392	3,056,118
Operating charges	1.00%	1.01%	0.96%	1.85%	1.86%	1.81%
Direct transaction costs	0.02%	0.01%	–	0.02%	0.01%	–
<b>Prices</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>
Highest share price	173.90	164.60	150.30	165.50	157.90	146.00
Lowest share price	158.50	138.90	134.80	151.80	133.80	131.40

# IFSL Sinfonia Cautious Managed Portfolio

## Comparative Tables (continued)

	C Accumulation 2017 (Pence per Share)	C Accumulation 2016 (Pence per Share)	C Accumulation 2015 (Pence per Share)	D Accumulation 2017 (Pence per Share)	D Accumulation 2016 (Pence per Share)	D Accumulation 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	150.19	129.78	130.28	153.58	132.38	132.58
Return before operating charges*	7.64	23.65	2.61	7.81	24.13	2.62
Operating charges	(3.59)	(3.24)	(3.11)	(3.27)	(2.93)	(2.82)
Return after operating charges*	4.05	20.41	(0.50)	4.54	21.20	(0.20)
Distributions on accumulation shares	(0.56)	(0.21)	–	(0.72)	(0.13)	–
Retained distributions on accumulation shares	0.56	0.21	–	0.72	0.13	–
Closing net asset value per share	154.24	150.19	129.78	158.12	153.58	132.38
* after direct transaction costs of:	0.02	0.02	–	0.02	0.02	–
<b>Performance</b>						
Return after charges	2.70%	15.73%	(0.38%)	2.96%	16.01%	(0.15%)
<b>Other Information</b>						
Closing net asset value (£'000)	346	364	320	1,832	2,313	5,420
Closing number of shares	224,056	242,132	246,212	1,158,762	1,506,229	4,094,543
Operating charges	2.35%	2.36%	2.31%	2.10%	2.11%	2.06%
Direct transaction costs	0.02%	0.01%	–	0.02%	0.01%	–
<b>Prices</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>
Highest share price	158.00	151.50	141.10	161.90	154.80	143.70
Lowest share price	145.30	128.70	127.20	148.70	131.40	129.50

# IFSL Sinfonia Cautious Managed Portfolio

## Portfolio Statement

as at 30th September 2017

Holding	Investment	Market Value £'000	Percentage of Total Net Assets %
347,282	<b>UK Corporate Bond (17.95%)</b> BlackRock UK Credit Screened 'Flexible' Acc GBP	5,444	16.23
		<b>5,444</b>	<b>16.23</b>
4,443,982	<b>UK Government Bonds (17.83%)</b> Legal & General All Stocks Gilt Index 'C' Dist	5,391	16.07
33,125	SPDR Barclays 1-5 year Gilt ETF	1,689	5.04
		<b>7,080</b>	<b>21.11</b>
	<b>European Bonds (3.78%)</b>		
	<b>Global Bonds (13.32%)</b>		
1,606	Amundi Bond Global Aggregate IHE 'C' Acc	1,659	4.94
38,399	db x-trackers II Barclays Global Aggregate Bond '1D' USD ETF	1,321	3.94
14,647	Parvest Bond World 'X Capitalisation'	1,567	4.67
		<b>4,547</b>	<b>13.55</b>
	<b>Targeted Absolute Return (4.59%)</b>		
11,769	Parvest Bond Absolute Return V350 'X Capitalisation'	1,107	3.30
		<b>1,107</b>	<b>3.30</b>
	<b>UK Equities (21.56%)</b>		
1,200,929	JPM UK Equity Core 'E-Net' Acc	4,181	12.46
970,277	Legal & General UK Index 'C' Acc	2,858	8.52
99,400	Standard Life UK Smaller Companies 'Institutional' Acc	774	2.31
		<b>7,813</b>	<b>23.29</b>
	<b>European Equities (4.93%)</b>		
6,045	Parvest Equity Best Selection Europe ex-UK 'X Capitalisation'	747	2.23
75,816	Vanguard FTSE Developed Europe ex UK ETF	1,979	5.90
		<b>2,726</b>	<b>8.13</b>
	<b>US Equities (7.89%)</b>		
13,095	BNP Paribas Easy S&P 500 'C' USD ETF	1,317	3.93
6,900	iShares MSCI USA Small Cap USD Acc ETF	1,558	4.64
		<b>2,875</b>	<b>8.57</b>
	<b>Japanese Equities (1.01%)</b>		
2,228	Amundi JPX-Nikkei 400 EUR ETF	234	0.70
7,120	Eastspring Japan Dynamic 'Cg'	101	0.30
		<b>335</b>	<b>1.00</b>
	<b>Emerging Market Equities (Nil)</b>		
5,416	Parvest Multi-Asset Income Emerging 'X Capitalisation'	485	1.45
		<b>485</b>	<b>1.45</b>
	<b>Money Market (6.31%)</b>		
8,616	BNP Paribas Insticash GBP 'X Capitalisation'	1,186	3.54
		<b>1,186</b>	<b>3.54</b>
	<b>Portfolio of Investments</b>	<b>33,598</b>	<b>100.17</b>
	Net current liabilities	(57)	(0.17)
	<b>Total Net Assets</b>	<b>33,541</b>	<b>100.00</b>

The figures in brackets represent percentage holdings as at 30th September 2016.

# IFSL Sinfonia Cautious Managed Portfolio

## Statement of Total Return

for the year from 1st October 2016 to 30th September 2017

	Notes	30th September 2017		30th September 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		903		4,185
Revenue	4	614		682	
Expenses	5	(308)		(294)	
Net revenue before taxation		306		388	
Taxation	6	(20)		(10)	
Net revenue after taxation			286		378
Total return before distributions			1,189		4,563
Distributions	7 & 8		(299)		(381)
<b>Change in Net Assets Attributable to Shareholders from Investment Activities (see below)</b>			<b>890</b>		<b>4,182</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year from 1st October 2016 to 30th September 2017

	30th September 2017		30th September 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		33,145		28,622
Amounts receivable on issue of shares	5,145		7,696	
Amounts payable on cancellation of shares	(5,938)		(7,744)	
	793		(48)	
Change in net assets attributable to shareholders from investment activities (see above)		890		4,182
Retained distribution on accumulation shares		299		389
<b>Closing Net Assets Attributable to Shareholders</b>		<b>33,541</b>		<b>33,145</b>

# IFSL Sinfonia Cautious Managed Portfolio

## Balance Sheet

as at 30th September 2017

	Notes	30th September 2017 £'000	30th September 2016 £'000
<b>Assets</b>			
<b>Fixed Assets:</b>			
Investments	17	33,598	32,869
<b>Current Assets:</b>			
Debtors	9	29	272
Cash and bank balances		262	50
<b>Total Assets</b>		<b>33,889</b>	<b>33,191</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Bank overdrafts		88	-
Other creditors	10	260	46
<b>Total Liabilities</b>		<b>348</b>	<b>46</b>
<b>Net Assets Attributable to Shareholders</b>		<b>33,541</b>	<b>33,145</b>

# IFSL Sinfonia Cautious Managed Portfolio

## Notes to the Financial Statements

for the year from 1st October 2016 to 30th September 2017

### 1 Accounting Policies, Distribution Policies and Risk Management Policies

For more information please refer to the notes applicable to the Company on pages 13 to 15.

### 2 Net Capital Gains

	2017 £'000	2016 £'000
Gains on non-derivative securities	979	4,200
Transaction costs	(1)	(1)
Other currency losses	(75)	(14)
<b>Net Capital Gains</b>	<b>903</b>	<b>4,185</b>

### 3 Direct Transaction Costs

	2017 Purchases £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	24,943	3	0.01	-	-	-	-	3	0.01
	24,943	3	0.01	-	-	-	-	3	0.01
Total purchases after commissions, taxes and other expenses	24,946								

	2017 Sales £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	26,039	2	0.01	-	-	-	-	2	0.01
	26,039	2	0.01	-	-	-	-	2	0.01
Total sales after commissions, taxes and other expenses	26,037								

<b>Total Transaction Costs Expressed as a Percentage of Average Net Asset Value</b>	<b>5</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>0.02</b>
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	2016 Purchases £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	24,041	3	0.01	-	-	-	-	3	0.01
	24,041	3	0.01	-	-	-	-	3	0.01
Total purchases after commissions, taxes and other expenses	24,044								

	2016 Sales £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	23,922	1	-	-	-	-	-	1	-
	23,922	1	-	-	-	-	-	1	-
Total sales after commissions, taxes and other expenses	23,921								

<b>Total Transaction Costs Expressed as a Percentage of Average Net Asset Value</b>	<b>4</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>0.01</b>
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No significant in-specie transfers or corporate actions were identified in the period (2016: nil).

Direct transaction costs are fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

The portfolio dealing spread as at 30th September 2017 was 0.04% (2016: 0.09%).

# IFSL Sinfonia Cautious Managed Portfolio

## Notes to the Financial Statements (continued)

### 4 Revenue

	2017 £'000	2016 £'000
Distributions from underlying collective investment schemes – UK franked dividends	218	450
Distributions from underlying collective investment schemes – Overseas dividends	119	109
Distributions from underlying collective investment schemes – UK Interest	59	122
Distributions from underlying collective investment schemes – Overseas interest	218	-
Bank interest	-	1
<b>Total Revenue</b>	<b>614</b>	<b>682</b>

### 5 Expenses

	2017 £'000	2016 £'000
<b>Payable to the ACD or Associates of the ACD:</b>		
ACD's periodic charge	268	255
Registration fees	4	4
	272	259
<b>Other Expenses:</b>		
Depository's fee	15	14
Safe custody charges	7	5
Audit fees <sup>A</sup>	8	9
Legal and professional costs	3	4
Printing and postage costs	3	2
Interest	-	1
	36	35
<b>Total Expenses</b>	<b>308</b>	<b>294</b>

<sup>A</sup> The audit fee net of VAT for the sub-fund for the current year is £7,000 (2016: £7,000).

### 6 Taxation

#### a) Analysis of charge in year

	2017 £'000	2016 £'000
UK corporation tax on profits for the year	9	7
Current tax charge (note [b] below)	9	7
Deferred tax (note [c] below)	11	3
<b>Total Tax Charge</b>	<b>20</b>	<b>10</b>

#### b) Factors affecting taxation charge for the year

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by Open Ended Investment Companies (OEICs). OEICs are also exempt from tax on capital gains made within the sub-funds.

