

Merian Investment Funds Series I

Annual Report and Financial Statements
For the year ended 31 July 2020

Contents

	Page
Company Information	4
Report of the Director of Merian Investment Funds Series I	5
Authorised Corporate Director's report	6
Cross Holdings	7
Securities Financing Transactions Regulation Disclosure	7
Value Assessments	8
Statement of the Authorised Corporate Director's responsibilities	17
Remuneration Policy	18
Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of Merian Investment Funds Series I	20
Independent Auditor's Report to the Shareholders of Merian Investment Funds Series I	21
Merian Corporate Bond Fund	23
Investment Manager's review	23
Performance record	25
Portfolio statement	31
Statement of total return	36
Statement of change in net assets attributable to shareholders	36
Balance sheet	37
Notes to the financial statements	38
Distribution tables	47
Merian Monthly Income Bond Fund	51
Investment Manager's review	51
Performance record	53
Portfolio statement	59
Statement of total return	63
Statement of change in net assets attributable to shareholders	63
Balance sheet	64
Notes to the financial statements	65
Distribution tables	74
Merian UK Alpha Fund	86
Investment Manager's review	86
Performance record	88
Portfolio statement	94
Statement of total return	97
Statement of change in net assets attributable to shareholders	97
Balance sheet	98
Notes to the financial statements	99
Distribution tables	107
Merian UK Equity Income Fund	109
Investment Manager's review	109
Performance record	111
Portfolio statement	117
Statement of total return	121
Statement of change in net assets attributable to shareholders	121
Balance sheet	122
Notes to the financial statements	123
Distribution tables	132

Contents (continued)

	Page
Merian UK Mid Cap Fund	136
Investment Manager's review	136
Performance record	138
Portfolio statement	144
Statement of total return	147
Statement of change in net assets attributable to shareholders	147
Balance sheet	148
Notes to the financial statements	149
Distribution table	157
Merian UK Opportunities Fund	158
Investment Manager's review	158
Performance record	160
Portfolio statement	163
Statement of total return	165
Statement of change in net assets attributable to shareholders	165
Balance sheet	166
Notes to the financial statements	167
Distribution table	176
Merian UK Smaller Companies Fund	177
Investment Manager's review	177
Performance record	179
Portfolio statement	185
Statement of total return	189
Statement of change in net assets attributable to shareholders	189
Balance sheet	190
Notes to the financial statements	191
Distribution table	199
Merian Investment Funds Series I	200
Accounting Policies	200

Company Information

Authorised Corporate Director ("ACD")

Merian Investment Management Limited

Until 7 September 2020
Millennium Bridge House
2 Lambeth Hill
London
EC4V 4GG

From 7 September 2020
The Zig Zag Building
70 Victoria Street
London
SW1E 6SQ

Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

Merian Global Investors (UK) Limited

Until 7 September 2020
Millennium Bridge House
2 Lambeth Hill
London
EC4V 4GG

From 7 September 2020
The Zig Zag Building
70 Victoria Street
London
SW1E 6SQ

Authorised and regulated by the Financial Conduct Authority.

Legal Adviser

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Auditor

KPMG LLP
319 St. Vincent Street
Glasgow
G2 5AS

Administrator

Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

Authorised by the Central Bank of Ireland (Central Bank) under the Investment Intermediaries Act 1995.

Directors of the ACD

J Brescia (resigned 31 December 2019)
R James (resigned 1 July 2020)
P Wagstaff (appointed 17 August 2020)
N Stronach
D Shaw – Non-Executive Director
D Skinner – Non-Executive Director

Depository

Citibank Europe plc, UK Branch
Citigroup Centre
Canada Square, Canary Wharf
London
E14 5LB

Authorised by the Central Bank of Ireland and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority.

Registrar

FNZ TA Services Limited
Suite 1
3rd Floor
11-12 St. James's Square
London
SW1Y 4LB

(The register of shareholders can be inspected at the above address).

Merian Investment Management Limited, is authorised and regulated by the Financial Conduct Authority. FCA Register number 802627. Registered Office: The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ, United Kingdom.
Registered Number: 10964590 England. www.merian.com

Report of the Directors of Merian Investment Funds Series I

Directors' report

The Directors present the report and financial statements for the Merian Investment Funds Series I ("the Company") for the year from 1 August 2019 to 31 July 2020.

Authorised status

The Company is an Open-Ended Investment Company incorporated as an Investment Company with Variable Capital ("ICVC") under Regulation 12 (authorisation) of the Open-Ended Investment Company Regulations 2001 (SI 2001/1228) (the OEIC regulations). It is incorporated in England and Wales and authorised by the Financial Conduct Authority under the OEIC Regulations and the Collective Investment Schemes Sourcebook ("the COLL Sourcebook"). The company is a UCITS scheme for the purposes of the COLL Sourcebook and an umbrella scheme.

Liability

The Company is under the "Protected cell" regime. As such each sub-fund has a specific portfolio of securities to which that sub-fund's assets and liabilities are attributable. So far as investors are concerned each sub-fund will be treated as a separate entity. The assets of a sub-fund shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other sub-fund and shall not be available for any such purpose.

Director changes

Jessica Brescia resigned as a Director of the Authorised Corporate Director effective 31 December 2019.

Robert James resigned as a Director of the Authorised Corporate Director effective 1 July 2020.

Philip Wagstaff was appointed as a Director of the Authorised Corporate Director effective 17 August 2020.

