



# Scottish Widows Overseas Growth Investment Funds ICVC

Annual Short Report  
for the year ended  
30 November 2007

# Scottish Widows Overseas Growth Investment Funds ICVC

## The Company and Head Office

Scottish Widows Overseas Growth Investment Funds ICVC  
15 Dalkeith Road  
Edinburgh  
EH16 5WL

Incorporated in Great Britain under registered number IC000164. Authorised and regulated by the Financial Services Authority.

## Authorised Corporate Director (ACD), Authorised Fund Manager & Registrar

Scottish Widows Unit Trust Managers Limited

*Registered Office:*

Charlton Place  
Andover  
SP10 1RE

*Head Office:*

15 Dalkeith Road  
Edinburgh  
EH16 5WL

Authorised and regulated by the Financial Services Authority and a member of the Investment Management Association.

## Investment Adviser

Scottish Widows Investment Partnership Limited

*Registered Office:*

10 Fleet Place  
London  
EC4M 7RH

*Head Office:*

Edinburgh One  
60 Morrison Street  
Edinburgh  
EH3 8BE

Authorised and regulated by the Financial Services Authority and a member of the Investment Management Association.

## Depositary

State Street Trustees Limited

*Registered Office:*

One Canada Square  
London  
E14 5AF

*Head Office:*

525 Ferry Road  
Edinburgh  
EH5 2AW

Authorised and regulated by the Financial Services Authority.

## Independent Auditors

PricewaterhouseCoopers LLP  
Erskine House  
68–73 Queen Street  
Edinburgh  
EH2 4NH

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Long reports are available on request. If you would like a copy, please telephone Client Services on **0845 300 2244** or download the Financial Statements from the website **[www.scottishwidows.co.uk](http://www.scottishwidows.co.uk)** which is a website maintained by Scottish Widows plc on behalf of Scottish Widows Unit Trust Managers Limited.

Daily fund prices can also be found at the above website.

## Prospectus changes

During the year and up to the date of this report, the following changes were made to the Prospectus and/or Instrument of Incorporation of Scottish Widows Overseas Growth Investment Funds ICVC:

- (a) With effect from 4 December 2006, the Prospectus and Instrument of Incorporation were updated to reflect the conversion to the Collective Investment Schemes sourcebook (the "COLL sourcebook").
- (b) With effect from 4 December 2006, the Prospectus was updated to reflect the registration fees changing from a flat fee basis to an ad valorem basis.
- (c) With effect from 4 December 2006, the Prospectus was updated to reflect an increase in the amount that funds can invest in other collective investment schemes, from 5% to 10%.
- (d) With effect from 1 January 2007, the Prospectus was updated to reflect the suspension of publication of all Scottish Widows share prices through the Financial Times and the adoption of publication of prices for share classes A, B, C and I only on the Scottish Widows and Investment Management Association websites or through a lo-call number.
- (e) With effect from 1 January 2007, the Prospectus was updated to reflect the reduction in the rate of the charge for Custody and the rate of the Depositary fee.

A copy of the Prospectus is available on request.

## Fund Profile

### Aims

To give long-term capital growth by investing in a wide portfolio of mainly North American company shares.

### Specific Risk Profile

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

### Distribution

XD date	Payment Date
30/11/07	31/01/08

### TER

	30/11/07	30/11/06
A Accumulation	1.63 %	1.70 %
B Accumulation	1.26 %	1.32 %
X Accumulation	0.13 %	0.20 %

The Total Expense Ratio (TER) is the total expenses paid by the Fund in the year against its average net asset value.

### Details of investments

Investments	30/11/07 %	30/11/06 %
Non-Cyclical Consumer Goods	19.10	22.89
Financials	17.92	21.35
Information Technology	13.45	16.62
Resources	10.80	10.26
General Industrials	10.02	10.62
Cyclical Services	8.80	11.28
Basic Industries	4.10	2.48
Non-Cyclical Services	3.78	3.07
Utilities	3.61	2.29
Cyclical Consumer Goods	1.31	-
Derivatives	0.06	-
Net other assets/(liabilities)	7.05	(0.86)
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

### Net asset value

	NAV per share 30/11/07 (p)	NAV per share 30/11/06 (p)	NAV percentage change %
A Accumulation	515.37	490.67	5.03
B Accumulation	535.82	507.99	5.48
X Accumulation	559.00	523.62	6.76

# American Growth Fund (continued)

## Investment Manager's Review

The Fund returned 5.01% during the 12 month review period, while its benchmark index returned 3.05% over the same period, in sterling terms.

US equity markets have been affected throughout 2007 by investor anxiety and risk aversion stemming from the subprime mortgage sector crisis. Subprime mortgages are made to borrowers who have weaker credit histories or who might have difficulty paying back loans. Often these mortgages were issued at a heavily discounted rate and when the discounts ran out, many borrowers found they could not afford the higher payments. As a result, house repossessions have soared and US house prices are tumbling. However, there was an improvement in attitude towards risk after each of the three interest rate cuts made by the Federal Reserve in recent months.

The Fund's performance during the period under review is due to key stock and sector decisions made throughout the year. Lack of exposure to the diversified financials and consumer discretionary sectors was an important contributor to performance. However, the Fund's limited holdings within the healthcare and services sectors was detrimental, as these gained from high levels of merger and acquisition activity.

One of the best performing stocks was VMware. We sold our holding after the shares surged to a peak on the company's debut on the New York Stock Exchange, having broken through our price target. Another positive contributor was our holding in Schlumberger, a company which supplies technology for the oil and energy industries and which benefited from the increased exploration and production budgets of the major oil companies.

The most significant negative contributor was our holding in First Horizon National. The bank was affected by the continuing fallout from the subprime crisis. Our lack of holding in Amazon at the beginning of the year was another negative.

The dollar has also had a difficult year, reaching record lows against the euro and sterling as problems in the US financial markets intensified, although we do expect an improved outlook for sterling-based investors in 2008.

Given the current challenging market environment, we now intend to hold stocks which have continued to show strong earnings growth. We are also carefully monitoring the present climate to seek out any attractive investment opportunities which may arise as a result of the recent market problems.

*Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

### Performance record

	01/12/06 To 30/11/07 %	01/12/05 To 30/11/06 %	01/12/04 To 30/11/05 %	01/12/03 To 30/11/04 %	01/12/02 To 30/11/03 %
American Growth Fund A Accumulation	5.01	-6.14	15.23	1.52	-1.11
North American Sector Average Return	1.91	-2.08	20.02	-0.03	2.68
S&P 500 Index	3.05	0.49	19.79	1.54	4.12

Sources: Lipper for American Growth Fund and North American Sector Average Return (funds which invest at least 80% of their assets in North American equities).

Datastream for the S&P 500 Index (GBP).

Basis: Mid to mid, net income reinvested.

*Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

### Distribution

	Final 30/11/07 (p)
A Accumulation	0.3980
B Accumulation	2.4842
X Accumulation	8.8852

### Top five holdings

	30/11/07 %		30/11/06 %
1. Exxon Mobil	3.60	General Electric	4.06
2. General Electric	2.92	Exxon Mobil	3.75
3. Microsoft	2.22	Altria	3.52
4. AT&T	1.77	Procter & Gamble	3.17
5. Chevron	1.41	AT&T	3.07

Number of holdings: 156

Number of holdings: 58

## Fund Profile

### Aims

To give long-term capital growth by investing in a select portfolio of mainly North American company shares.

### Specific Risk Profile

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

**Select portfolio risk factor:** A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

### Distribution

XD date	Payment Date
30/11/07	31/01/08

### TER

	30/11/07	30/11/06
A Accumulation	2.02%	1.57%
X Accumulation	0.52%	0.07%

The Total Expense Ratio (TER) is the total expenses paid by the Fund in the year against its average net asset value.

### Details of investments

#### Investments

	30/11/07 %	30/11/06 %
Non-Cyclical Consumer Goods	29.99	21.17
Information Technology	13.67	18.21
Resources	13.36	10.09
Financials	9.64	20.41
General Industrials	8.81	9.27
Basic Industries	6.95	1.96
Utilities	6.80	2.64
Non-Cyclical Services	3.98	3.62
Cyclical Services	3.64	10.77
Cyclical Consumer Goods	-	1.70
Derivatives	(0.08)	-
Net other assets	3.24	0.16
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

#### Net asset value

	NAV per share 30/11/07 (p)	NAV per share 30/11/06 (p)	NAV percentage change %
A Accumulation	456.18	402.58	13.31
X Accumulation	486.00	427.67	13.64

# American Select Growth Fund (continued)

## Investment Manager's Review

The Fund has returned 10.33% during the 12 month review period, while its benchmark index returned 3.05% over the same period, in sterling terms.

US equity markets have been affected throughout 2007 by investor anxiety and risk aversion stemming from the subprime mortgage sector crisis. Subprime mortgages are made to borrowers who have weaker credit histories or who might have difficulty paying back loans. Often these mortgages were issued at a heavily discounted rate and when the discounts ran out, many borrowers found they could not afford the higher payments. As a result, house repossessions have soared and US house prices are tumbling. However, there was an improvement in attitude towards risk after each of the three interest rate cuts made by the Federal Reserve in recent months.

The Fund's strong performance can be attributed to key stock and sector decisions taken during the year. The most notable of these was the decision to focus on stocks which were most likely to benefit strongly from continued global growth in 2007. The Fund also profited from its lack of exposure to the banks and financial companies most affected by the fallout from the subprime issues. Other sectors beneficial to performance included software and services, which gained from strong capital spending at individual stock levels.

At an individual asset level, VMware proved to be a strong positive contributor to performance. We sold our holding as its shares surged to a peak on its debut on the New York Stock Exchange, having broken through our price target. Our holdings in Occidental Petroleum and Hess were beneficiaries of rising oil prices. Hess is an oil refining and exploration company which owns a parcel of land close to Petrobras's recent oil find in Brazil.

The most significant negative was the sale of our holding in Apple at the beginning of 2007. This occurred before the success of the iPhone launch and the release of the new iMac computer provided a boost to the company's share price.

The dollar has also had a difficult year, reaching record lows against the euro and sterling as problems in the US financial markets intensified, although we expect an improved outlook for sterling-based investors in 2008.

Given the current challenging market environment, we now intend to hold stocks which have continued to show strong earnings growth. We also continue to carefully monitor the present climate to seek out any attractive investment opportunities which may arise as a result of the recent market problems.

*Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

### Performance record

	01/12/06 To 30/11/07	01/12/05 To 30/11/06	01/12/04 To 30/11/05	01/12/03 To 30/11/04	01/12/02 To 30/11/03
	%	%	%	%	%
American Select Growth Fund A Acc	10.33	-6.18	16.64	1.68	-1.23
North American Sector Average Return	1.91	-2.08	20.02	-0.03	2.68
S&P 500 Index	3.05	0.49	19.79	1.54	4.12

Sources: Lipper for American Select Growth Fund and North American Sector Average Return (funds which invest at least 80% of their assets in North American equities).

Datastream for the S&P 500 Index (GBP).

Basis: Mid to mid, net income reinvested.

*Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

### Distribution

	Final 30/11/07 (p)
A Accumulation	-
X Accumulation	4,4452

### Top five holdings

	30/11/07 %		30/11/06 %
1. Merck	4.90	Altria	4.73
2. Coca-Cola	4.43	Exxon Mobil	4.11
3. Altria	4.43	AT&T	3.62
4. Occidental Petroleum	4.19	Boeing	3.46
5. Baxter International	3.40	Procter & Gamble	3.30

Number of holdings: 46

Number of holdings: 46

## Fund Profile

### Aims

To give long-term capital growth by investing in a select portfolio of mainly company shares, primarily in Euroland. By Euroland, we mean countries within the European Economic and Monetary Union, who are either in the process of replacing, or have replaced, their national currencies with the Euro.

### Specific Risk Profile

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

**Select portfolio risk factor:** A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

### Distribution

XD date	Payment Date
30/11/07	31/01/08

### TER

	30/11/07	30/11/06
A Accumulation	1.74 %	1.69 %
X Accumulation	0.24 %	0.19 %

The Total Expense Ratio (TER) is the total expenses paid by the Fund in the year against its average net asset value.