The tax charge actually suffered is analysed below:

	2017 £'000	2016 £'000
<b>Net Revenue Before Tax</b>	<b>306</b>	<b>388</b>
Corporation tax at 20% (2016: 20%)	61	78
<b>Effects of:</b>		
Non-taxable UK dividends	(44)	(22)
Non-taxable overseas dividend	(24)	(25)
Unutilised management expenses	-	(34)
Realised gains on non reporting offshore funds	16	10
Unrealised gains on non reporting offshore funds	-	3
Movements in income accruals	-	(3)
<b>Current Tax Charge for Year (note (a))</b>	<b>9</b>	<b>7</b>

# IFSL Sinfonia Cautious Managed Portfolio

## Notes to the Financial Statements (continued)

### 6 Taxation (continued)

#### c) Provision for deferred taxation

	2017 £'000	2016 £'000
Deferred tax charge for the year	11	3
<b>Provision at the End of the Year (note (a))</b>	<b>11</b>	<b>3</b>

The sub-fund does not have unutilised management expenses (2016: nil), and therefore has no deferred tax asset (2016: nil).

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2017 £'000	2016 £'000
Interim dividend income and accumulation	80	39
Final dividend income and accumulation	219	350
	299	389
Add: Amounts deducted on cancellation of shares	12	9
Deduct: Amounts received on issue of shares	(12)	(17)
<b>Total Distributions</b>	<b>299</b>	<b>381</b>

### 8 Movement Between Net Revenue and Distributions

	2017 £'000	2016 £'000
Net revenue after taxation	286	378
Add: Taxation in capital	6	3
Add: Transfer from capital to income due to income deficit	7	-
<b>Net Distributions/Accumulations for the Year</b>	<b>299</b>	<b>381</b>

### 9 Debtors

	2017 £'000	2016 £'000
Amounts receivable from issue of shares	19	212
Accrued revenue	10	2
Income tax recoverable	-	2
Sales awaiting settlement	-	56
<b>Total Debtors</b>	<b>29</b>	<b>272</b>

### 10 Creditors

	2017 £'000	2016 £'000
Amounts payable for cancellation of units	200	-
Accrued expenses	14	14
Corporation tax payable	9	7
Deferred tax	14	3
ACD fees payable	23	22
<b>Total Creditors</b>	<b>260</b>	<b>46</b>



# IFSL Sinfonia Cautious Managed Portfolio

## Notes to the Financial Statements (continued)

### 11 Related Party Transactions

IFSL, as ACD, a related party, acts as principal on all transactions of shares in the Company. The aggregate monies received through creations and cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and note 7. Amounts due to/(from) IFSL in respect of share transactions at the year end are disclosed in notes 9 and 10. Amounts paid to IFSL in respect of ACD's periodic charges are disclosed in note 5.

The amounts due to/(from) the ACD as at 30th September 2017 were as follows:

	2017 £'000	2016 £'000
IFSL Sinfonia Cautious Managed Portfolio	204	(190)

### 12 Equalisation

Equalisation is accrued revenue included in the price of shares purchased during the distribution period (Group 2 shares) which is refunded as part of the shareholders' first distribution for all shares of the same type. As a repayment of capital, equalisation is not liable to income tax but should be deducted from the cost of shares for capital gains tax purposes.

### 13 Share Classes

During the year, the sub-fund could issue shares in the following share classes: A Income; A Accumulation; B Income; B Accumulation; C Income; C Accumulation; D Income; and D Accumulation. The annual management charge on each share class is as follows:

	2017
A Income	0.65%
A Accumulation	0.65%
B Income	1.50%
B Accumulation	1.50%
C Income	2.00%
C Accumulation	2.00%
D Income	1.75%
D Accumulation	1.75%

The net asset value of each share class, the net asset value per share, and the number of shares in issue for each share class are given in the Comparative Tables on pages 56 to 58.

All share classes have the same rights on winding up.

### 14 Risks of Financial Instruments

*Market price risk sensitivity* – a five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £1,680,000 (2016: £1,643,000). A five per cent decrease would have an equal and opposite effect.

*Foreign currency risk sensitivity* – as at the balance sheet date there is no material foreign currency risk in the sub-fund's portfolio and, as such, no numerical disclosure has been provided within these financial statements.

*Interest rate risk sensitivity* – an interest rate sensitivity disclosure has not been included because the investments in the sub-fund are in collective investment schemes. These collective investment schemes may invest in interest bearing financial assets, however, information regarding these investments is not available from their ACD/fund managers as at the sub-fund's balance sheet date.

The interest rate risk profile of financial assets/liabilities as at 30th September 2017 consists of the following:

	2017 £'000	2016 £'000
<b>Sterling:</b>		
Financial assets floating rate <sup>A</sup>	262	50
Financial assets interest bearing instruments	19,365	19,049
Financial assets non-interest bearing instruments	14,262	14,092
Financial Liabilities floating rate <sup>A</sup>	(88)	–
Financial liabilities non-interest bearing instruments	(260)	(46)
	<b>33,541</b>	<b>33,145</b>

<sup>A</sup> Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to LIBOR or international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

# IFSL Sinfonia Cautious Managed Portfolio

## Notes to the Financial Statements (continued)

### 14 Risks of Financial Instruments (continued)

*Liquidity risk* – the liquidity rate risk profile of financial liabilities as at 30th September 2017 consists of the following:

	On Demand £'000	Within One Year £'000	Over One Year but not More Than Five Years £'000	Over Five Years £'000	Total £'000
<b>2017</b>					
<i>Derivatives</i>					
Bank overdrafts	–	88	–	–	88
Other creditors	–	260	–	–	260
<b>Total</b>	<b>–</b>	<b>348</b>	<b>–</b>	<b>–</b>	<b>348</b>
<b>2016</b>					
<i>Non-derivatives</i>					
Distribution payable	–	–	–	–	–
Other creditors	–	46	–	–	46
<b>Total</b>	<b>–</b>	<b>46</b>	<b>–</b>	<b>–</b>	<b>46</b>

*Fair value* – there is no material difference between the value of financial assets and liabilities, as shown in the balance sheet, and their fair value.

*Derivatives and other financial instruments* – the underlying exposure to forward currency contracts as at 30th September 2017 was nil (2016: nil).

### 15 Contingent Assets and Liabilities

There were no contingent assets or liabilities at the current or preceding year end date.

### 16 Provisions for Liabilities

There were no provisions for liabilities at the current or preceding year end date.

### 17 Fair Value Hierarchy

The Fair Value Hierarchy as at 30th September 2017:

Valuation Technique	2017 Assets £'000	2017 Liabilities £'000	2016 Assets £'000	2016 Liabilities £'000
Level 1	8,098	–	5,059	–
Level 2	25,500	–	27,810	–
Level 3	–	–	–	–
	<b>33,598</b>	<b>–</b>	<b>32,869</b>	<b>–</b>

The sub-fund has early adopted, as permitted, the March 2016 amendment to section 34 of FRS 102 which is applicable to accounting periods beginning on or after 1st January 2017.

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the Fair Value Hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the sub-fund classifies fair value measurement under the following levels:

Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

# IFSL Sinfonia Cautious Managed Portfolio

## Notes to the Financial Statements (continued)

### 18 Shareholders' Fund Reconciliation

	Accumulation	Income	Accumulation	Accumulation	Income	Accumulation
Opening number of shares	16,564,052	37,321	2,069,392	242,132	59,041	1,506,229
Creations during the period	2,924,609	26	12,317	749	-	159,949
Cancellations during the period	(2,731,552)	(26)	(374,202)	(18,825)	(6,697)	(507,416)
Shares converted during the period	-	-	-	-	-	-
<b>Closing Shares in Issue</b>	<b>16,757,109</b>	<b>37,321</b>	<b>1,707,507</b>	<b>224,056</b>	<b>52,344</b>	<b>1,158,762</b>

### 19 Post Balance Sheet Events

Since 30th September 2017, the net asset value per share has changed as follows:

	Net Asset Value per Share (Pence)		
	29th September 2017 <sup>A</sup>	30th January 2018	Movement (%)
A Accumulation	170.00	174.30	2.53
B Income	156.30	159.20	1.86
B Accumulation	161.70	165.60	2.41
C Accumulation	154.30	157.80	2.27
D Income	155.30	158.20	1.87
D Accumulation	158.20	161.60	2.15

<sup>A</sup> These Net Asset Values differ from those in the Comparative Tables as they are the quoted Net Asset Values.

# IFSL Sinfonia Cautious Managed Portfolio

## Distribution Tables

Interim dividend (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	0.4946	–	0.4946	0.2643
2	0.0502	0.4444	0.4946	0.2643

Interim dividend (in pence per share) for B Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	–	–	–	–
2	–	–	–	–

Interim dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	–	–	–	–
2	–	–	–	–

Interim dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	–	–	–	–
2	–	–	–	–

Interim dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	–	–	–	–
2	–	–	–	–

Interim dividend (in pence per share) for D Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	–	–	–	–
2	–	–	–	–

Group 1: shares purchased prior to 1st October 2016.

Group 2: purchased on or after 1st October 2016 to 31st March 2017.

# IFSL Sinfonia Cautious Managed Portfolio

## Distribution Tables (continued)

Final (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	1.1623	–	1.1623	1.9851
2	0.7766	0.3857	1.1623	1.9851

Final dividend (in pence per share) for B Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	0.7873	–	0.7873	0.8901
2	0.7873	–	0.7873	0.8901

Final dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	0.8310	–	0.8310	0.9157
2	0.8080	0.0230	0.8310	0.9157

Final dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	0.5592	–	0.5592	0.2059
2	0.5592	–	0.5592	0.2059

Final dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	0.5684	–	0.5684	0.1266
2	0.5684	–	0.5684	0.1266

Final dividend (in pence per share) for D Accumulation shares:

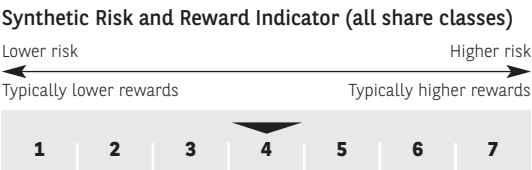
Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	0.7231	–	0.7231	0.1288
2	0.6951	0.0280	0.7231	0.1288

Group 1: shares purchased prior to 1st April 2017.