Merian reorganisation

Merian Global Investors Limited was acquired by Jupiter Fund Management plc on 1 July 2020.

Significant event

COVID-19 has been recognised by the World Health Organisation as a global pandemic. This has affected global supply and therefore this will impact global supply chains and global markets. The Company's sub-funds may be adversely impacted by falls in equity market levels, adverse investor sentiment affecting revenue and increased operational risks depending on the extent of employment availability. The length and severity of the impact from COVID-19 remains a clear risk, although the ACD would not expect this to materially change the underlying long-term prospects and going concern basis of the Company or its sub-funds.

Additional information

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (renamed as the Investment Association) (IA) in May 2014.

The Company is an umbrella scheme which complies with the Financial Conduct Authority's Collective Investment Schemes Sourcebook (the COLL Sourcebook) and as at 31 July 2020 had seven sub-funds (listed below). Additional sub-funds may be launched in the future.

Sub-fund name	Launch date
Merian Corporate Bond Fund	17 June 2000
Merian Monthly Income Bond Fund	30 September 2004
Merian UK Alpha Fund	15 June 2018
Merian UK Equity Income Fund	30 September 1975
Merian UK Mid Cap Fund	22 February 2002
Merian UK Opportunities Fund	2 August 2013
Merian UK Smaller Companies Fund	9 February 2001

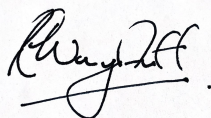
In accordance with the requirements of the Financial Services and Market Act 2000, we hereby certify these financial statements on behalf of the ACD.



N Stronach

For and on behalf of Merian Investment Management Limited
Director

27 November 2020



P Wagstaff

For and on behalf of Merian Investment Management Limited
Director

27 November 2020

Authorised Corporate Director's report

The purpose of this report is to provide details of the progress of the Company, and the sub-funds contained within. The report provides details of the performance and the portfolio of each of the sub-funds.

Net asset value of sub-funds

	31 July 2020			31 July 2019		
	Net asset value of sub-fund by share class	Shares in issue	Net asset value pence per share	Net asset value of sub-fund by share class	Shares in issue	Net asset value pence per share
Merian Corporate Bond Fund	£456,803,523	307,092,864		£328,784,991	239,772,102	
-Accumulation 'A'	£72,278,731	26,280,891	275.02	£69,776,241	27,707,780	251.83
-Income 'A'	£9,661,195	7,207,934	134.04	£11,186,995	8,880,142	125.98
-Accumulation 'P'	£1,227,388	594,823	206.35	£826,128	438,682	188.32
-Income 'P'	£1,690,751	1,252,118	135.03	£151,415	119,705	126.49
-Accumulation 'R'	£143,072,974	94,904,958	150.75	£81,442,748	59,298,032	137.34
-Income 'R'	£55,167,948	43,070,680	128.09	£59,151,996	49,382,310	119.78
-Accumulation 'U1'	£107,550,620	77,284,504	139.16	£26,175,569	20,716,696	126.35
-Income 'U1'	£21,601,238	18,455,906	117.04	£2,053,700	1,882,163	109.11
-Income 'U2'	£44,552,678	38,041,050	117.12	£78,020,199	71,346,592	109.35
Merian Monthly Income Bond Fund	£34,049,362	31,919,287		£90,038,285	98,396,015	
-Accumulation 'A'	£4,906,665	5,876,617	83.49	£5,183,140	6,698,019	77.38
-Income 'A'	£679,941	1,704,171	39.90	£11,482,734	29,842,030	38.48
-Accumulation 'P'	£25,839	16,545	156.17	£6,351	4,404	144.21
-Income 'P'	£262,157	265,563	98.72	£83,171	87,729	94.81
-Accumulation 'R'	£8,354,409	6,246,115	133.75	£60,141,144	48,731,443	123.41
-Income 'R'	£7,248,409	6,872,559	105.47	£8,391,890	8,297,314	101.14
-Accumulation 'U1'	£10,168,382	8,362,158	121.60	£2,594,316	2,321,147	111.77
-Income 'U1'	£2,371,809	2,542,754	93.28	£2,083,803	2,336,643	89.18
-Income 'U2'	£31,751	32,805	96.79	£71,736	77,286	92.82
Merian UK Alpha Fund	£923,602,058	804,810,699		£1,747,494,559	1,247,119,698	
-Accumulation 'A'	£62,378,739	56,557,841	110.29	£100,940,309	71,794,896	140.60
-Income 'A'	£3,459,636	3,837,870	90.14	£7,948,487	6,698,382	118.66
-Accumulation 'P'	£2,796,809	3,495,584	80.01	£46,484	45,803	101.49
-Income 'P'	£2,022,499	2,614,993	77.34	£8,488	8,379	101.30
-Accumulation 'R'	£272,277,672	203,206,901	133.99	£349,582,005	206,210,724	169.53
-Income 'R'	£22,168,554	23,205,869	95.53	£35,989,516	28,837,420	124.80
-Accumulation 'U1'	£279,381,618	234,414,070	119.18	£488,583,642	324,251,771	150.68
-Income 'U1'	£76,948,064	82,161,490	93.65	£233,419,857	190,917,074	122.26
-Accumulation 'U2'	£120,051,682	105,094,697	114.23	£192,533,247	133,398,889	144.33
-Income 'U2'	£82,116,785	90,221,384	91.02	£338,442,524	284,956,360	118.77
Merian UK Equity Income Fund	£52,525,665	31,685,744		£63,070,294	31,482,578	
-Accumulation 'A'	£3,015,362	120,380	2,504.87	£5,205,112	164,409	3,165.95
-Income 'A'	£21,072,443	3,510,627	600.25	£19,207,455	2,428,025	791.07
-Accumulation 'P'	£587,794	397,982	147.69	£182,726	98,398	185.70
-Income 'P'	£3,335,924	3,792,014	87.97	£125,776	109,035	115.35
-Accumulation 'R'	£6,695,654	5,017,764	133.44	£12,028,103	7,185,553	167.39
-Income 'R'	£11,971,645	12,256,676	97.67	£16,848,097	13,188,199	127.75
-Accumulation 'U1'	£3,144,850	3,134,837	100.32	£5,264,163	4,186,206	125.75
-Income 'U1'	£2,418,756	3,122,855	77.45	£3,747,537	3,702,203	101.22
-Accumulation 'U2'	£117,860	116,316	101.33	£193,472	152,440	126.92
-Income 'U2'	£165,377	216,293	76.46	£267,853	268,110	99.90