### Details of investments

Investments	30/11/07	30/11/06
	%	%
Germany	23.74	25.11
France	18.85	24.44
Spain	11.70	9.79
Netherlands	9.66	5.22
Greece	8.34	9.70
Italy	6.56	8.45
Belgium	5.60	4.83
Finland	4.84	1.55
Portugal	2.79	-
Ireland	1.65	3.15
Luxembourg	1.31	-
Austria	1.26	3.24
Derivatives	0.15	(0.03)
Switzerland	-	1.02
Net other assets	3.55	3.53
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

### Net asset value

	NAV per share 30/11/07	NAV per share 30/11/06	NAV percentage change
	(p)	(p)	%
A Accumulation	174.76	146.98	18.90
X Accumulation	186.98	155.39	20.33

# Euroland Fund (continued)

## Investment Manager's Review

The Euroland Fund returned 18.80% over the review period, underperforming its benchmark index, the FTSE Eurobloc index, which returned 20.36% in sterling terms.

It was a turbulent close to the year for European investors as concerns over the US subprime mortgage market and related credit squeeze spread throughout the rest of the developed world. Subprime mortgages are where banks lend to individuals with a poor credit rating or no credit history, generally at a higher rate of interest than conventional mortgages. Financial markets tumbled in July and August as risk aversion triggered an exodus to the relative safety of government bonds. A position in Dutch plastic pipe maker Wavin was a negative. The company disappointed investors after reporting uninspiring profit numbers for the first half of 2007. Wavin said a sharp downturn in Germany, Ireland and Denmark was a major factor in the relatively flat showing. The portfolio no longer carries this stock. Anglo-Dutch publishing group Reed Elsevier and Germany's second-largest steel maker Salzgitter were also detrimental to the Fund's overall performance.

On a more positive note, Portuguese retailer Jeronimo Martins impressed over the reporting period. The group saw its share price soar after announcing that it expects to post a near 20% increase in full year sales for 2007, driven by its healthy exposure to the flourishing Eastern European market. Jeronimo also expects double-digit growth in both sales and earnings next year. Grifols, the world's third-largest maker of blood plasma products, also performed well over the reporting period. The company said net profit for January to September 2007 was up nearly 130% year-on-year. The increase was due to the good development of blood product prices and production costs.

Looking ahead to 2008, with increased uncertainty surrounding earnings forecasts good stock selection will be of paramount importance. Attractive valuation remains a key support for the overall market, and there is scope for share price gains, but we'll continue to look for healthy Balance Sheets to support cash returns. Merger and acquisition (M&A) activity will remain a theme in 2008, even though the credit squeeze has put the brakes on many proposed deals. Balance Sheet strength and potential for debt reorganisation will be important contributors to corporate activity. This is particularly true in the face of slower Gross Domestic Product growth, as many companies seek to enhance weaker organic growth through corporate deals. While business confidence – a necessary condition for M&A activity – is absent at the moment, we expect it to return towards the second half of the year.

*Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

### Performance record

	01/12/06 To 30/11/07 %	01/12/05 To 30/11/06 %	01/12/04 To 30/11/05 %	01/12/03 To 30/11/04 %	01/12/02 To 30/11/03 %
Euroland Fund A Accumulation	18.80	18.77	22.99	15.74	9.98
Europe (ex-UK) Sector Average Return	13.48	20.00	23.97	14.04	12.22
FTSE Eurobloc Index	20.36	21.88	22.29	13.38	14.84

Sources: Lipper for Euroland Fund and Europe (ex-UK) Sector Average Return (funds which invest at least 80% of their assets in European equities and exclude UK securities).

Datastream for the FTSE Eurobloc Index (GBP).

Basis: Mid to mid, net income reinvested.

*Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

### Distribution

	Final 30/11/07 (p)
A Accumulation	1,2775
X Accumulation	3,4929

### Top five holdings

	30/11/07 %		30/11/06 %
1. Telefonica	3.74	AXA	4.29
2. Total	3.51	Grifols	4.14
3. E.ON	3.33	ENI	4.07
4. KBC	3.09	Allianz	3.76
5. Siemens	3.00	Total	3.36

Number of holdings: 59

Number of holdings: 51

## Fund Profile

### Aims

To give long-term capital growth by investing in a wide portfolio of mainly Continental European company shares.

### Specific Risk Profile

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

### Distribution

XD date	Payment Date
30/11/07	31/01/08

### TER

	30/11/07	30/11/06
A Accumulation	1.67%	1.61%
B Accumulation	1.29%	1.23%
X Accumulation	0.17%	0.11%

The Total Expense Ratio (TER) is the total expenses paid by the Fund in the year against its average net asset value.

### Details of investments

#### Investments

	30/11/07	30/11/06
	%	%
Germany	20.38	24.43
France	13.67	22.14
Spain	10.87	7.32
Switzerland	10.11	8.82
Netherlands	8.73	1.43
Greece	7.28	9.11
Italy	5.56	2.29
Finland	4.66	1.23
Portugal	2.72	-
Norway	2.33	1.85
Belgium	1.88	2.84
Ireland	1.46	3.07
Austria	1.21	3.03
Luxembourg	1.01	-
Sweden	1.00	2.92
Denmark	0.60	7.85
Derivatives	0.25	-
United Kingdom	-	2.00
Net other assets/(liabilities)	6.28	(0.33)
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

### Net asset value

	NAV per share	NAV per share	NAV percentage
	30/11/07	30/11/06	change
	(p)	(p)	%
A Accumulation	402.95	333.54	20.81
B Accumulation	410.11	338.20	21.26
X Accumulation	431.29	352.33	22.41

# European Growth Fund (continued)

## Investment Manager's Review

The European Growth Fund returned 20.98% over the review period, outperforming its benchmark index, the FTSE Euro (ex-UK) index, which returned 18.19% in sterling terms.