Group 2: shares purchased on or after 1st April 2017 to 30th September 2017.

# IFSL Sinfonia Cautious Managed Portfolio

## Risk Profile



The risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the sub-fund. It is calculated based on the volatility of the sub-fund using weekly historic returns over the last five years. If five years data is not available for a sub-fund, the returns of a representative portfolio are used.

As the risk and reward indicator is calculated based on historical data it may not be a reliable indication of the future risk profile of the sub-fund. The risk category shown is not guaranteed and may change over time. The lowest rating does not mean a risk-free investment. The value of your investments and the income from them may fall as well as rise and you may not get back the amount you originally invested.

This sub-fund has been measured as 4 because it has experienced moderate volatility historically. This rating has remained unchanged during the period.

# IFSL Sinfonia Balanced Managed Portfolio

## Investment Objective, Investment Policy and Investment Manager's Review

for the year from 1st October 2016 to 30th September 2017

### Investment Objective

The investment objective of the sub-fund is to provide medium to long term capital growth.

### Investment Policy

The sub-fund's investment objective will be achieved by investing in a diversified portfolio of fixed interest securities and equities, as well as warrants, and money market instruments, primarily through investment in a portfolio of collective investment schemes. The sub-fund will typically be invested in a global portfolio of assets but may focus on UK and European assets.

Normally, the sub-fund will be fully invested except for an amount to enable redemption of shares, efficient management of the sub-fund in relation to its strategic objectives, and other purposes which may be reasonably regarded as ancillary to the investment objectives of the sub-fund. However, the sub-fund's investment policy may mean that at times, where it is considered appropriate, the scheme property will not be fully invested and that prudent levels of liquidity will be maintained.

It is intended that the sub-fund will be invested in a portfolio of assets which the Investment Manager considers to be mainly medium to high risk investments over the long term.

The asset classes in which the sub-fund may also invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits as such asset classes are permitted for investment by UCITS Schemes and in accordance with the Company's general investment powers as provided in the Instrument of Incorporation, OEIC Regulations and COLL. The investment powers applicable to the sub-fund are summarised for your information in the Prospectus.

The sub-fund is permitted to invest in derivative instruments and forward transactions for investment purposes, however, it is the Investment Manager's intention that the sub-fund shall utilise derivative instruments and forward transactions for hedging purposes using efficient portfolio management techniques, as explained further in the Prospectus.

### Investment Manager's Review

Heading into the pending US elections in November 2016, the portfolio had been positioned with an exposure to US Small Cap equities over Large Cap as the more domestic focus allows them increased benefit from fiscal stimulus than internationally-oriented large caps. Small caps should also in general be less vulnerable to any protectionist measures that could evolve out of the new government. This conviction was closed mid-February following good performance and we felt continued upside was limited as the risk of extreme protectionism abated. The portfolio has held a mildly underweight exposure to Equities on a broad basis as we felt valuations have become very stretched at elevated levels and the upside risk premium was less justified. This had dragged on performance as global equities continued to rally into and beyond the New Year. Our expectation regarding obstructions to any new corporate friendly policy in the US proved correct and there was disturbance to the market with elections in Europe, yet equity markets remained resilient. If anything the relief rally from the election of the moderate Macron to President in France and the weakening of the Conservative government in the UK led to more positivity in the markets. As such it was prudent to return the portfolio to a more market neutral stance and cut the underweight.

Within the equity allocation we remained active, the opportunistic trades of Long Europe vs UK equities benefited well primarily from a currency aspect and the small position in Brazilian equities over the summer had a very good return. Late in the reporting period we again saw value in US Large Cap over Small Caps which so far is positively contributing to the sub-fund's return.

During January, the credit exposure of the sub-fund was reduced as in an environment of "fatter tails" credit does not provide an attractive risk/return profile at these high valuation levels as it lacks the upside to reflation but has a significant exposure to a downward turn in the cycle. From a carry perspective this has been a detractor.

From a sub-fund selection perspective, the active managers selected in the portfolio have broadly delivered positive returns. We were excited to add an interesting manager in the Japan Equity space with Eastspring. This was primarily a replacement for the hedged share class of Melchior while performing well, we felt the sterling strength in early summer was excessive and took the opportunity to switch to the unhedged Eastspring and Amundi JPX 400 ETF.

Early in the period, Parvest Multi Asset Emerging Income was introduced into the sub-fund, and has posted a strong return with the significant rise of global emerging assets generally. Lastly, we introduced a UK small cap manager in Standard Life, this diversifies our UK exposure a little and also continues to outperform its benchmark.

# IFSL Sinfonia Balanced Managed Portfolio

## Investment Objective, Investment Policy and Investment Manager's Review

(continued)

### Material Portfolio Changes

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
BNP Paribas Insticash GBP 'X Capitalisation'	3,690	BNP Paribas Insticash GBP 'X Capitalisation'	4,279
Vanguard FTSE Developed Europe ex UK ETF	3,011	Vanguard S&P 500 ETF	2,817
Vanguard S&P 500 ETF	1,965	Legal & General UK Index 'C' Acc	1,959
Legal & General UK Index 'C' Acc	1,724	Melchior Japan Advantage 'I7' £ Hedged	1,899
iShares MSCI USA Small Cap USD Acc ETF	1,687	Parvest Equity Best Selection Europe ex-UK 'X Capitalisation'	1,595
Parvest Equity USA Small Cap 'X Capitalisation'	1,348	Vanguard FTSE Developed Europe ex UK ETF	1,472
BNP Paribas Easy S&P 500 'C' USD ETF	1,290	Parvest Equity USA Small Cap 'X Capitalisation'	1,398
Standard Life UK Smaller Companies 'Institutional' Acc	1,046	Standard Life European Corporate Bond 'D' Acc	1,263
BlackRock UK Credit Screened 'Flexible' Acc GBP	1,008	db x-trackers S&P 500 '2C' GBP Hedged ETF	1,204
Legal & General All Stocks Gilt Index 'C' Dist	977	iShares MSCI USA Small Cap USD Acc ETF	811
Other purchases	3,852	Other sales	2,154
Total purchases for the year	21,598	Total sales for the year	20,851



# IFSL Sinfonia Balanced Managed Portfolio

## Comparative Tables

	B Income 2017 (Pence per Share)	B Income 2016 (Pence per Share)	B Income 2015 (Pence per Share)	D Income 2017 (Pence per Share)	D Income 2016 (Pence per Share)	D Income 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	151.21	128.89	132.08	149.83	127.48	130.97
Return before operating charges*	16.30	25.74	(0.58)	16.11	25.43	(0.56)
Operating charges	(3.01)	(2.67)	(2.61)	(3.37)	(2.98)	(2.93)
Return after operating charges*	13.29	23.07	(3.19)	12.74	22.45	(3.49)
Distributions on income shares	(0.84)	(0.75)	-	(1.31)	(0.10)	-
Closing net asset value per share	163.66	151.21	128.89	161.26	149.83	127.48
* after direct transaction costs of:	0.02	0.02	-	0.02	0.02	-
<b>Performance</b>						
Return after charges	8.79%	17.90%	(2.42%)	8.50%	17.61%	(2.66%)
<b>Other Information</b>						
Closing net asset value (£'000)	7	6	5	76	71	60
Closing number of shares	3,994	3,994	3,994	47,458	47,458	47,458
Operating charges	1.88%	1.93%	1.89%	2.13%	2.18%	2.14%
Direct transaction costs	0.02%	0.01%	-	0.02%	0.01%	-
<b>Prices</b>						
Highest share price	167.10	152.50	147.10	165.60	150.50	145.70
Lowest share price	149.20	124.80	125.80	147.40	123.40	124.80

# IFSL Sinfonia Balanced Managed Portfolio

## Comparative Tables (continued)

	A Accumulation 2017 (Pence per Share)	A Accumulation 2016 (Pence per Share)	A Accumulation 2015 (Pence per Share)	B Accumulation 2017 (Pence per Share)	B Accumulation 2016 (Pence per Share)	B Accumulation 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	161.22	135.60	137.73	153.42	130.13	133.35
Return before operating charges*	17.36	27.20	(0.62)	16.55	25.98	(0.59)
Operating charges	(1.76)	(1.58)	(1.51)	(3.05)	(2.69)	(2.63)
Return after operating charges*	15.60	25.62	(2.13)	13.50	23.29	(3.22)
Distributions on accumulation shares	(1.81)	(2.06)	(0.39)	(0.86)	(0.75)	-
Retained distributions on accumulation shares	1.81	2.06	0.39	0.86	0.75	-
Closing net asset value per share	176.82	161.22	135.60	166.92	153.42	130.13
* after direct transaction costs of:	0.03	0.02	-	0.02	0.02	-
<b>Performance</b>						
Return after charges	9.68%	18.89%	(1.55%)	8.80%	17.90%	(2.41%)
<b>Other Information</b>						
Closing net asset value (£'000)	25,249	20,358	15,646	4,545	4,693	5,183
Closing number of shares	14,279,056	12,627,761	11,538,634	2,722,731	3,058,649	3,982,482
Operating charges	1.03%	1.08%	1.04%	1.88%	1.93%	1.89%
Direct transaction costs	0.02%	0.01%	-	0.02%	0.01%	-
<b>Prices</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>
Highest share price	180.30	161.60	154.20	170.40	153.90	148.60
Lowest share price	158.70	131.70	131.30	150.90	126.00	127.10