Authorised Corporate Director's report (continued)

Net asset value of sub-funds (continued)

	31 July 2020			31 July 2019		
	Net asset value of sub-fund by share class	Shares in issue	Net asset value pence per share	Net asset value of sub-fund by share class	Shares in issue	Net asset value pence per share
Merian UK Mid Cap Fund	£2,729,452,974	1,395,012,301		£3,171,370,029	1,499,844,656	
-Accumulation 'A'	£333,718,799	82,053,870	406.71	£412,165,241	95,136,679	433.23
-Income 'A'	£115,642,126	32,346,225	357.51	£143,341,882	37,638,348	380.84
-Accumulation 'P'	£13,371,273	3,798,743	351.99	£12,469,492	3,342,405	373.07
-Income 'P'	£2,849,229	1,337,438	213.04	£3,118,091	1,378,552	226.19
-Accumulation 'R'	£695,914,208	252,471,712	275.64	£866,709,035	297,414,705	291.41
-Income 'R'	£230,120,249	107,116,171	214.83	£257,874,597	113,048,238	228.11
-Accumulation 'U1'	£541,732,601	354,364,557	152.87	£645,147,229	399,464,049	161.50
-Income 'U1'	£625,228,091	434,810,196	143.79	£628,503,665	411,601,951	152.70
-Accumulation 'U2'	£13,333,055	8,530,629	156.30	£18,936,219	11,476,610	165.00
-Income 'U2'	£157,543,343	118,182,760	133.30	£183,104,578	129,343,119	141.56
Merian UK Opportunities Fund	£9,799,803	9,067,437		£11,059,266	10,577,583	
-Accumulation 'A'	£6,888,463	6,296,869	109.40	£7,708,732	7,255,553	106.25
-Accumulation 'R'	£1,819,101	1,562,068	116.45	£2,042,508	1,819,531	112.25
-Accumulation 'U1'	£1,092,239	1,208,500	90.38	£1,308,026	1,502,499	87.06
Merian UK Smaller Companies Fund	£1,089,503,716	473,126,263		£1,249,079,460	509,558,090	
-Accumulation 'A'	£173,498,289	35,765,952	485.09	£222,179,942	43,636,167	509.16
-Income 'A'	£14,240,839	3,063,937	464.79	£25,963,513	5,321,788	487.87
-Accumulation 'P'	£6,786,864	1,846,369	367.58	£2,160,356	562,805	383.85
-Income 'P'	£7,742,755	3,632,841	213.13	£939,387	422,040	222.58
-Accumulation 'R'	£388,689,290	148,223,067	262.23	£451,271,631	165,397,656	272.84
-Income 'R'	£121,334,427	51,135,924	237.28	£142,082,744	57,397,778	247.54
-Accumulation 'U1'	£240,921,522	145,657,629	165.40	£258,447,093	150,308,329	171.94
-Income 'U1'	£97,334,983	59,481,872	163.64	£103,499,333	60,630,460	170.71
-Accumulation 'U2'	£20,180,371	12,233,488	164.96	£10,969,039	6,402,428	171.33
-Income 'U2'	£18,774,376	12,085,184	155.35	£31,566,422	19,478,639	162.06

Cross Holdings

There were no cross holdings held by the sub-funds throughout the year to 31 July 2020 (31 July 2019: No cross holdings).

Securities Financing Transactions Regulation Disclosure

The ACD is subject to the provisions of the European Regulation 2015/2365 on Reporting and Transparency of Securities Financing Transactions (the "SFTR"). The SFTR sets out certain disclosure requirements regarding the use of securities financing transactions ("SFTs") and total return swaps ("TRSs"). At present, the only fund which may use SFTs or TRSs is Merian UK Opportunities Fund. As at 31 July 2020 Merian UK Opportunities Fund did not hold any SFTs or TRSs.

Value assessments for the year ended 31 July 2020

In 2019, the Financial Conduct Authority introduced new rules requiring authorised fund managers to assess, for all their funds, whether costs and charges within each fund are at a level which represents value to investors.