It was a turbulent close to the year for European investors as concerns over the US subprime mortgage market and related credit squeeze spread throughout the rest of the developed world. Subprime mortgages are where banks lend to individuals with a poor credit rating or no credit history, generally at a higher rate of interest than conventional mortgages. Financial markets tumbled in July and August as risk aversion triggered an exodus to the relative safety of government bonds. Throughout this difficult period it was good stock selection that ensured the Fund beat its benchmark. Denmark's Vestas Wind Systems, the leading wind energy company, was the Fund's star performer. The company has gone from strength to strength this year, as evidenced by its excellent third-quarter numbers. Management attributed the good performance to strong demand for renewable energy and a reorganisation conducted in 2005 and 2006. A position in Portuguese retailer Jeronimo Martins was also beneficial to performance. The group saw its share price soar after announcing that it expects to post a near 20% increase in full year sales for 2007, driven by its healthy exposure to the flourishing Eastern European market. Jeronimo also expects double-digit growth in both sales and earnings next year.

Other stocks of note included TomTom, Acergy and Grifols. Grifols, the world's third-largest maker of blood plasma products, said net profit for January to September 2007 was up nearly 130% year-on-year. The increase was due to the good development of blood product prices and production costs.

Looking ahead to 2008, with increased uncertainty surrounding earnings forecasts good stock selection will be of paramount importance. Attractive valuation remains a key support for the overall market, and there is scope for share price gains, but we'll continue to look for healthy Balance Sheets to support cash returns. Merger and acquisition (M&A) activity will remain a theme in 2008, even though the credit squeeze has put the brakes on many proposed deals. Balance Sheet strength and potential for debt reorganisation will be important contributors to corporate activity. This is particularly true in the face of slower Gross Domestic Product growth, as many companies seek to enhance weaker organic growth through corporate deals. While business confidence – a necessary condition for M&A activity – is absent at the moment, we expect it to return towards the second half of the year.

*Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

### Performance record

	01/12/06 To 30/11/07 %	01/12/05 To 30/11/06 %	01/12/04 To 30/11/05 %	01/12/03 To 30/11/04 %	01/12/02 To 30/11/03 %
European Growth Fund A Accumulation	20.98	17.22	26.32	16.07	8.62
Europe (ex-UK) Sector Average Return	13.48	20.00	23.97	14.04	12.22
FTSE Euro (ex-UK) Index	18.19	20.82	23.81	13.73	14.75

Sources: Lipper for European Growth Fund and Europe (ex-UK) Sector Average Return (funds which invest at least 80% of their assets in European equities and exclude UK securities).

Datastream for the FTSE Euro (ex-UK) Index (GBP).

Basis: Mid to mid, net income reinvested.

*Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

### Distribution

	Final 30/11/07 (p)
A Accumulation	3.6994
B Accumulation	5.2559
X Accumulation	9.3293

### Top five holdings

	30/11/07 %		30/11/06 %
1. Telefonica	3.13	Vestas Wind Systems	4.96
2. E.ON	2.89	Sanofi-Aventis	4.17
3. Banco Santander	2.88	Grifols	3.47
4. Nestle	2.75	AXA	3.28
5. Jeronimo Martins	2.72	Telekom Austria	3.03

Number of holdings: 71

Number of holdings: 50

## Fund Profile

### Aims

To give long-term capital growth by investing in a select portfolio of mainly Continental European company shares.

### Specific Risk Profile

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

**Select portfolio risk factor:** A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

### Distribution

XD date	Payment Date
30/11/07	31/01/08

### TER

	30/11/07	30/11/06
A Accumulation	1.73 %	1.66 %
X Accumulation	0.23 %	0.16 %

The Total Expense Ratio (TER) is the total expenses paid by the Fund in the year against its average net asset value.

### Details of investments

#### Investments

	30/11/07	30/11/06
	%	%
Germany	20.09	17.29
France	14.23	12.25
Greece	10.78	15.14
Spain	10.19	6.86
Switzerland	9.04	7.86
Netherlands	8.35	-
Italy	6.24	2.78
Finland	5.39	1.79
Norway	4.27	4.29
Portugal	2.85	1.16
Ireland	2.01	7.07
Belgium	1.94	3.54
Sweden	1.34	7.64
Austria	1.28	1.78
Luxembourg	1.05	0.94
Denmark	0.63	6.52
United Kingdom	-	3.41
Net other assets/(liabilities)	0.32	(0.32)
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

#### Net asset value

	NAV per share	NAV per share	NAV percentage
	30/11/07	30/11/06	change
	(p)	(p)	%
A Accumulation	1,659.99	1,372.59	20.94
X Accumulation	1,798.45	1,483.99	21.19

# European Select Growth Fund (continued)

## Investment Manager's Review

The European Select Growth Fund returned 21.13% over the review period, outperforming its benchmark index, the FTSE Euro (ex-UK) index, which returned 18.19% in sterling terms.

It was a turbulent close to the year for European investors as concerns over the US subprime mortgage market and related credit squeeze spread throughout the rest of the developed world. Subprime mortgages are where banks lend to individuals with a poor credit rating or no credit history, generally at a higher rate of interest than conventional mortgages. Financial markets tumbled in July and August as risk aversion triggered an exodus to the relative safety of government bonds. Throughout this difficult period it was good stock selection that ensured the Fund beat its benchmark. Denmark's Vestas Wind Systems, the leading wind energy company, was the Fund's star performer. The company has gone from strength to strength this year, as evidenced by its excellent third-quarter numbers. Management attributed the good performance to strong demand for renewable energy and a reorganisation conducted in 2005 and 2006. A position in Portuguese retailer Jeronimo Martins was also beneficial to performance. The group saw its share price soar after announcing that it expects to post a near 20% increase in full year sales for 2007, driven by its healthy exposure to the flourishing Eastern European market. Jeronimo also expects double-digit growth in both sales and earnings next year.

Other stocks of note included Fourlis, Icon and Jumbo. Jumbo, Greece's largest toy retailer, pleased the market after it announced better-than-expected profit numbers for its fiscal first quarter. The company attributed the good performance to better sales and increased brand awareness.

Looking ahead to 2008, with increased uncertainty surrounding earnings forecasts good stock selection will be of paramount importance. Attractive valuation remains a key support for the overall market, and there is scope for share price gains, but we'll continue to look for healthy Balance Sheets to support cash returns. Mergers and acquisition (M&A) activity will remain a theme in 2008, even though the credit squeeze has put the brakes on many proposed deals. Balance Sheet strength and potential for debt reorganisation will be important contributors to corporate activity. This is particularly true in the face of slower Gross Domestic Product growth, as many companies seek to enhance weaker organic growth through corporate deals. While business confidence – a necessary condition for M&A activity – is absent at the moment, we expect it to return towards the second half of the year.

*Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

### Performance record

	01/12/06 To 30/11/07 %	01/12/05 To 30/11/06 %	01/12/04 To 30/11/05 %	01/12/03 To 30/11/04 %	01/12/02 To 30/11/03 %
European Select Growth Fund A Acc	21.13	20.32	25.46	15.73	9.31
Europe (ex-UK) Sector Average Return	13.48	20.00	23.97	14.04	12.22
FTSE Euro (ex-UK) Index	18.19	20.82	23.81	13.73	14.75

Sources: Lipper for European Select Growth Fund and Europe (ex-UK) Sector Average Return (funds which invest at least 80% of their assets in European equities and exclude UK securities).

Datastream for the FTSE Euro (ex-UK) Index (GBP).

Basis: Mid to mid, net income reinvested.

*Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

### Distribution

	Final 30/11/07 (p)
A Accumulation	6.1447
X Accumulation	32.0720

### Top five holdings

	30/11/07 %		30/11/06 %
1. Veidekke	3.06	Vestas Wind Systems	4.97
2. E.ON	2.96	Jumbo	4.15
3. Jeronimo Martins	2.85	National Bank of Greece	3.50
4. Nestle	2.85	E.ON	3.44
5. Total	2.84	Veidekke	2.96

Number of holdings: 68

Number of holdings: 53

## Fund Profile

### Aims

To give long-term capital growth by investing in a wide portfolio of mainly company shares in any geographical area, including the UK.

### Specific Risk Profile

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

### Distribution

XD date	Payment Date
30/11/07	31/01/08

### TER

	30/11/07	30/11/06
A Accumulation	1.65%	1.60%
B Accumulation	1.40%	1.35%
X Accumulation	0.15%	0.10%

The Total Expense Ratio (TER) is the total expenses paid by the Fund in the year against its average net asset value.

### Details of investments

Investments	30/11/07	30/11/06
	%	%
United States	44.16	44.43
Japan	9.71	12.09
United Kingdom	9.65	9.12
Germany	5.06	4.68
France	4.78	3.31
Switzerland	4.03	4.28
Canada	3.74	-
Australia	3.21	1.62
Netherlands	3.14	7.61
Spain	2.07	1.11
Italy	1.42	-
Hong Kong	1.23	3.17
Belgium	0.82	-
Denmark	0.63	-
Finland	0.60	-
Ireland	0.59	-
Sweden	0.52	1.59
Bermuda	0.35	-
Norway	0.27	1.06
Luxembourg	0.25	1.46
Greece	0.23	-
Brazil	0.23	1.38
Hungary	0.17	-
South Korea	0.17	1.25
Russia	0.11	-
Net other assets	2.86	1.84
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

### Net asset value

	NAV per share 30/11/07 (p)	NAV per share 30/11/06 (p)	NAV percentage change %
A Accumulation	78.16	76.73	1.86
B Accumulation	79.16	77.53	2.10
X Accumulation	84.44	81.82	3.20

# Global Growth Fund (continued)

## Investment Manager's Review

Against a backdrop of volatility and upheaval in developed markets, the Fund returned 1.84% during the 12 month review period. Its benchmark index was up 8.34% over the same period, in sterling terms.

Global equities have followed an upward trend over the past year. However, recently investors have been increasingly concerned that difficulties and the risks of default associated with US subprime mortgage lending (loans made to riskier borrowers) would spread into the wider market. This led to particularly sharp declines in February and August. Recent market recovery is partly due to the series of interest rate cuts made by the US Federal Reserve, which helped to improve investor confidence and most global indices have shown positive returns over the 12 months to 30 November.

The Fund's holdings in Japan and the US were significantly detrimental to performance. The Japanese economy has begun to show indications of improvement, but growth has occurred more slowly than previously expected by investors. Our holdings in Sumitomo Mitsui Financial and Japan General Estate were therefore both disappointing. In the US, in addition to the general malaise surrounding the problems in the financial sector, we had negative returns from our position in the media company Gannett, which suffered from a decline in advertising revenue. UK-based Yell also performed poorly, having surprised investors by downgrading growth expectations in the US market due to stiff competition from its peers.

Chinese oil company CNOOC made one of the most positive contributions to the Fund. Our holding in Ping An Insurance, which we sold upon reaching its valuation target, was also beneficial. In Europe, ABN AMRO profited from lengthy takeover activity, which boosted its share price. We sold our holding when it reached its target price.

In the short term, stocks focused on domestic consumers within developed markets are likely to be subject to continued downward pressure. We'll continue to monitor the market for any attractive investment opportunities which may arise as a result of a further fall in investor expectations.

*Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

### Performance record

	01/12/06 To 30/11/07 %	01/12/05 To 30/11/06 %	01/12/04 To 30/11/05 %	01/12/03 To 30/11/04 %	01/12/02 To 30/11/03 %
Global Growth Fund A Accumulation	1.84	1.67	17.50	4.06	3.71
Global Growth Sector Average Return	8.89	8.55	23.01	7.44	9.73
MSCI World Index	8.34	6.33	23.45	6.14	8.35

Sources: Lipper for Global Growth Fund and Global Growth Sector Average Return (funds which invest at least 80% of their assets in equities but no more than 80% in UK assets and which have the prime objective of achieving growth of capital).

Datastream for the MSCI World Index (GBP).

Basis: Mid to mid, net income reinvested.

*Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

### Distribution

	Final 30/11/07 (p)
A Accumulation	0.5908
B Accumulation	0.7953
X Accumulation	1.6293

### Top five holdings

	30/11/07 %		30/11/06 %
1. Exxon Mobil	1.74	Intel	2.41
2. General Electric	1.47	Johnson & Johnson	2.38
3. Microsoft	1.10	Altria	2.29
4. Royal Dutch Shell	0.89	Allianz	2.26
5. BP	0.89	Exxon Mobil	2.26

Number of holdings: 252

Number of holdings: 71

## Fund Profile

### Aims

To give long-term capital growth by investing in a select portfolio of mainly company shares in any geographical area, including the UK.