# IFSL Sinfonia Balanced Managed Portfolio

## Comparative Tables (continued)

	C Accumulation 2017 (Pence per Share)	C Accumulation 2016 (Pence per Share)	C Accumulation 2015 (Pence per Share)	D Accumulation 2017 (Pence per Share)	D Accumulation 2016 (Pence per Share)	D Accumulation 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	146.79	125.14	128.88	150.38	127.86	131.35
Return before operating charges*	15.79	24.90	(0.53)	15.98	25.47	(0.56)
Operating charges	(3.70)	(3.25)	(3.21)	(3.38)	(2.95)	(2.93)
Return after operating charges*	12.09	21.65	(3.74)	12.60	22.52	(3.49)
Distributions on accumulation shares	(0.89)	(0.07)	–	(1.43)	(0.10)	–
Retained distributions on accumulation shares	0.89	0.07	–	1.43	0.10	–
Closing net asset value per share	158.88	146.79	125.14	162.98	150.38	127.86
* after direct transaction costs of:	0.02	0.02	–	0.02	0.02	–
<b>Performance</b>						
Return after charges	8.24%	17.30%	(2.90%)	8.38%	17.61%	(2.66%)
<b>Other Information</b>						
Closing net asset value (£'000)	127	114	108	2,532	3,176	6,023
Closing number of shares	79,685	77,437	86,156	1,553,876	2,112,044	4,710,737
Operating charges	2.38%	2.43%	2.39%	2.13%	2.18%	2.14%
Direct transaction costs	0.02%	0.01%	–	0.02%	0.01%	–
<b>Prices</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>
Highest share price	162.90	147.40	143.20	167.60	150.90	146.10
Lowest share price	144.30	121.00	122.80	147.90	123.70	125.10

# IFSL Sinfonia Balanced Managed Portfolio

## Portfolio Statement

as at 30th September 2017

Holding	Investment	Market Value £'000	Percentage of Total Net Assets %
354,534	<b>UK Corporate Bonds (17.68%)</b> BlackRock UK Credit Screened 'Flexible' Acc GBP	5,557	17.08
		<b>5,557</b>	<b>17.08</b>
1,068,659	<b>UK Government Bonds (1.21%)</b> Legal & General All Stocks Gilt Index 'C' Dist	1,296	3.98
		<b>1,296</b>	<b>3.98</b>
	<b>European Bonds (4.49%)</b>		
2,859	<b>Global Bonds (1.11%)</b> Parvest Bond World 'X Capitalisation'	306	0.94
		<b>306</b>	<b>0.94</b>
187	<b>Targeted Absolute Return (0.06%)</b> Parvest Bond Absolute Return V350 'X Capitalisation'	18	0.06
		<b>18</b>	<b>0.06</b>
1,540,608	<b>UK Equities (31.31%)</b> JPM UK Equity Core 'E-Net' Acc	5,363	16.48
1,413,074	Legal & General UK Index 'C' Acc	4,163	12.80
134,600	Standard Life UK Smaller Companies 'Institutional' Acc	1,048	3.22
		<b>10,574</b>	<b>32.50</b>
8,131	<b>European Equities (6.22%)</b> Parvest Equity Best Selection Europe ex-UK 'X Capitalisation'	1,005	3.09
72,433	Vanguard FTSE Developed Europe ex UK ETF	1,891	5.81
		<b>2,896</b>	<b>8.90</b>
12,252	<b>US Equities (13.45%)</b> BNP Paribas Easy S&P 500 'C' USD ETF	1,232	3.79
7,700	iShares MSCI USA Small Cap USD Acc ETF	1,738	5.34
5,987	Parvest Equity USA Mid Cap 'X Capitalisation'	615	1.89
15,079	Vanguard S&P 500 ETF	537	1.65
		<b>4,122</b>	<b>12.67</b>
8,320	<b>Japanese Equities (6.35%)</b> Amundi JPX-Nikkei 400 EUR ETF	875	2.69
55,223	Eastspring Japan Dynamic 'Cg'	782	2.40
3,140	Parvest Equity Japan Small Cap 'X Capitalisation'	340	1.04
		<b>1,997</b>	<b>6.13</b>
3,952	<b>Asian Equities ex. Japan (5.10%)</b> BNP Paribas Easy MSCI Pacific ex Japan ex CW 'Track Privilege GBP Capitalisation'	607	1.87
7,340	Parvest Equity Asia Pacific ex-Japan 'X Capitalisation'	995	3.06
		<b>1,602</b>	<b>4.93</b>
8,200	<b>Emerging Markets Equities (4.29%)</b> Fisher Emerging Markets Equity USD	734	2.26
46,441	iShares Core MSCI EM IMI USD Acc ETF	969	2.98
4,945	Parvest Multi-Asset Income Emerging 'X Capitalisation'	443	1.36
		<b>2,146</b>	<b>6.60</b>
12,287	<b>Money Market (8.01%)</b> BNP Paribas Insticash GBP 'X Capitalisation'	1,692	5.20
		<b>1,692</b>	<b>5.20</b>
	<b>Portfolio of Investments</b>	<b>32,206</b>	<b>98.99</b>
	Net current assets	330	1.01
	<b>Total Net Assets</b>	<b>32,536</b>	<b>100.00</b>

The figures in brackets represent percentage holdings as at 30th September 2016.

# IFSL Sinfonia Balanced Managed Portfolio

## Statement of Total Return

for the year from 1st October 2016 to 30th September 2017

	Notes	30th September 2017		30th September 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		2,407		4,389
Revenue	4	524		547	
Expenses	5	(305)		(303)	
Net revenue before taxation		219		244	
Taxation	6	-		-	
Net revenue after taxation			219		244
Total return before distributions			2,626		4,633
Distributions	7 & 8		(285)		(285)
<b>Change in Net Assets Attributable to Shareholders from Investment Activities (see below)</b>			<b>2,341</b>		<b>4,348</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year from 1st October 2016 to 30th September 2017

	30th September 2017		30th September 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		28,418		27,025
Amounts receivable on issue of shares	4,835		5,171	
Amounts payable on cancellation of shares	(3,351)		(8,414)	
	1,484		(3,243)	
Change in net assets attributable to shareholders from investment activities (see above)		2,341		4,348
Retained distribution on accumulation shares		293		288
<b>Closing Net Assets Attributable to Shareholders</b>		<b>32,536</b>		<b>28,418</b>

# IFSL Sinfonia Balanced Managed Portfolio

## Balance Sheet

as at 30th September 2017

	Notes	30th September 2017 £'000	30th September 2016 £'000
<b>Assets</b>			
<b>Fixed Assets:</b>			
Investments	17	32,206	28,214
<b>Current Assets:</b>			
Debtors	9	297	93
Cash and bank balances		388	161
<b>Total Assets</b>		<b>32,891</b>	<b>28,468</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Other creditors	10	355	50
<b>Total Liabilities</b>		<b>355</b>	<b>50</b>
<b>Net Assets Attributable to Shareholders</b>		<b>32,536</b>	<b>28,418</b>

# IFSL Sinfonia Balanced Managed Portfolio

## Notes to the Financial Statements

for the year from 1st October 2016 to 30th September 2017

### 1 Accounting Policies, Distribution Policies and Risk Management Policies

For more information please refer to the notes applicable to the Company on pages 13 to 15.

### 2 Net Capital Gains

	2017 £'000	2016 £'000
Gains on non-derivative securities	2,476	4,441
Transaction costs	(1)	(1)
Other currency losses	(68)	(51)
<b>Net Capital Gains</b>	<b>2,407</b>	<b>4,389</b>

### 3 Direct Transaction Costs

	2017 Purchases £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	21,595	3	0.01	-	-	-	-	3	0.01
	21,595	3	0.01	-	-	-	-	3	0.01
Total purchases after commissions, taxes and other expenses	21,598								

	2017 Sales £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	20,853	2	0.01	-	-	-	-	2	0.01
	20,853	2	0.01	-	-	-	-	2	0.01
Total sales after commissions, taxes and other expenses	20,851								
<b>Total Transaction Costs Expressed as a Percentage of Average Net Asset Value</b>		<b>5</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>0.02</b>

	2016 Purchases £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	18,134	3	0.02	-	-	-	-	3	0.02
	18,134	3	0.02	-	-	-	-	3	0.02
Total purchases after commissions, taxes and other expenses	18,137								

	2016 Sales £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	21,188	1	-	-	-	-	-	1	-
	21,188	1	-	-	-	-	-	1	-
Total sales after commissions, taxes and other expenses	21,187								
<b>Total Transaction Costs Expressed as a Percentage of Average Net Asset Value</b>		<b>4</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>0.01</b>

No significant in-specie transfers or corporate actions were identified in the period (2016: nil).

Direct transaction costs are fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

The portfolio dealing spread as at 30th September 2017 was 0.03% (2016: nil).

# IFSL Sinfonia Balanced Managed Portfolio

## Notes to the Financial Statements (continued)

### 4 Revenue

	2017 £'000	2016 £'000
Distributions from underlying collective investment schemes – UK franked dividends	302	181
Distributions from underlying collective investment schemes – Overseas dividends	179	241
Distributions from underlying collective investment schemes – UK interest	9	124
Distributions from underlying collective investment schemes – Overseas interest	34	–
Bank interest	–	1
<b>Total Revenue</b>	<b>524</b>	<b>547</b>

### 5 Expenses

	2017 £'000	2016 £'000
<b>Payable to the ACD or Associates of the ACD:</b>		
ACD's periodic charge	266	267
Registration fees	5	4
	271	271
<b>Other Expenses:</b>		
Depository's fee	14	13
Safe custody charges	6	4
Audit fees <sup>A</sup>	8	9
Legal and professional costs	3	4
Printing and postage costs	3	2
	34	32
<b>Total Expenses</b>	<b>305</b>	<b>303</b>

<sup>A</sup> The audit fee net of VAT for the sub-fund for the current year is £7,000 (2016: £7,000).

### 6 Taxation

#### a) Analysis of charge in year

	2017 £'000	2016 £'000
<b>Total Tax Charge (note (b))</b>	<b>–</b>	<b>–</b>

#### b) Factors affecting taxation charge for the year

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by Open Ended Investment Companies (OEICs). OEICs are also exempt from tax on capital gains made within the sub-funds.

The tax charge actually suffered is analysed below:

	2017 £'000	2016 £'000
<b>Net Revenue Before Tax</b>	<b>219</b>	<b>244</b>
Corporation tax at 20% (2016: 20%)	44	49
<b>Effects of:</b>		
Non-taxable UK dividends	(60)	(36)
Non-taxable overseas dividend	(36)	(48)
Unutilised management expenses	121	(145)
Realised gains on non reporting offshore funds	22	41
Unrealised gains on non reporting offshore funds	(91)	139
<b>Total Tax Charge for Year (note (a))</b>	<b>–</b>	<b>–</b>

#### c) Provision for deferred taxation

The sub-fund has unutilised management expenses of £817,000 (2016: £209,000). A deferred tax asset of £163,000 (2016: £42,000) has not been recognised as it is unlikely that the sub-fund will generate sufficient taxable profits in the future.