This assessment is carried out annually and, at a minimum, must cover seven specific considerations:

- The range and quality of services provided to shareholders
- Fund performance achieved
- The costs of providing services in relation to each fund
- Whether savings and benefits from economies of scale are achievable, have been achieved, and the extent to which these have been passed on to shareholders.
- Comparable market rates charged by competitors
- The rates charged to clients for comparable services offered
- Where different share classes are offered within a fund, whether shareholders are invested in the most appropriate class

The new rules require authorised fund managers to publish information about these assessments of value.

This report covers the funds within the Merian Investment Funds Series I scheme for the financial year that ended on 31 July 2020. It explains how we, as authorised fund manager for the scheme, have carried out our assessment of value, which matters we considered, and what the key findings are.

We set out our conclusions separately for each fund and, where relevant to the findings, we confirm any actions that have been or will be taken to improve value delivered to shareholders.

Details of the costs and charges we assess in this report

When you invest in our funds, there are a range of services provided directly by us or via third parties on our behalf. These services include investment management, customer services, administration, audit, and depositary services. We make a single charge to the fund covering all of these services, called the "Fixed Ongoing Charge" or "FOC". The FOC is charged at a fixed percentage based on the size of the fund, at a specific rate for each share class.

Throughout this assessment, we consider value in the context of the level of the FOC we charge for each share class of each fund.

More details on the FOC rates for our funds can be found in our Prospectus and Key Investor Information Documents, all of which are available on our website.

How we have assessed value

We have made a separate assessment for each fund in our range. We looked at value in the context of the seven elements described above and reached conclusions for each element. We then combined them to form an overall assessment of the value that has been delivered to you as an investor for the period under review.

Our value assessment process in detail

Quality of service

We assessed the quality of service provided when you invest in our funds by reviewing all aspects of our service delivery including areas that affect you directly, like investment management and customer service, and areas from which you indirectly benefit, including administration and risk management. These services may be provided by us or by third parties on our behalf, but all are covered within this assessment.

We looked at service delivery in the context of what we believe constitutes a *good customer outcome* which we express as follows:

- The integrity of the investment process, including the depth of experience and quality of the investment team, and the depth and quality of the risk management process
- The extent to which our culture is focused on delivering good outcomes to shareholders
- The quality of the ongoing customer experience delivered to shareholders
- The clarity, transparency, and timeliness of communications with shareholders
- The adequacy of protection over shareholders' assets, data, and risks
- Whether commitments made to shareholders in respect of management of the funds are being met on an ongoing basis
- The quality and cost effectiveness of services delivered by third-party service providers including the administrator, depositary, custodian, and auditor.

To help us form a view on the quality of service, we considered key performance indicators for the period under review, as well as qualitative assessments of services we and the service providers we appoint have delivered.

Fund performance

We engaged a third-party consultant to analyse performance of the funds, and to advise on whether this represents good value to shareholders. The analysis looked at performance in several different ways to provide a comprehensive picture of how well the funds have been managed.

As part of this, investment returns after the deduction of all costs and charges were compared to the funds' objectives and benchmarks, and to the performance of an industry standard peer group as well as a smaller group of similar funds available to retail (i.e. private individual) investors selected by the consultant. Long-term returns were also compared with the results investors could have achieved from bank savings, recognising that many investors regard cash savings rates as a yardstick against which to judge investment returns.

Value assessments for the year ended 31 July 2020

Our value assessment process in detail (continued)

Our funds have specific objectives to outperform an index (for example, the FTSE 100) or other target over rolling 3-year periods. The analysis looked at 3-year returns up to the reference date of this report – 31 July 2020 – but it also reviewed returns achieved over multiple historical 3-year time periods to provide a picture of how consistently these targets have been met over time.

Cost of providing services

We assessed whether our charges are appropriate based on the costs we incur to provide our services.

We make a single charge to each fund, the FOC, which covers all the services provided to you when you make an investment, including investment management, customer services, administration, audit, and depositary services. We compared the FOC for each fund with the associated costs of providing these services - including internal costs and the charges from third parties. We used this comparison to make an assessment for each fund of whether the FOC is appropriate in each case.

Economies of scale

We reviewed whether savings and benefits are achievable and have been achieved from the increase in size of our funds, and the extent to which they have been passed on to investors.

We looked at changes in the overall level of assets managed by our business as well as changes in the size of the funds covered by this assessment. We considered how this has affected costs specific to the funds and for the business as a whole. Where savings and benefits have been achieved, we reviewed how investors have shared in these.

Comparable market rates

We engaged a third-party consultant to compare overall fund charges with the charges for a peer group of similar funds available to retail (i.e. private individual) investors selected by the consultant. This comparison was based on analysis of the published Ongoing Charges Figure (OCF) for our standard share class available to retail investors – the "R" share class – and the corresponding share class for the peer group. We looked at the "median" OCF of the peer group to assess if our charges are comparable to the market. The median (a term for a common way of calculating an "average" number from a set of figures) is the mid-point value of a range of values arranged in order.

Rates for comparable services offered

For the funds being reviewed, we looked at whether our fees are aligned with the fees for similar products in our wider fund range, including products offered to international and institutional investors, and products offered by Jupiter Fund Management. Where there was a difference, we examined the reasons and considered whether there was appropriate justification.

As an international asset manager, access to our products will inevitably be subject to differing requirements, regulations, and operational costs, depending upon where and how these products are offered. It is therefore important that, where we offer comparable services, any differences in fees and charges are reasonable.

Appropriate share classes

In line with market practice, within each fund we offer a range of share classes tailored towards the different types of shareholders that invest in our funds and their respective servicing needs. This allows shareholders to access our funds through different channels e.g. directly from us or via third-party fund platforms.