### Specific Risk Profile

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

**Select portfolio risk factor:** A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

### Distribution

XD date	Payment Date
30/11/07	31/01/08

### TER

	30/11/07	30/11/06
A Accumulation	1.63 %	1.55 %
B Accumulation	1.38 %	1.30 %
X Accumulation	0.13 %	0.05 %

The Total Expense Ratio (TER) is the total expenses paid by the Fund in the year against its average net asset value.

### Details of investments

Investments	30/11/07	30/11/06
	%	%
United States	45.48	43.17
Switzerland	12.70	3.56
Japan	9.98	11.36
United Kingdom	7.68	11.01
Netherlands	6.73	9.42
Hong Kong	4.28	3.72
Germany	2.93	4.08
Australia	2.66	1.34
Russia	2.30	-
Spain	1.46	1.60
South Korea	1.31	-
Belgium	0.98	1.00
France	-	2.35
China	-	1.94
Italy	-	1.76
Sweden	-	0.82
Net other assets	1.51	2.87
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

### Net asset value

	NAV per share	NAV per share	NAV percentage
	30/11/07	30/11/06	change
	(p)	(p)	%
A Accumulation	441.30	413.48	6.73
B Accumulation	446.78	417.42	7.03
X Accumulation	474.99	439.33	8.12

# Global Select Growth Fund (continued)

## Investment Manager's Review

Against a backdrop of volatility and upheaval in developed markets, the Fund returned 6.86% during the 12 month review period. Its benchmark index was up 8.34% over the same period, in sterling terms.

Global equities have followed an upward trend over the past year. However, due to problems in US financial markets, particularly sharp dips were witnessed in February and August. Recent market recovery is partly due to the series of interest rate cuts made by the US Federal Reserve, which helped to improve investor confidence and most global indices have shown positive returns over the 12 months to 30 November.

The Fund's Japanese holdings were partly responsible for its restrained performance in comparison with the benchmark. The Japanese economy has begun to show indications of improvement, but growth has occurred more slowly than previously expected by investors.

With regard to sectors, the best results came from our holdings in energy, consumer staples and telecommunications. Our restricted exposure to the financials sector also benefited the Fund. We enhanced this by avoiding the companies which have suffered most from current market conditions. On the other hand, the consumer discretionary sector was among the worst-performing and the Fund's limited exposure to materials was also detrimental.

Chinese oil company CNOOC made one of the most positive contributions to the Fund. Our holding in Ping An Insurance was also beneficial. It has now been sold, having reached its valuation target. In Europe, ABN AMRO profited from lengthy takeover activity, which boosted its share price. Again, we sold our holding when it reached its target.

The Fund's US holdings were responsible for some negative returns, specifically from media company Gannett, which suffered from a decline in advertising revenue. The share price of Harley-Davidson also struggled, resulting in the sale of our holding.

We intend to favour those companies with the best growth potential, whether this is from genuine innovation or unique positioning. In this respect, we'll consider the technology, healthcare, utility and industrial sectors; careful stock selection will be our primary focus.

In the short term, stocks focused on domestic consumers within developed markets are likely to be subject to continued downward pressure. We intend to constantly monitor the market for any attractive investment opportunities which may arise as a result of a further fall in investor expectations.

*Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

### Performance record

	01/12/06 To 30/11/07 %	01/12/05 To 30/11/06 %	01/12/04 To 30/11/05 %	01/12/03 To 30/11/04 %	01/12/02 To 30/11/03 %
Global Select Growth Fund A Accumulation	6.86	6.24	16.69	4.35	3.70
Global Growth Sector Average Return	8.89	8.55	23.01	7.44	9.73
MSCI World Index	8.34	6.33	23.45	6.14	8.35

Sources: Lipper for Global Select Growth Fund and Global Growth Sector Average Return (funds which invest at least 80% of their assets in equities but no more than 80% in UK assets and which have the prime objective of achieving growth of capital).

Datastream for the MSCI World Index (GBP).

Basis: Mid to mid, net income reinvested.

*Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

### Distribution

	Final 30/11/07 (p)
A Accumulation	2.7565
B Accumulation	4.0220
X Accumulation	8.9769

### Top five holdings

	30/11/07 %		30/11/06 %
1. Nestle	3.32	Exxon Mobil	2.91
2. Colgate-Palmolive	3.18	Johnson & Johnson	2.69
3. Vodafone	3.17	Colgate-Palmolive	2.55
4. Coca-Cola	3.09	Xstrata	2.55
5. ABB	3.03	Intel	2.47

Number of holdings: 49

Number of holdings: 59

## Fund Profile

### Aims

To give long-term capital growth by investing in a wide portfolio of mainly Japanese company shares.

### Specific Risk Profile

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

### Distribution

XD date	Payment Date
30/11/07	31/01/08

### TER

	30/11/07	30/11/06
A Accumulation	1.67%	1.64%
B Accumulation	1.30%	1.27%
X Accumulation	0.17%	0.14%

The Total Expense Ratio (TER) is the total expenses paid by the Fund in the year against its average net asset value.

### Details of investments

Investments	30/11/07	30/11/06
	%	%
Financials	20.19	31.29
General Industrials	19.59	11.49
Basic Industries	17.17	12.59
Cyclical Consumer Goods	12.00	14.45
Information Technology	8.75	9.90
Cyclical Services	6.78	7.91
Non-Cyclical Consumer Goods	4.88	5.28
Non-Cyclical Services	3.18	2.63
Utilities	2.99	-
Resources	-	1.23
Net other assets	4.47	3.23
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

### Net asset value

	NAV per share	NAV per share	NAV percentage
	30/11/07	30/11/06	change
	(p)	(p)	%
A Accumulation	77.29	83.96	-7.94
B Accumulation	79.76	86.32	-7.60
X Accumulation	84.50	90.42	-6.55

# Japan Growth Fund (continued)

## Investment Manager's Review

The Fund fell by 7.88% during the 12 month review period, while its benchmark fell by 2.15% over the same period, in sterling terms. The year under review has been somewhat frustrating for investors in Japanese equities, with a high level of volatility. Recent troubles can be partly attributed to fallout originating from the current problems in US financial markets, although Japan benefited from reduced exposure compared to other developed markets. While strong progress has been made elsewhere, investors in Japan have seen less prolific returns, with weak economic data and political turmoil failing to bolster confidence.