# IFSL Sinfonia Balanced Managed Portfolio

## Notes to the Financial Statements (continued)

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2017 £'000	2016 £'000
Interim dividend income and accumulation	183	58
Final dividend income and accumulation	110	230
	293	288
Add: Amounts deducted on cancellation of shares	5	10
Deduct: Amounts received on issue of shares	(13)	(13)
<b>Total Distributions</b>	<b>285</b>	<b>285</b>

### 8 Movement Between Net Revenue and Distributions

	2017 £'000	2016 £'000
Net revenue after taxation	219	244
Add: Income shortfall due from capital	44	-
Tax effect on realised gains on non-reporting offshore funds	22	41
<b>Net Distributions/Accumulations for the Year</b>	<b>285</b>	<b>285</b>

### 9 Debtors

	2017 £'000	2016 £'000
Amounts receivable from issue of shares	284	5
Accrued revenue	13	6
Income tax recoverable	-	1
Sales awaiting settlement	-	49
Other debtors	-	32
<b>Total Debtors</b>	<b>297</b>	<b>93</b>

### 10 Creditors

	2017 £'000	2016 £'000
Amounts payable for cancellation of units	1	16
Accrued expenses	14	13
Purchases awaiting settlement	317	-
ACD fees payable	23	21
<b>Total Creditors</b>	<b>355</b>	<b>50</b>

### 11 Related Party Transactions

IFSL, as ACD, a related party, acts as principal on all transactions of shares in the Company. The aggregate monies received through creations and cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and note 7. Amounts due to/(from) IFSL in respect of share transactions at the year end are disclosed in notes 9 and 10. Amounts paid to IFSL in respect of ACD's periodic charges are disclosed in note 5.

The amounts due (from)/to the ACD as at 30th September 2017 were as follows:

	2017 £'000	2016 £'000
IFSL Sinfonia Balanced Managed Portfolio	(260)	32

# IFSL Sinfonia Balanced Managed Portfolio

## Notes to the Financial Statements (continued)

### 12 Equalisation

Equalisation is accrued revenue included in the price of shares purchased during the distribution period (Group 2 shares) which is refunded as part of the shareholders' first distribution for all shares of the same type. As a repayment of capital, equalisation is not liable to income tax but should be deducted from the cost of shares for capital gains tax purposes.

### 13 Share Classes

During the year, the sub-fund could issue shares in the following share classes: A Income; A Accumulation; B Income; B Accumulation; C Income; C Accumulation; D Income; and D Accumulation. The annual management charge on each share class is as follows:

	2017
A Income	0.65%
A Accumulation	0.65%
B Income	1.50%
B Accumulation	1.50%
C Income	2.00%
C Accumulation	2.00%
D Income	1.75%
D Accumulation	1.75%

The net asset value of each share class, the net asset value per share, and the number of shares in issue for each share class are given in the Comparative Tables on pages 73 to 75.

All share classes have the same rights on winding up.

### 14 Risks of Financial Instruments

*Market price risk sensitivity* – a five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £1,611,000 (2016: £1,410,000). A five per cent decrease would have an equal and opposite effect.

*Foreign currency risk sensitivity* – a five per cent increase in the foreign currency exchange of the sub-fund's portfolio would have the effect of increasing the return and net assets by £585,000 (2016: £362,000). A five per cent decrease would have an equal and opposite effect.

*Interest rate risk sensitivity* – an interest rate sensitivity disclosure has not been included because the investments in the sub-fund are in collective investment schemes. These collective investment schemes may invest in interest bearing financial assets, however, information regarding these investments was not available from their ACD/fund managers as at the sub-fund's balance sheet date.

The interest rate risk profile of financial assets/liabilities as at 30th September 2017 consists of the following:

	2017 £'000	2016 £'000
<b>Sterling:</b>		
Financial assets floating rate <sup>A</sup>	388	161
Financial assets interest bearing instruments	8,869	6,979
Financial assets non-interest bearing instruments	23,634	21,328
Financial liabilities non-interest bearing instruments	(355)	(50)
	<b>32,536</b>	<b>28,418</b>

<sup>A</sup> Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to LIBOR or international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

# IFSL Sinfonia Balanced Managed Portfolio

## Notes to the Financial Statements (continued)

### 14 Risks of Financial Instruments (continued)

*Liquidity risk* – the liquidity rate risk profile of financial liabilities as at 30th September 2017 consists of the following:

	On Demand £'000	Within One Year £'000	Over One Year but not More Than Five Years £'000	Over Five Years £'000	Total £'000
<b>2017</b>					
<i>Non-derivatives</i>					
Other creditors	-	355	-	-	355
<b>Total</b>	-	<b>355</b>	-	-	<b>355</b>
<b>2016</b>					
<i>Non-derivatives</i>					
Other creditors	-	50	-	-	50
<b>Total</b>	-	<b>50</b>	-	-	<b>50</b>

*Fair value* – there is no material difference between the value of financial assets and liabilities, as shown in the balance sheet, and their fair value.

*Derivatives and other financial instruments* – the underlying exposure to forward currency contracts as at 30th September 2017 was nil (2016: nil).

### 15 Contingent Assets and Liabilities

There were no contingent assets or liabilities at the current or preceding year end date.

### 16 Provisions for Liabilities

There were no provisions for liabilities at the current or preceding year end date.

### 17 Fair Value Hierarchy

The Fair Value Hierarchy as at 30th September 2017:

Valuation Technique	2017 Assets £'000	2017 Liabilities £'000	2016 Assets £'000	2016 Liabilities £'000
Level 1	7,242	-	3,655	-
Level 2	24,964	-	24,559	-
Level 3	-	-	-	-
	<b>32,206</b>	<b>-</b>	<b>28,214</b>	<b>-</b>

The sub-fund has early adopted, as permitted, the March 2016 amendment to section 34 of FRS 102 which is applicable to accounting periods beginning on or after 1st January 2017.

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distressed sale) between knowledgeable, willing participants on an independent basis.

The purpose of the Fair Value Hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the sub-fund classifies fair value measurement under the following levels:

Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2 – inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

# IFSL Sinfonia Balanced Managed Portfolio

## Notes to the Financial Statements (continued)

### 18 Shareholders' Fund Reconciliation

	Accumulation	Income	Accumulation	Accumulation	Income	Accumulation
Opening number of shares	12,627,761	3,994	3,058,649	77,437	47,458	2,112,044
Creations during the period	2,717,418	-	50,300	2,248	-	35,154
Cancellations during the period	(1,066,123)	-	(386,218)	-	-	(593,322)
Shares converted during the period	-	-	-	-	-	-
<b>Closing Shares in Issue</b>	<b>14,279,056</b>	<b>3,994</b>	<b>2,722,731</b>	<b>79,685</b>	<b>47,458</b>	<b>1,553,876</b>

### 19 Post Balance Sheet Events

Since 30th September 2017, the net asset value per share has changed as follows:

	Net Asset Value per Share (Pence)		Movement (%)
	29th September 2017 <sup>A</sup>	30th January 2018	
A Accumulation	176.90	186.00	5.14
B Income	163.70	171.70	4.89
B Accumulation	167.00	175.10	4.85
C Accumulation	158.90	166.40	4.72
D Income	161.30	169.00	4.77
D Accumulation	163.00	170.80	4.79

<sup>A</sup> These Net Asset Values differ from those in the Comparative Tables as they are the quoted Net Asset Values.

# IFSL Sinfonia Balanced Managed Portfolio

## Distribution Tables

Interim dividend (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	1.0344	–	1.0344	0.4399
2	0.3704	0.6640	1.0344	0.4399

Interim dividend (in pence per share) for B Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	0.8430	–	0.8430	–
2	0.8430	–	0.8430	–

Interim dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	0.8648	–	0.8648	–
2	0.7569	0.1079	0.8648	–

Interim dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	0.8861	–	0.8861	–
2	0.8193	0.0668	0.8861	–

Interim dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	1.3124	–	1.3124	–
2	1.3124	–	1.3124	–

Interim dividend (in pence per share) for D Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	1.4308	–	1.4308	–
2	1.1904	0.2404	1.4308	–

Group 1: shares purchased prior to 1st October 2016.

Group 2: purchased on or after 1st October 2016 to 31st March 2017.

# IFSL Sinfonia Balanced Managed Portfolio

## Distribution Tables (continued)

Final (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	0.7712	–	0.7712	1.6198
2	0.4073	0.3639	0.7712	1.6198

Final dividend (in pence per share) for B Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	–	–	–	0.7472
2	–	–	–	0.7472

Final dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	–	–	–	0.7543
2	–	–	–	0.7543

Final dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	–	–	–	0.0661
2	–	–	–	0.0661

Final dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	–	–	–	0.1038
2	–	–	–	0.1038

Final dividend (in pence per share) for D Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	–	–	–	0.1041
2	–	–	–	0.1041

Group 1: shares purchased prior to 1st April 2017.

Group 2: shares purchased on or after 1st April 2017 to 30th September 2017.

# IFSL Sinfonia Balanced Managed Portfolio

## Risk Profile

### Synthetic Risk and Reward Indicator (all share classes)



The risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the sub-fund. It is calculated based on the volatility of the sub-fund using weekly historic returns over the last five years. If five years data is not available for a sub-fund, the returns of a representative portfolio are used.

As the risk and reward indicator is calculated based on historical data it may not be a reliable indication of the future risk profile of the sub-fund. The risk category shown is not guaranteed and may change over time. The lowest rating does not mean a risk-free investment. The value of your investments and the income from them may fall as well as rise and you may not get back the amount you originally invested.

This sub-fund has been measured as 4 because it has experienced moderate volatility historically. This rating has remained unchanged during the period.

# IFSL Sinfonia Adventurous Growth Portfolio

## Investment Objective, Investment Policy and Investment Manager's Review

for the year from 1st October 2016 to 30th September 2017

### Investment Objective

The investment objective of the sub-fund is to provide long term capital growth.

### Investment Policy

The sub-fund's investment objective will be achieved primarily by investing in a diversified portfolio of fixed interest securities and equities, as well as warrants, and money market instruments, through investment in a portfolio of collective investment schemes. The sub-fund will typically be invested in a global portfolio of assets but may also focus on UK assets.