As part of the assessment, we reviewed the difference in charges between the share classes available to ensure there is a clear justification. We also examined the records of shareholders in each fund to determine whether each shareholder is invested in the appropriate share class, taking into account the terms and conditions relating to each share class, the service levels offered, the circumstances of the particular shareholder and the amount they have invested in the fund.

Acquisition of Merian by Jupiter Fund Management

On 1 July 2020, Jupiter Fund Management completed the acquisition of the Merian business.

This value assessment relates to a period where Merian was a separate business to Jupiter for all but the final month. We have carried out the assessment in line with the existing framework adopted for our first value assessment published in February 2020.

The Merian and Jupiter value assessment frameworks are currently separate and distinct, but it is the intention to move to a single, unified approach covering all UK authorised funds in the combined business from 2021.

Value assessments for the year ended 31 July 2020

Summary of conclusions

Quality of service

We assessed the quality of service provided when you invest in our funds, including services that affect you directly or indirectly, and services that are provided by us or by third parties on our behalf.

We looked at service delivery in the context of what we believe constitutes a good customer outcome by reviewing a range of key performance indicators measuring activity across our business and by making qualitative evaluations.

Our assessment found that the quality of service provided to you reflects the high standards that we aim to provide and which you should expect as an investor.

Our conclusion is therefore that we have provided value to investors for the period under review in the context of quality of service delivered.

Fund performance

Merian Corporate Bond Fund

The fund's objective is to seek to achieve income and capital growth by delivering a return, net of fees, greater than that of the ICE BofA Sterling Non-Gilt Index over rolling 3-year periods.

Our assessment found that overall, the fund has performed well.

In particular, the fund's returns when measured over 1, 3 and 5 years are currently ahead of both the target index and the peer group average. Long term returns are also significantly above what could be achieved from bank savings.

Over historic rolling 3-year periods there has been some inconsistency, with the fund outperforming its peer group most of the time whilst not always exceeding its rolling 3-year performance objective. However, there has been a steady improvement in the outcome over recent years.

Following the acquisition of Merian's business by Jupiter Asset Management on 1 July 2020, members of the team responsible for managing the Jupiter Corporate Bond Fund were appointed as co-managers of the Merian Corporate Bond Fund. These long-standing team members benefit from access to a broad, experienced research team at Jupiter. Jupiter invests over the long-term, and we are confident that the team can continue to generate good performance outcomes for investors in the future.

We will continue to monitor the performance of the fund under its new management team, and we believe that the investment approach is capable of generating returns in excess of the fund's benchmark at a level that represents good value to our shareholders.

Merian Monthly Income Bond Fund

The fund's objective is to seek to achieve income and capital growth by delivering a return, net of fees, greater than that of the Target Benchmark over rolling 3-year periods. The Target Benchmark consists 50% of the ICE BofA 1-5Y BBB Sterling Corporate Index and 50% of the ICE BofA Sterling High Yield Index.

Our assessment found that over the multiple 3-year time periods analysed, the fund has performed well over recent periods although less consistently when looking at more historical periods.

In particular, the fund's returns when measured over 1, 3 and 5 years are currently ahead of both the target index and peer group average. Long-term returns are also significantly above what could be achieved from bank savings.

Over historical rolling 3-year periods, the fund has not consistently exceeded its performance objective or the peer group average, but there has been a steady improvement in the outcome over recent years.

Following the acquisition of Merian's business by Jupiter Asset Management on 1 July 2020, members of the team responsible for managing the Jupiter Corporate Bond Fund were appointed as co-managers of the Merian Monthly Income Bond Fund. These long-standing team members benefit from access to a broad, experienced research team at Jupiter. Jupiter invests over the long-term and we are confident that the team can continue to generate good performance outcomes for investors in the future.

We will continue to monitor the performance of the fund under its new management team, and we believe that the investment approach is capable of generating returns in excess of the fund's benchmark at a level that represents good value to our shareholders.

Value assessments for the year ended 31 July 2020

Summary of conclusions (continued)

Fund performance (continued)

Merian UK Alpha Fund

The fund's objective is to achieve capital growth. In seeking to achieve its investment objective the fund will aim to deliver a return, net of fees, greater than that of the FTSE All-Share Index over rolling 3-year periods.

Our assessment found that the fund has performed inconsistently over the multiple 3-year time periods analysed.

The fund's return is currently lower than its 3-year performance objective, and viewed over the longer term, the rolling 3-year returns have exceeded the target less than half the time. Measured against its peer group, there is a similar result. Long-term returns are, however, significantly ahead of what could be achieved from bank savings.

The manager's philosophy is to invest for the long term, backing companies and management teams that are projected to emerge strongly in the long run. It can take some time for investment ideas to be rewarded by the wider market. In addition, this approach can lead to greater variability of returns, particularly over shorter time frames, and so the fund's performance may accentuate any sharp market moves, both on the upside and the downside.

Furthermore, over the past 3 years we have seen the valuation gap between so-called 'growth' companies (businesses that are growing their sales and earnings at a faster rate than average) and so-called 'value' companies (businesses whose share prices appear to be low given the actual performance of the businesses in terms of sales, earnings and other important measures) widen further with the MSCI UK Growth Index (which measures the combined share price performance of 'growth' companies) up 12% and the MSCI UK Value Index (which measures the combined share price performance of 'value' companies) producing a -23% return. The fund's slight bias towards holding shares in 'value' businesses in recent years has been a challenging headwind over the 3-year period.