The Fund's underperformance was primarily due to the overweight position in the financials sector, which was badly affected by the troubles in the US. The real estate sector also performed poorly, after the introduction of tighter building regulations had a negative effect on the Japanese economy.

However, our holdings in the strongly-performing commodities and materials sectors were among the most beneficial to the Fund during the period.

At an individual asset level, strong demand for oil, coke, coal and iron ore meant that Mitsubishi was one of our best-performing stocks. We also profited from our holding in Modec, a company which builds floating oil platforms and which gained from rising oil prices.

The most negative contribution came from our holding in Japan General Estate, which suffered from general negative investor sentiment and slower than expected condominium sales.

We intend to maintain a balanced portfolio, with a slight bias towards industrials and also any attractive investment opportunities which may open up within the financials sector. We expect that the current high level of market volatility will continue for some time to come so we intend to hold stocks which will demonstrate strong long-term growth prospects.

*Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

### Performance record

	01/12/06 To 30/11/07 %	01/12/05 To 30/11/06 %	01/12/04 To 30/11/05 %	01/12/03 To 30/11/04 %	01/12/02 To 30/11/03 %
Japan Growth Fund A Accumulation	-7.88	-6.53	29.89	2.45	10.12
Japanese Sector Average Return	-7.96	-6.97	33.34	6.24	12.33
MSCI Japan Index	-2.15	-0.90	34.37	6.48	14.64

Sources: Lipper for Japan Growth Fund and Japanese Sector Average Return (funds which invest at least 80% of their assets in Japanese equities).

Datastream for the MSCI Japan Index (GBP).

Basis: Mid to mid, net income reinvested.

*Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

### Distribution

	Final 30/11/07 (p)
A Accumulation	-
B Accumulation	-
X Accumulation	0.9540

### Top five holdings

	30/11/07 %		30/11/06 %
1. Toyota Motor	6.69	Toyota Motor	6.26
2. Asahi Glass	4.09	Mitsubishi UFJ Financial	4.88
3. Mitsubishi	4.08	Nomura	4.15
4. Takeda Pharmaceutical	4.01	Sumitomo Mitsui Financial	3.18
5. Murata Manufacturing	3.55	Mizuho Financial	2.97

Number of holdings: 50

Number of holdings: 54

## Fund Profile

### Aims

To give long-term capital growth by investing in a select portfolio of mainly Japanese company shares.

### Specific Risk Profile

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

**Select portfolio risk factor:** A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

### Distribution

XD date	Payment Date
30/11/07	31/01/08

### TER

	30/11/07	30/11/06
A Accumulation	2.35 %	2.25 %
X Accumulation	0.85 %	0.75 %

The Total Expense Ratio (TER) is the total expenses paid by the Fund in the year against its average net asset value.

### Details of investments

Investments	30/11/07	30/11/06
	%	%
Financials	23.87	33.35
General Industrials	17.87	12.13
Basic Industries	14.14	11.60
Cyclical Consumer Goods	13.11	12.83
Cyclical Services	9.72	10.13
Information Technology	6.09	11.07
Non-Cyclical Consumer Goods	5.11	3.36
Utilities	3.12	-
Non-Cyclical Services	2.38	2.41
Financials – Ireland	2.22	-
Resources	-	1.59
Net other assets	2.37	1.53
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

### Net asset value

	NAV per share	NAV per share	NAV percentage
	30/11/07	30/11/06	change
	(p)	(p)	%
A Accumulation	194.31	214.49	-9.41
X Accumulation	206.70	224.77	-8.04

# Japan Select Growth Fund (continued)

## Investment Manager's Review

The Fund fell by 9.83% during the 12 month review period, while its benchmark fell by 2.15% over the same period, in sterling terms.

The year under review has been somewhat frustrating for investors in Japanese equities, with a high level of volatility. Recent troubles can be partly attributed to fallout originating from the current problems in US financial markets. However, Japan benefited from reduced exposure compared to other developed markets. While strong progress has been made elsewhere, investors in Japan have seen less prolific returns, with weak economic data and political turmoil failing to bolster confidence.

Latterly, the rise of the yen against the dollar has been problematic for export-orientated companies, which have been affected by a fall in demand from the US.

The Fund's underperformance was mainly due to its holdings in the financials sector, which was badly affected by the troubles in the US. The real estate sector also performed poorly, after the introduction of tighter building regulations had a negative effect on the Japanese economy.

However, our holdings in the strongly-performing commodities and materials sectors were among the most beneficial to the Fund during the period.

At an individual asset level, strong demand for oil, coke, coal and iron ore meant that Mitsubishi was one of our best-performing stocks. We also profited from our holding in Modec, a company which builds floating oil platforms and which gained from rising oil prices.

The most negative contribution came from our holding in Japan General Estate, which suffered from general negative investor sentiment and slower than expected condominium sales. The Fund also suffered from being late to hold Nintendo. The company's share price surged after particularly strong sales of its Wii and DS consoles.

We expect that market volatility will continue for some time to come in Japan, there is currently no obvious catalyst for improvement. We'll therefore maintain a balanced portfolio, looking for stocks which have the best long-term growth prospects.

*Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

### Performance record

	01/12/06 To 30/11/07 %	01/12/05 To 30/11/06 %	01/12/04 To 30/11/05 %	01/12/03 To 30/11/04 %	01/12/02 To 30/11/03 %
Japan Select Growth Fund A Accumulation	-9.83	-6.79	27.79	0.78	9.18
Japanese Sector Average Return	-7.96	-6.97	33.34	6.24	12.33
MSCI Japan Index	-2.15	-0.90	34.37	6.48	14.64

Sources: Lipper for Japan Select Growth Fund and Japanese Sector Average Return (funds which invest at least 80% of their assets in Japanese equities).

Datastream for the MSCI Japan Index (GBP).

Basis: Mid to mid, net income reinvested.

*Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

### Distribution

	Final 30/11/07 (p)
A Accumulation	-
X Accumulation	1.6113

### Top five holdings

	30/11/07 %		30/11/06 %
1. Toyota Motor	7.63	Toyota Motor	6.71
2. Sumitomo Mitsui Financial	4.30	Mitsubishi UFJ Financial	6.47
3. Mitsubishi	4.23	Sumitomo Mitsui Financial	5.00
4. Takeda Pharmaceutical	4.15	Nomura	4.41
5. Murata Manufacturing	3.78	Nissan Motor	3.47

Number of holdings: 46

Number of holdings: 43

## Fund Profile

## Aims

To give long-term capital growth by investing in the stockmarkets of Asia and Australasia, excluding Japan.

## Specific Risk Profile

**Emerging markets risk factor:** The fund may invest in emerging stockmarkets which are generally less well regulated and developed than those in the UK and there is less investor protection. This might result in a greater risk that the value of shares in the fund might fall.

**Emerging markets liquidity risk factor:** Investments in these markets might be bought and sold less frequently and there might be lower trading volumes. This might cause large changes in the prices of these investments and so their value could fall by large amounts.

**Emerging markets exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down. This risk is greater for emerging markets countries, which might be subject to greater political and economic changes.

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

## Distribution

XD date	Payment Date
30/11/07	31/01/08

## TER

	30/11/07	30/11/06
A Accumulation	1.67%	1.69%
B Accumulation	1.42%	1.44%
X Accumulation	0.17%	0.19%

The Total Expense Ratio (TER) is the total expenses paid by the Fund in the year against its average net asset value.

## Details of investments

Investments	30/11/07 %	30/11/06 %
Australia	27.23	27.88
Hong Kong	20.34	15.11
South Korea	12.38	14.24
Taiwan	10.23	11.67
Singapore	8.65	10.57
India	6.57	4.05
China	4.36	2.84
Malaysia	3.52	1.22
Thailand	3.23	6.86
Netherland Antilles	1.91	-
United Kingdom	-	3.98
Net other assets	1.58	1.58
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

## Net asset value

	NAV per share 30/11/07 (p)	NAV per share 30/11/06 (p)	NAV percentage change %
A Accumulation	710.36	545.90	30.13
B Accumulation	716.10	549.22	30.38
X Accumulation	755.33	573.61	31.68

# Pacific Growth Fund (continued)

## Investment Manager's Review

The twelve month review period has been very positive for equity markets in the Asia Pacific region. The turmoil that hit global financial markets has had much less of an effect on Asian equities. This is because most economies in the region are in a better position to weather the financial difficulties currently plaguing their western counterparts, mainly due to individuals and businesses not being saddled with the same levels of debt. Boosted by its red-hot economy, China once again led the way, with the other economic powerhouse in the region, India, also producing a very strong performance.

Against this background, the Fund produced a return of 29.68%. This compares with a return of 38.24% by the MSCI AC Asia Pacific (ex-Japan) index, in sterling terms.

Compared to its benchmark index, the Fund has a relative lack of exposure to China, which has had a negative impact on performance. However, this is a position we shall be maintaining. China's economy is growing very fast and many companies are generating strong profits growth. As a result, investors have been falling over themselves to invest in the stock market. Such has been the level of enthusiasm that many parts of the market have now become very expensive and look susceptible to a sudden fall should confidence take a knock.

The Fund does have some investments in the region, which have generally performed very well. The oil company CNOOC continues to benefit from the country's rapid rate of growth and also from high oil prices. Along a similar theme, Pacific Basin Shipping is another notable contributor to performance. The company specialises in shipping commodities and is thriving due to strong demand for building materials in China. Ping An Insurance is another Chinese stock that has performed well and is a long-term favourite within the Fund. It is benefiting from a strong increase in premiums as well as the Chinese government's decision to relax restrictions on overseas investment by insurers.

On the downside, our holdings in two Korean companies were among the most significant underperformers. Samsung Electronics generates most of its revenues from exports and has struggled in the face of the weak US dollar, which has made its products comparatively more expensive overseas. Kookmin Bank has also fared poorly, as investors didn't get excited by its prospects for profits growth.

One of the most significant changes in the Fund's strategy has been a shift towards India where rapid economic growth is leading to a surge in demand from consumers eager to spend their new found wealth. We acquired a position in mobile phone company Bharti Airtel (incorporated in Netherland Antilles) to capitalise on this trend. Also demand for loans, credit cards, mortgages and savings products is rising fast. These markets are still in relatively early stages of development and for those companies that can create a strong presence, the longer-term rewards are likely to be significant. This was behind our purchase of Indian financial group Housing Development Finance.

Looking ahead it's clear that the rapid share price gains that we've seen in the last couple of years can't last forever. This means it's inevitable that some of market's more expensive areas will pause for breath at some point and we may see indices falling back. However, economic growth throughout the region remains very strong and we are confident that Asian equities can continue to deliver strong gains over the long-term.

*Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.*

### Performance record

	01/12/06 To 30/11/07	01/12/05 To 30/11/06	01/12/04 To 30/11/05	01/12/03 To 30/11/04	01/12/02 To 30/11/03
	%	%	%	%	%
Pacific Growth Fund A Accumulation	29.68	13.91	28.72	12.91	14.39
Asia Pacific excluding Japan Sector Average Return	39.47	18.98	27.49	9.81	19.65
MSCI AC Asia Pacific (ex-Japan) Index	38.24	18.10	31.96	14.28	19.23

Sources: Lipper for Pacific Growth Fund and Asia Pacific excluding Japan Sector Average Return (funds which invest at least 80% of their assets in Far Eastern equities and exclude Japanese securities).

Datastream for the MSCI AC Asia Pacific (ex-Japan) Index (GBP).

Basis: Mid to mid, net income reinvested.

*Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

### Distribution

	Final 30/11/07 (p)
A Accumulation	5,1272
B Accumulation	6,4315
X Accumulation	13,4409

### Top five holdings

	30/11/07 %		30/11/06 %
1. BHP Billiton	6.19	Samsung Electronics	6.48
2. Samsung Electronics	5.08	Bangkok Bank	5.17
3. CNOOC	4.86	Taiwan Semiconductor Manufacturing	4.47
4. Woolworths	3.39	BHP Billiton	4.18
5. Singapore Telecommunications	3.38	Brambles Industries	3.98

Number of holdings: 48

Number of holdings: 47

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