Normally, the sub-fund will be fully invested except for an amount to enable redemption of shares, efficient management of the sub-fund in relation to its strategic objectives, and other purposes which may be reasonably regarded as ancillary to the investment objectives of the sub-fund. However, the sub-fund's investment policy may mean that at times, where it is considered appropriate, the scheme property will not be fully invested and that prudent levels of liquidity will be maintained.

It is intended that the sub-fund will typically be invested in a portfolio of assets which the Investment Manager considers to be mainly medium to high risk investments over the long term.

The asset classes in which the sub-fund may also invest includes transferable securities, money market instruments, cash and near cash and deposits as such asset classes are permitted for investment by UCITS Schemes and in accordance with the Company's general investment powers as provided in the Instrument of Incorporation, OEIC Regulations and COLL. The investment powers applicable to the sub-fund are summarised for your information in the Prospectus.

The sub-fund is permitted to invest in derivative instruments and forward transactions for investment purposes, however, it is the Investment Manager's intention that the sub-fund shall utilise derivative instruments and forward transactions for hedging purposes using efficient portfolio management techniques, as explained further in the Prospectus.

### Investment Manager's Review

Heading into the pending US elections in November 2016, the portfolio had been positioned with an exposure to US Small Cap equities over Large Cap as the more domestic focus allows them increased benefit from fiscal stimulus than internationally-oriented large caps. Small caps should also in general be less vulnerable to any protectionist measures that could evolve out of the new government. This conviction was closed mid-February following good performance and we felt continued upside was limited as the risk of extreme protectionism abated. The portfolio has held a mildly underweight exposure to Equities on a broad basis as we felt valuations have become very stretched at elevated levels and the upside risk premium was less justified. This had dragged on performance as global equities continued to rally into and beyond the New Year. Our expectation regarding obstructions to any new corporate friendly policy in the US proved correct and there was disturbance to the market with elections in Europe, yet equity markets remained resilient. If anything the relief rally from the election of the moderate Macron to President in France and the weakening of the Conservative government in the UK led to more positivity in the markets. As such it was prudent to return the portfolio to a more market neutral stance and cut the underweight.

Within the equity allocation we remained active, the opportunistic trades of Long Europe vs UK equities benefited well primarily from a currency aspect and the small position in Brazilian equities over the summer had a very good return. Late in the reporting period we again saw value in US Large Cap over Small Caps which so far is positively contributing to the sub-fund's return.

During January the credit exposure of the sub-fund was reduced as in an environment of "fatter tails" credit does not provide an attractive risk/return profile at these high valuation levels as it lacks the upside to reflation but has a significant exposure to a downward turn in the cycle. From a carry perspective this has been a detractor.

From a fund selection perspective, the active managers selected in the portfolio have broadly delivered positive returns. We were excited to add an interesting manager in the Japan Equity space with Eastspring. This was primarily a replacement for the hedged share class of Melchior while having good performance, we felt the sterling strength in early summer was excessive and took the opportunity to switch to the unhedged Eastspring and Amundi JPX 400 ETF.

Early in the period, Parvest Multi Asset Emerging Income was introduced into the sub-fund, and has posted a strong return with the significant rise of global emerging assets generally. Lastly, we introduced a UK small cap manager in Standard Life, this diversifies our UK exposure a little and also continues to outperform its benchmark.



# IFSL Sinfonia Adventurous Growth Portfolio

## Investment Objective, Investment Policy and Investment Manager's Review

(continued)

### Material Portfolio Changes

Major Purchases	Cost (£'000)	Major Sales	Proceeds (£'000)
Vanguard FTSE Developed Europe ex UK ETF	1,638	BNP Paribas Insticash GBP 'X Capitalisation'	1,728
BNP Paribas Insticash GBP 'X Capitalisation'	1,140	Vanguard S&P 500 ETF	1,515
iShares MSCI USA Small Cap USD Acc ETF	920	Legal & General UK Index 'C' Acc	1,100
Vanguard S&P 500 ETF	879	Vanguard FTSE Developed Europe ex UK ETF	1,014
Standard Life UK Smaller Companies 'Institutional' Acc	682	BlackRock UK Credit Screened 'Flexible' Acc GBP	900
BNP Paribas Easy S&P 500 'C' USD ETF	681	Parvest Equity Best Selection Europe ex-UK 'X Capitalisation'	867
Legal & General UK Index 'C' Acc	563	Melchior Japan Advantage 'I7' £ Hedged	836
Legal & General All Stocks Gilt Index 'C' Dist	537	db x-trackers S&P 500 '2C' GBP Hedged ETF	716
Parvest Equity Best Selection Europe ex-UK 'X Capitalisation'	486	iShares MSCI USA Small Cap USD Acc ETF	485
Parvest Equity USA Small Cap 'X Capitalisation'	427	JPM UK Equity Core 'E-Net' Acc	480
Other purchases	2,107	Other sales	1,686
Total purchases for the year	10,060	Total sales for the year	11,327

# IFSL Sinfonia Adventurous Growth Portfolio

## Comparative Tables

	D Income 2017 (Pence per Share)	D Income 2016 (Pence per Share)	D Income 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>			
Opening net asset value per share	150.17	125.43	130.90
Return before operating charges*	18.40	27.79	(2.53)
Operating charges	(3.56)	(2.98)	(2.94)
Return after operating charges*	14.84	24.81	(5.47)
Distributions on income shares	(0.65)	(0.07)	-
Closing net asset value per share	164.36	150.17	125.43
* after direct transaction costs of:	0.02	0.02	-
<b>Performance</b>			
Return after charges	9.88%	19.78%	(4.18%)
<b>Other Information</b>			
Closing net asset value (£'000)	7	7	6
Closing number of shares	4,228	4,638	4,935
Operating charges	2.23%	2.21%	2.15%
Direct transaction costs	0.02%	0.02%	-
	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>
<b>Prices</b>			
Highest share price	168.30	150.70	146.70
Lowest share price	147.50	120.60	124.30

# IFSL Sinfonia Adventurous Growth Portfolio

## Comparative Tables (continued)

	A Accumulation 2017 (Pence per Share)	A Accumulation 2016 (Pence per Share)	A Accumulation 2015 (Pence per Share)	B Accumulation 2017 (Pence per Share)	B Accumulation 2016 (Pence per Share)	B Accumulation 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	161.13	133.04	137.28	153.35	127.71	132.95
Return before operating charges*	19.69	29.69	(2.72)	18.70	28.34	(2.60)
Operating charges	(1.95)	(1.60)	(1.52)	(3.23)	(2.70)	(2.64)
Return after operating charges*	17.74	28.09	(4.24)	15.47	25.64	(5.24)
Distributions on accumulation shares	(1.89)	(1.93)	(0.23)	(0.75)	(0.69)	-
Retained distributions on accumulation shares	1.89	1.93	0.23	0.75	0.69	-
Closing net asset value per share	178.87	161.13	133.04	168.82	153.35	127.71
* after direct transaction costs of:	0.03	0.02	-	0.02	0.02	-
<b>Performance</b>						
Return after charges	11.01%	21.11%	(3.09%)	10.09%	20.08%	(3.94%)
<b>Other Information</b>						
Closing net asset value (£'000)	13,624	12,488	10,156	2,669	2,920	2,917
Closing number of shares	7,616,705	7,750,349	7,633,128	1,580,805	1,904,492	2,284,385
Operating charges	1.13%	1.11%	1.05%	1.98%	1.96%	1.90%
Direct transaction costs	0.02%	0.02%	-	0.02%	0.02%	-
<b>Prices</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>
Highest share price	182.80	161.40	154.80	172.70	153.80	149.20
Lowest share price	158.30	128.40	130.40	150.60	122.90	126.20

# IFSL Sinfonia Adventurous Growth Portfolio

## Comparative Tables (continued)

	C Accumulation 2017 (Pence per Share)	C Accumulation 2016 (Pence per Share)	C Accumulation 2015 (Pence per Share)	D Accumulation 2017 (Pence per Share)	D Accumulation 2016 (Pence per Share)	D Accumulation 2015 (Pence per Share)
<b>Change in Net Assets per Share</b>						
Opening net asset value per share	147.11	123.12	128.80	150.24	125.43	130.90
Return before operating charges*	17.85	27.24	(2.46)	18.39	27.76	(2.54)
Operating charges	(3.87)	(3.25)	(3.22)	(3.56)	(2.95)	(2.93)
Return after operating charges*	13.98	23.99	(5.68)	14.83	24.81	(5.47)
Distributions on accumulation shares	(0.35)	-	-	(0.65)	(0.07)	-
Retained distributions on accumulation shares	0.35	-	-	0.65	0.07	-
Closing net asset value per share	161.09	147.11	123.12	165.07	150.24	125.43
* after direct transaction costs of:	0.02	0.02	-	0.02	0.02	-
<b>Performance</b>						
Return after charges	9.50%	19.49%	(4.41%)	9.87%	19.78%	(4.18%)
<b>Other Information</b>						
Closing net asset value (£'000)	301	286	255	778	1,288	2,485
Closing number of shares	187,251	194,102	207,217	471,281	857,527	1,980,875
Operating charges	2.48%	2.46%	2.40%	2.23%	2.21%	2.15%
Direct transaction costs	0.02%	0.02%	-	0.02%	0.02%	-
<b>Prices</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>	<b>Pence per Share</b>
Highest share price	164.90	147.60	144.20	169.00	150.70	146.70
Lowest share price	144.30	118.20	122.30	147.50	120.60	124.30