Nevertheless, the investment strategy applied to the management of the fund was originally pioneered by the fund's manager in 2002. The strategy has witnessed a number of previous examples of periods when the concentrated nature of the investment approach has led to weaker performance, before subsequently recovering strongly, as the wider market has rewarded the manager's investment ideas.

As such, we believe the investment outcomes being delivered are in line with what could reasonably be expected from the manager's investment approach.

We continue to monitor the performance of the fund and we believe that the investment approach remains capable of generating returns in excess of the fund's benchmark at a level that represents good value to our shareholders.

Merian UK Equity Income Fund

The fund's objective is to achieve income and capital growth. In seeking to achieve its investment objective the fund will aim to deliver an income, net of fees, greater than the yield (meaning the value of dividends paid expressed as a percentage of the total market value of a company) of the FTSE All-Share Index and a total return (i.e. a combination of income and capital growth), net of fees, greater than the average return of the IA UK Equity Income sector over rolling 3-year periods.

Our assessment found that the fund has delivered disappointing performance over the multiple 3-year time periods analysed.

Whilst the fund has achieved its objective of generating income, and long-term returns are significantly ahead of what could be achieved from bank savings, total returns have been consistently lower than peers over recent periods.

Over the past 3 years we have seen a significant increase in the gap between the prices investors are prepared to pay for shares in so-called 'growth' companies (businesses that are growing their sales and earnings at a faster rate than average) and so-called 'value' companies (businesses whose share prices appear to be low given the actual performance of the businesses in terms of sales, earnings and other important measures). As a result, the MSCI UK Growth Index (which measures the combined share price performance of 'growth' companies) rose by 12% and the MSCI UK Value Index (which measures the combined share price performance of 'value' companies) produced a -23% return.

The fund seeks to identify and invest in companies generating strong dividend yields in order to meet investors' needs, and for this reason the investment process utilised by the fund manager generally favours investments in 'value' businesses. The fund has a higher exposure than the market as a whole to companies whose fortunes are closely linked to the state of the UK domestic economy. Many of these businesses have faced headwinds as uncertainty around the outcome of Brexit continues.

Following the acquisition of Merian's business by Jupiter Fund Management on 1 July 2020, a review of the fund is being conducted to consider options for improving the ongoing value delivered to investors. We expect to complete the review before the next value assessment is published.

Value assessments for the year ended 31 July 2020

Summary of conclusions (continued)

Fund performance (continued)

Merian UK Mid Cap Fund

The fund's objective is to achieve capital growth. In seeking to achieve its investment objective the fund will aim to deliver a return, net of fees, greater than that of the FTSE 250 ex Investment Trust Index over rolling 3-year periods.

Our assessment found that the fund has performed well over the multiple 3-year time periods analysed.

It is currently ahead of its 3-year performance objective and rolling 3-year returns measured over the long term have exceeded the target in almost all cases. Measured against its peer group the picture is the same, and long-term returns are also significantly ahead of what could be achieved from bank savings.

We believe that the fund is performing at a level that represents good value to shareholders.

Merian UK Opportunities Fund

The fund's objective is to deliver an absolute return (above zero performance, irrespective of market conditions) over rolling 3-year periods. In seeking to achieve its investment objective the fund will aim to deliver a return, net of fees, in excess of the Bank of England Base Rate over rolling 3-year periods.

Our assessment found that the fund has performed inconsistently over the multiple 3-year time periods analysed.

Measured against its 3-year performance objective, the fund's returns are currently lower than target and have been lower over rolling 3-year returns for an extended period. Compared with the average returns of its peer group there is a similar result.

Following the appointment of a new lead portfolio manager on 1 January 2019 and subsequent changes to the investment approach, there has been a significant improvement in performance. Investors' capital was protected through careful risk management during the stock market sell-off that occurred as the COVID-19 pandemic spread, and the fund subsequently participated as share prices in many companies recovered sharply. This enabled the fund to deliver good performance, albeit over a short time period.

We will keep the performance of this fund under review, but we believe that the fund has the potential to generate returns in excess of its benchmark at a level that represents good value to our shareholders.

Merian UK Smaller Companies Fund

The fund's objective is to achieve capital growth. In seeking to achieve its investment objective the fund will aim to deliver a return, net of fees, greater than that of the Numis Smaller Companies Index excluding Investment Companies over rolling 3-year periods.

Our assessment found that the fund has performed well over the multiple 3-year time periods analysed.

It is currently ahead of its 3-year performance objective and rolling 3-year returns measured over the long term have exceeded the target in almost all cases. Measured against its peer group the picture is the same, and long-term returns are also significantly ahead of what could be achieved from bank savings.

We believe that the fund is performing at a level that represents good value to shareholders.

Cost of providing services

We compared the single charge we make (the FOC) for the services provided to each fund, with the costs we incur to provide those services. We found that there was a variation in outcomes from fund to fund, due to the broad range of funds we offer, the different levels of resources required to operate the funds and the differences in size between them.

We analysed the differences and were satisfied that any variation was within an acceptable range.

We therefore concluded that for each fund, the FOC you pay is appropriate based on how much it costs us to provide the services.

Value assessments for the year ended 31 July 2020

Summary of conclusions (continued)

Economies of scale

Our assessment found that we have not been able to generate meaningful economies of scale during the period under review which could have been passed on as savings to shareholders.

Over the past year, the overall size of the funds within this review has fallen and there have been reductions in the size of our fund range as a whole. This has been driven by withdrawals of investments across several funds, as well as stock market falls which have affected the value of the investments we have made.

In the value assessment report we published in February 2020 for other funds within our range, we stated our intention to review the pricing structure of the funds during the year. As we stated in the introduction, since publishing the last value assessment Merian has been acquired by Jupiter Fund Management, with the acquisition completing on 1 July 2020. Jupiter is in the process of integrating Merian's business into its own, and there is further work to do to combine the Merian and Jupiter fund ranges.

We feel it is important to complete the work before reaching any conclusions on our pricing.

We will examine again any economies of scale savings and benefits that have arisen in the combined business and how these are shared with you in the next value assessment report we publish. These may include the potential to share any benefits that have arisen through strategic investments in the operating platform and investment in enhancing and clarifying our principles of stewardship and good governance across our investment processes to improve returns as well as address widespread client demand for this type of feature.

Comparable market rates

Merian Corporate Bond Fund

Our assessment found that the fund's charges are slightly higher than the independently selected peer group. In particular, the OCF for the R class is 0.65%, compared to the median OCF of 0.56% for the peer group.

We have considered further the fund's charges and have concluded that they are reasonable and appropriate in the context of our value and service proposition as an active, high-conviction investment manager. We will continue to review these costs and fees at least annually.

As such, we believe that the fund's costs represent good value in the context of comparable rates available in the market.

Merian Monthly Income Bond Fund

Our assessment found that the fund's charges are in line with the independently selected peer group. In particular, the OCF for the R class is 0.65%, which is close to the median OCF of 0.69% for the peer group.

As such, we believe that the fund's costs represent good value in the context of comparable rates available in the market.

Merian UK Alpha Fund

Our assessment found that the fund's charges are in line with the independently selected peer group. In particular, the OCF for the R class is 0.85%, which is close to the median OCF of 0.86% for the peer group.

As such, we believe that the fund's costs represent good value in the context of comparable rates available in the market.

Merian UK Equity Income Fund

Our assessment found that the fund's charges are in line with the independently selected peer group. In particular, the OCF for the R class is 0.90%, which is close to the median OCF of 0.85% for the peer group.

As such, we believe that the fund's costs represent good value in the context of comparable rates available in the market.

Merian UK Mid Cap Fund

Our assessment found that the fund's charges are in line with the independently selected peer group. In particular, the OCF for the R class is 0.85%, which is close to the median OCF of 0.86% for the peer group.

As such, we believe that the fund's costs represent good value in the context of comparable rates available in the market.

Merian UK Opportunities Fund

Our assessment found that the fund's charges are in line with the independently selected peer group. In particular, the OCF for the R class is 0.90%, which is close to the median OCF of 0.91% for the peer group.

As such, we believe that the fund's costs represent good value in the context of comparable rates available in the market.

Value assessments for the year ended 31 July 2020

Summary of conclusions (continued)

Comparable market rates (continued)

Merian UK Smaller Companies Fund

Our assessment found that the fund's charges are more expensive than the independently selected peer group. In particular, the OCF for the R class is 1.03%, which is higher than the median OCF of 0.89% for the peer group.

We have considered further the fund's charges. We have concluded that the charges are reasonable and appropriate in the context of our value and service proposition as an active, high-conviction investment manager, and that they reflect the limited capacity available for the fund's investment strategy.

As such, we believe that the fund's costs represent good value in the context of comparable rates available in the market.

Comparable services

We compared the fees and charges for each fund with the amounts charged for similar products in our wider fund range, including products offered to international and institutional investors, and products offered by Jupiter Fund Management.

Our assessment found that for some of our funds, there are similar products offered within our wider range for which differing fees and charges apply.

We have examined the reasons and have concluded that the differences are justified in each case, and that, as a result, the charges are appropriately aligned with comparable services offered by us or the wider Jupiter business.

Appropriate share classes

We reviewed the difference in charges between the share classes available within each fund to ensure there is a clear justification for these differences, and we have examined the records of shareholders in each fund to determine whether they are invested in the appropriate share class.

Our assessment found that differences in charges between the share classes available are appropriate and justified.

Review of share classes held by direct retail (i.e. private individual) shareholders

We have historically offered our funds to retail shareholders for investment directly through ourselves, and these clients were eligible to invest in our "A" share class. The primary way for retail shareholders to invest in our funds now is via our "R" share class which carries a lower fee but is only available for investment via third-party so-called fund platforms.

We have already taken steps to ensure direct retail shareholders invest in the cheapest class available:

- We transferred certain retail shareholders to a third-party platform where it was possible for us to do so.
- Where it was not possible for us to arrange a transfer, we wrote to encourage those shareholders to carry out a switch themselves.
- In June of this year we moved any direct retail clients invested in our "A" class into the "P" class, a cheaper share class appropriate for clients investing directly rather than through a third-party platform.

Value assessments for the year ended 31 July 2020

Summary of conclusions

Overall conclusion

Merian Corporate Bond Fund

As outlined in our report, a number of actions have been, or will be taken, with a view to improving outcomes delivered to shareholders:

- Ongoing monitoring of performance under the new investment team appointed on 1 July 2020.
- Economies of scale savings and benefits to be reviewed at the next assessment once the integration of the Merian fund range into the Jupiter business is complete.
- Pricing to be kept under review.
- Direct retail clients moved to a cheaper share class during the period.