# IFSL Sinfonia Adventurous Growth Portfolio

## Portfolio Statement

as at 30th September 2017

Holding	Investment	Market Value £'000	Percentage of Total Net Assets %
	<b>UK Corporate Bond (17.07%)</b>		
137,831	BlackRock UK Credit Screened 'Flexible' Acc GBP	2,160	12.43
		<b>2,160</b>	<b>12.43</b>
	<b>UK Government Bonds (Nil)</b>		
442,000	Legal & General All Stocks Gilt Index 'C' Dist	536	3.08
		<b>536</b>	<b>3.08</b>
	<b>UK Equities (37.10%)</b>		
960,995	JPM UK Equity Core 'E-Net' Acc	3,345	19.25
973,954	Legal & General UK Index 'C' Acc	2,869	16.51
87,700	Standard Life UK Smaller Companies 'Institutional' Acc	683	3.93
		<b>6,897</b>	<b>39.69</b>
	<b>European Equities (5.47%)</b>		
4,947	Parvest Equity Best Selection Europe ex-UK 'X Capitalisation'	611	3.51
30,985	Vanguard FTSE Developed Europe ex UK ETF	809	4.66
		<b>1,420</b>	<b>8.17</b>
	<b>US Equities (11.83%)</b>		
6,960	BNP Paribas Easy S&P 500 'C' USD ETF	700	4.03
4,200	iShares MSCI USA Small Cap USD Acc ETF	948	5.45
1,628	Parvest Equity USA Mid Cap 'X Capitalisation'	167	0.96
4,030	Vanguard S&P 500 ETF	144	0.83
		<b>1,959</b>	<b>11.27</b>
	<b>Japanese Equities (5.62%)</b>		
3,668	Amundi JPX-Nikkei 400 EUR ETF	386	2.22
21,200	Eastspring Japan Dynamic 'Cg'	300	1.73
1,760	Parvest Equity Japan Small Cap 'X Capitalisation'	190	1.09
		<b>876</b>	<b>5.04</b>
	<b>Asian Equities ex. Japan (9.20%)</b>		
2,980	BNP Paribas Easy MSCI Pacific ex Japan ex CW 'Track Privilege GBP Capitalisation'	458	2.64
8,050	Parvest Equity Asia Pacific ex-Japan 'X Capitalisation'	1,091	6.28
		<b>1,549</b>	<b>8.92</b>
	<b>Emerging Market Equities (8.32%)</b>		
10,040	Fisher Emerging Markets Equity USD	899	5.17
38,509	iShares Core MSCI EM IMI USD Acc ETF	804	4.63
2,855	Parvest Multi-Asset Income Emerging 'X Capitalisation'	256	1.47
		<b>1,959</b>	<b>11.27</b>
	<b>Money Market (4.50%)</b>		
1,294	BNP Paribas Insticash GBP 'X Capitalisation'	178	1.02
		<b>178</b>	<b>1.02</b>
	<b>Portfolio of Investments</b>	<b>17,534</b>	<b>100.89</b>
	Net current liabilities	(155)	(0.89)
	<b>Total Net Assets</b>	<b>17,379</b>	<b>100.00</b>

The figures in brackets represent percentage holdings as at 30th September 2016.

# IFSL Sinfonia Adventurous Growth Portfolio

## Statement of Total Return

for the year from 1st October 2016 to 30th September 2017

	Notes	30th September 2017		30th September 2016	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	2		1,564		2,908
Revenue	4	321		307	
Expenses	5	(179)		(180)	
Net revenue before taxation		142		127	
Taxation	6	-		-	
Net revenue after taxation			142		127
Total return before distributions			1,706		3,035
Distributions	7 & 8		(159)		(167)
<b>Change in Net Assets Attributable to Shareholders from Investment Activities (see below)</b>			<b>1,547</b>		<b>2,868</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year from 1st October 2016 to 30th September 2017

	30th September 2017		30th September 2016	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		16,989		15,819
Amounts receivable on issue of shares	2,806		3,414	
Amounts payable on cancellation of shares	(4,122)		(5,279)	
	(1,316)		(1,865)	
Change in net assets attributable to shareholders from investment activities (see above)		1,547		2,868
Retained distribution on accumulation shares		159		167
<b>Closing Net Assets Attributable to Shareholders</b>		<b>17,379</b>		<b>16,989</b>

# IFSL Sinfonia Adventurous Growth Portfolio

## Balance Sheet

as at 30th September 2017

	Notes	30th September 2017 £'000	30th September 2016 £'000
<b>Assets</b>			
<b>Fixed Assets:</b>			
Investments	17	17,534	16,838
<b>Current Assets:</b>			
Debtors	9	65	166
Cash and bank balances		84	43
<b>Total Assets</b>		<b>17,683</b>	<b>17,047</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Other creditors	10	304	58
<b>Total Liabilities</b>		<b>304</b>	<b>58</b>
<b>Net Assets Attributable to Shareholders</b>		<b>17,379</b>	<b>16,989</b>

# IFSL Sinfonia Adventurous Growth Portfolio

## Notes to the Financial Statements

for the year from 1st October 2016 to 30th September 2017

### 1 Accounting Policies, Distribution Policies and Risk Management Policies

For more information please refer to the notes applicable to the company on pages 13 to 15.

### 2 Net Capital Gains

	2017 £'000	2016 £'000
Gains on non-derivative securities	1,608	2,940
Transaction costs	(1)	(1)
Other currency losses	(43)	(31)
<b>Net Capital Gains</b>	<b>1,564</b>	<b>2,908</b>

### 3 Direct Transaction Costs

	2017 Purchases £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	10,058	2	0.02	-	-	-	-	2	0.02
	10,058	2	0.02	-	-	-	-	2	0.02
Total purchases after commissions, taxes and other expenses	10,060								

	2017 Sales £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	11,328	1	0.01	-	-	-	-	1	0.01
	11,328	1	0.01	-	-	-	-	1	0.01
Total sales after commissions, taxes and other expenses	11,327								

<b>Total Transaction Costs Expressed as a Percentage of Average Net Asset Value</b>	<b>3</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>0.02</b>
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	2016 Purchases £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	12,187	2	0.02	-	-	-	-	2	0.02
	12,187	2	0.02	-	-	-	-	2	0.02
Total purchases after commissions, taxes and other expenses	12,189								

	2016 Sales £'000	Commissions £'000	%	Taxes £'000	%	Other Expenses £'000	%	Total £'000	%
Collective investment schemes	14,062	1	0.01	-	-	-	-	1	0.01
	14,062	1	0.01	-	-	-	-	1	0.01
Total sales after commissions, taxes and other expenses	14,061								

<b>Total Transaction Costs Expressed as a Percentage of Average Net Asset Value</b>	<b>3</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>0.02</b>
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No significant in-specie transfers or corporate actions were identified in the period (2016: nil).

Direct transaction costs are fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative or holding costs.

The portfolio dealing spread as at 30th September 2017 was 0.03% (2016: nil).



# IFSL Sinfonia Adventurous Growth Portfolio

## Notes to the Financial Statements (continued)

### 4 Revenue

	2017 £'000	2016 £'000
Distributions from underlying collective investment schemes – UK franked dividends	205	120
Distributions from underlying collective investment schemes – Overseas dividends	114	186
Distributions from underlying collective investment schemes – UK Interest	2	–
Bank interest	–	1
<b>Total Revenue</b>	<b>321</b>	<b>307</b>

### 5 Expenses

	2017 £'000	2016 £'000
<b>Payable to the ACD or Associates of the ACD:</b>		
ACD's periodic charge	149	151
Administration fees	3	–
Registration fees	–	2
	152	153
<b>Other Expenses:</b>		
Depository's fee	9	9
Safe custody charges	4	3
Audit fees <sup>A</sup>	8	9
Legal and professional costs	3	4
Printing and postage costs	3	2
	27	27
<b>Total Expenses</b>	<b>179</b>	<b>180</b>

<sup>A</sup> The audit fee net of VAT for the sub-fund for the current year is £7,000 (2016: £7,000).

### 6 Taxation

#### a) Analysis of charge in year

	2017 £'000	2016 £'000
<b>Total Tax Charge (note (b))</b>	<b>–</b>	<b>–</b>

#### b) Factors affecting taxation charge for the year

The tax charged for the year is lower than the standard 20% rate of corporation tax applicable to the revenue received by Open Ended Investment Companies (OEICs). OEICs are also exempt from tax on capital gains made within the sub-funds.

The tax charge actually suffered is analysed below:

	2017 £'000	2016 £'000
<b>Net Revenue Before Tax</b>	<b>142</b>	<b>127</b>
Corporation tax at 20% (2016: 20%)	28	25
<b>Effects of:</b>		
Non-taxable UK dividends	(41)	(24)
Non-taxable overseas dividends	(23)	(37)
Unutilised management expenses	80	(77)
Realised gains on non-reporting offshore funds	7	40
Unrealised gains on non-reporting offshore funds	(51)	73
<b>Total Tax Charge for Year (note (a))</b>	<b>–</b>	<b>–</b>

#### c) Provision for deferred taxation

The sub-fund has unutilised management expenses of £957,000 (2016: £554,000). A deferred tax asset of £191,000 (2016: £111,000) has not been recognised as it is unlikely that the sub-fund will generate sufficient taxable profits in the future.

# IFSL Sinfonia Adventurous Growth Portfolio

## Notes to the Financial Statements (continued)

### 7 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2017 £'000	2016 £'000
Interim dividend income and accumulation	126	47
Final dividend income and accumulation	33	120
	159	167
Add: Amounts deducted on cancellation of shares	8	9
Deduct: Amounts received on issue of shares	(8)	(9)
<b>Total Distributions</b>	<b>159</b>	<b>167</b>

### 8 Movement Between Net Revenue and Distributions

	2017 £'000	2016 £'000
Net revenue after taxation	142	127
Add: Income shortfall due from capital	10	–
Tax effect on realised gains on non-reporting offshore collective investment schemes	7	40
<b>Net Distributions/Accumulations for the Year</b>	<b>159</b>	<b>167</b>

### 9 Debtors

	2017 £'000	2016 £'000
Amounts receivable from issue of shares	59	132
Accrued revenue	6	3
Other debtors	–	31
<b>Total Debtors</b>	<b>65</b>	<b>166</b>

### 10 Creditors

	2017 £'000	2016 £'000
Amounts payable for cancellation of units	279	14
Accrued expenses	13	13
ACD fees payable	12	12
Purchases awaiting settlement	–	19
<b>Total Creditors</b>	<b>304</b>	<b>58</b>

### 11 Related Party Transactions

IFSL, as ACD, a related party, acts as principal on all transactions of shares in the Company. The aggregate monies received through creations and cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and note 7. Amounts due to/(from) IFSL in respect of share transactions at the year end are disclosed in notes 9 and 10. Amounts paid to IFSL in respect of ACD's periodic charges are disclosed in note 5.

The amounts due to/(from) the ACD as at 30th September 2017 were as follows:

	2017 £'000	2016 £'000
IFSL Sinfonia Adventurous Growth Portfolio	232	(106)

# IFSL Sinfonia Adventurous Growth Portfolio

## Notes to the Financial Statements (continued)

### 12 Equalisation

Equalisation is accrued revenue included in the price of shares purchased during the distribution period (Group 2 shares) which is refunded as part of the shareholders' first distribution for all shares of the same type. As a repayment of capital, equalisation is not liable to income tax but should be deducted from the cost of shares for capital gains tax purposes.

### 13 Share Classes

During the year, the sub-fund could issue shares in the following share classes: A Income; A Accumulation; B Income; B Accumulation; C Income; C Accumulation; D Income; and D Accumulation. The annual management charge on each share class is as follows:

	2017
A Income	0.65%
A Accumulation	0.65%
B Income	1.50%
B Accumulation	1.50%
C Income	2.00%
C Accumulation	2.00%
D Income	1.75%
D Accumulation	1.75%

The net asset value of each share class, the net asset value per share, and the number of shares in issue for each share class are given in the Comparative Tables on pages 90 to 92.

All share classes have the same rights on winding up.

### 14 Risks of Financial Instruments

*Market price risk sensitivity* – a five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £877,000 (2016: £842,000). A five per cent decrease would have an equal and opposite effect.

*Foreign currency risk sensitivity* – a five per cent increase in the foreign currency exchange rate of the sub-fund's portfolio would have the effect of increasing the return and net assets by £350,000 (2016: £250,000). A five per cent decrease would have an equal and opposite effect.

*Interest rate risk sensitivity* – an interest rate sensitivity disclosure has not been included because the investments in the sub-fund are in collective investment schemes. These collective investment schemes may invest in interest bearing financial assets, however, information regarding these investments was not available from their ACD/fund managers as at the sub-fund's balance sheet date.

The interest rate risk profile of financial assets/liabilities as at 30th September 2017 consists of the following:

	2017 £'000	2016 £'000
<b>Sterling:</b>		
Financial assets floating rate <sup>A</sup>	84	43
Financial assets interest bearing instruments	2,875	2,900
Financial assets non-interest bearing instruments	14,724	14,104
Financial liabilities non-interest bearing instruments	(304)	(58)
	<b>17,379</b>	<b>16,989</b>

<sup>A</sup> Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to LIBOR or international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

# IFSL Sinfonia Adventurous Growth Portfolio

## Notes to the Financial Statements (continued)

### 14 Risks of Financial Instruments (continued)

*Liquidity risk* – the liquidity rate risk profile of financial liabilities as at 30th September 2017 consists of the following:

	On Demand £'000	Within One Year £'000	Over One Year but not More Than Five Years £'000	Over Five Years £'000	Total £'000
<b>2017</b>					
<i>Non-derivatives</i>					
Other creditors	-	304	-	-	304
<b>Total</b>	-	<b>304</b>	-	-	<b>304</b>
<b>2016</b>					
<i>Non-derivatives</i>					
Other creditors	-	58	-	-	58
<b>Total</b>	-	<b>58</b>	-	-	<b>58</b>

*Fair value* – there is no material difference between the value of financial assets and liabilities, as shown in the balance sheet, and their fair value.

*Derivatives and other financial instruments* – the underlying exposure to forward currency contracts as at 30th September 2017 was nil (2016: nil).

### 15 Contingent Assets and Liabilities

There were no contingent assets or liabilities at the current or preceding year end date.

### 16 Provisions for Liabilities

There were no provisions for liabilities at the current or preceding year end date.

### 17 Fair Value Hierarchy

The Fair Value Hierarchy as at 30th September 2017:

Valuation Technique	2017 Assets £'000	2017 Liabilities £'000	2016 Assets £'000	2016 Liabilities £'000
Level 1	3,791	-	2,690	-
Level 2	13,743	-	14,148	-
Level 3	-	-	-	-
	<b>17,534</b>	<b>-</b>	<b>16,838</b>	<b>-</b>

The sub-fund has early adopted, as permitted, the March 2016 amendment to section 34 of FRS 102 which is applicable to accounting periods beginning on or after 1st January 2017.

The intention of a fair value measurement is to estimate the price at which an asset or a liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distressed sale) between knowledgeable, willing participants on an independent basis.

The purpose of the Fair Value Hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS 102 the sub-fund classifies fair value measurement under the following levels:

Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2 – inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and

Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

# IFSL Sinfonia Adventurous Growth Portfolio

## Notes to the Financial Statements (continued)

### 18 Shareholders' Fund Reconciliation

	A Accumulation	B Accumulation	C Accumulation	D Income	D Accumulation
Opening number of shares	7,750,349	1,904,492	194,102	4,638	857,527
Creations during the period	1,544,080	27,553	–	–	55,140
Cancellations during the period	(1,678,393)	(350,534)	(6,851)	(410)	(441,386)
Shares converted during the period	669	(706)	–	–	–
<b>Closing Shares in Issue</b>	<b>7,616,705</b>	<b>1,580,805</b>	<b>187,251</b>	<b>4,228</b>	<b>471,281</b>

### 19 Post Balance Sheet Events

Since 30th September 2017, the net asset value per share has changed as follows:

	Net Asset Value per Share (Pence)		
	29th September 2017 <sup>A</sup>	30th January 2018	Movement (%)
A Accumulation	178.90	190.00	6.20
B Accumulation	168.90	178.80	5.86
C Accumulation	161.10	170.30	5.71
D Income	164.40	173.90	5.78
D Accumulation	165.10	174.70	5.81

<sup>A</sup> These Net Asset Values differ from those in the Comparative Tables as they are the quoted Net Asset Values.

# IFSL Sinfonia Adventurous Growth Portfolio

## Distribution Tables

Interim dividend (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	1.4520	–	1.4520	0.5585
2	0.7324	0.7196	1.4520	0.5585

Interim dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	0.7466	–	0.7466	–
2	0.5538	0.1928	0.7466	–

Interim dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	0.3469	–	0.3469	–
2	0.3469	–	0.3469	–

Interim dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	31st May 2017 Income Paid	31st May 2016 Income Paid
1	0.6487	–	0.6487	–
2	0.6487	–	0.6487	–

Interim dividend (in pence per share) for D Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	31st May 2017 Accumulation Paid	31st May 2016 Accumulation Paid
1	0.6460	–	0.6460	–
2	0.6057	0.0403	0.6460	–

Group 1: shares purchased prior to 1st October 2016.

Group 2: purchased on or after 1st October 2016 to 31st March 2017.

# IFSL Sinfonia Adventurous Growth Portfolio

## Distribution Tables (continued)

Final (in pence per share) for A Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	0.4398	–	0.4398	1.3755
2	0.1343	0.3055	0.4398	1.3755

Final dividend (in pence per share) for B Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	–	–	–	0.6864
2	–	–	–	0.6864

Final dividend (in pence per share) for C Accumulation shares:

Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	–	–	–	–
2	–	–	–	–

Final dividend (in pence per share) for D Income shares:

Group	Net Income	Equalisation (Note 12)	30th November 2017 Income Paid	30th November 2016 Income Paid
1	–	–	–	0.0720
2	–	–	–	0.0720

Final dividend (in pence per share) for D Accumulation shares:

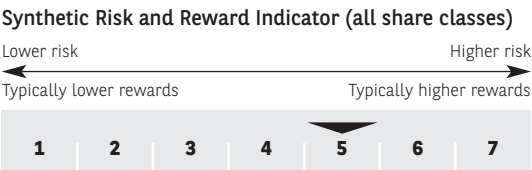
Group	Net Accumulation	Equalisation (Note 12)	30th November 2017 Accumulation Paid	30th November 2016 Accumulation Paid
1	–	–	–	0.0720
2	–	–	–	0.0720

Group 1: shares purchased prior to 1st April 2017.

Group 2: shares purchased on or after 1st April 2017 to 30th September 2017.

# IFSL Sinfonia Adventurous Growth Portfolio

## Risk Profile



The risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the sub-fund. It is calculated based on the volatility of the sub-fund using weekly historic returns over the last five years. If five years data is not available for a sub-fund, the returns of a representative portfolio are used.

As the risk and reward indicator is calculated based on historical data it may not be a reliable indication of the future risk profile of the sub-fund. The risk category shown is not guaranteed and may change over time. The lowest rating does not mean a risk-free investment. The value of your investments and the income from them may fall as well as rise and you may not get back the amount you originally invested.

This sub-fund has been measured as 5 because it has experienced moderate to high volatility historically. This rating has remained unchanged during the period.



# IFSL Sinfonia OEIC

## General Information

It is important to remember that the price of shares, and the income from them, can fall as well as rise and it is not guaranteed that investors will get back the amount originally invested. Past performance is not a guide to future performance. Changes in the rate of exchange of currencies, particularly where overseas securities are held, may also affect the value of your investment. The issue of shares may be subject to an initial charge and this is likely to have an impact on the realisable value of your investment, particularly in the short term. You should always regard an ICVC investment as long term.

### **Prospectus**

Copies of the Company's Prospectus are available free of charge from the ACD upon request.

### **Pricing and Dealing**

Mid prices are always quoted for shares in the sub-funds.

Dealing in all ICVCs operated by IFSL may be carried out between 9.00 am and 5.00 pm on any business day. Applications can be made either by completing an application form and delivering it to the ACD at IFSL (Sinfonia), Marlborough House, 59 Chorley New Road, Bolton BL1 4QP, or through approved agents.

The Company deals on a forward basis which means that orders received will be dealt with at the price calculated at the next valuation point. Share prices are calculated daily at the valuation point of 12 midday, and applications for shares should be received by this time to ensure inclusion in the following valuation point.

### **Publication of Prices**

The prices of shares in the sub-funds are currently quoted daily on the following web pages:

**[www.sinfonia.com](http://www.sinfonia.com)**  
**[www.ifslfunds.com](http://www.ifslfunds.com)**  
**[www.fundlistings.com](http://www.fundlistings.com)**

Alternatively you can contact the ACD on 0808 178 9321 (between 9.00 am and 5.00 pm Monday to Friday excluding bank holidays) who will be happy to provide you with the most recent price of your shares.

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