Subject to these actions and taking account of all of the elements of our assessment, we believe that the fund's charges are justified in the context of the overall value delivered to shareholders.

Merian Monthly Income Bond Fund

As outlined in our report, a number of actions have been, or will be taken, with a view to improving outcomes delivered to shareholders:

- Ongoing monitoring of performance under the new investment team appointed on 1 July 2020.
- Economies of scale savings and benefits to be reviewed at the next assessment once the integration of the Merian fund range into the Jupiter business is complete.
- Direct retail clients moved to a cheaper share class during the period.

Subject to these actions and taking account of all of the elements of our assessment, we believe that the fund's charges are justified in the context of the overall value delivered to shareholders.

Merian UK Alpha Fund

As outlined in our report, a number of actions have been, or will be taken, with a view to improving outcomes delivered to shareholders:

- Continued monitoring of performance to assess how long-term investment ideas pay off against the backdrop of challenging market conditions.
- Economies of scale savings and benefits to be reviewed at the next assessment once the integration of the Merian fund range into the Jupiter business is complete.
- Direct retail clients moved to a cheaper share class during the period.

Subject to these actions and taking account of all of the elements of our assessment, we believe that the fund's charges are justified in the context of the overall value delivered to shareholders.

Merian UK Equity Income Fund

As outlined in our report, a number of actions have been, or will be taken, with a view to improving outcomes delivered to shareholders:

- Economies of scale savings and benefits to be reviewed at the next assessment once the integration of the Merian fund range into the Jupiter business is complete.
- Direct retail clients moved to a cheaper share class during the period.

Given the performance outcome highlighted in the report, and in light of the acquisition of Merian's business by Jupiter Fund Management, a review of the fund is being conducted to consider options for improving the ongoing value delivered to investors. We expect to complete the review before the next value assessment is published.

Value assessments for the year ended 31 July 2020

Summary of conclusions (continued)

Overall conclusion (continued)
Merian UK Mid Cap Fund
<p>As outlined in our report, a number of actions have been, or will be taken, with a view to improving outcomes delivered to shareholders:</p> <ul style="list-style-type: none"> • Economies of scale savings and benefits to be reviewed at the next assessment once the integration of the Merian fund range into the Jupiter business is complete. • Direct retail clients moved to a cheaper share class during the period. <p>Subject to these actions and taking account of all of the elements of our assessment, we believe that the fund's charges are justified in the context of the overall value delivered to shareholders.</p>
Merian UK Opportunities Fund
<p>As outlined in our report, a number of actions have been, or will be taken, with a view to improving outcomes delivered to shareholders:</p> <ul style="list-style-type: none"> • Continued monitoring of performance under the manager appointed on 1 January 2019 to assess how recent improvements are maintained. • Economies of scale savings and benefits to be reviewed at the next assessment once the integration of the Merian fund range into the Jupiter business is complete. • Direct retail clients moved to a cheaper share class during the period. <p>Subject to these actions and taking account of all of the elements of our assessment, we believe that the fund's charges are justified in the context of the overall value delivered to shareholders.</p>
Merian UK Smaller Companies Fund
<p>As outlined in our report, a number of actions have been, or will be taken, with a view to improving outcomes delivered to shareholders:</p> <ul style="list-style-type: none"> • Economies of scale savings and benefits to be reviewed at the next assessment once the integration of the Merian fund range into the Jupiter business is complete. • Direct retail clients moved to a cheaper share class during the period. <p>Subject to these actions and taking account of all of the elements of our assessment, we believe that the fund's charges are justified in the context of the overall value delivered to shareholders.</p>

Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Authorised Corporate Director ("ACD") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net income and net gains or losses on the property of the Company for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

Remuneration Policy

Remuneration Disclosure Annual Report and Accounts

Background

Quilter Investors Limited (QIL), a wholly owned subsidiary of Quilter plc, was the authorised corporate director ("ACD") of Merian Investment Funds Series I until 31 March 2019.

The ACD changed on the 1 April 2019 to Merian Investment Management Limited (MIML). MIML has established appropriate Remuneration and Risk Management policies and full disclosure in relation to MIML's Remuneration and Risk Management framework will form part of the funds audited annual accounts for the year ended 31 July 2020.

The Remuneration Policy of Merian Investment Management Limited (the "**Firm**") is set out as required by SYSC 19B (the "**AIFMD Code**") and SYSC 19E (the "**UCITS Code**") and in accordance with ESMA's Guidelines on sound remuneration policies for AIFMD and for UCITS.

Remuneration Policy

Merian Global Investors group of companies ("MGI") aim is to have remuneration arrangements that attract, motivate and retain individuals of an exceptional calibre needed to lead MGI's development. The applicable remuneration policies are designed to encourage alignment with effective risk management to ensure that no employee is incentivised to act in a way that would undermine effective risk management.

Remuneration policies at MGI are linked to the achievement of business objectives to deliver performance in the best interests of clients and in line with all regulatory requirements, and in line with individual performance as measured in employees' annual appraisal.

The Firm's remuneration policy is reviewed by the business on an annual basis to ensure that it remains up-to-date given regulatory developments during the period, and that it continues to reflect the firm's remuneration practices. This is then presented to the Remuneration Committee (the "Committee") and the Board of Merian Global Investors Limited for its review and approval. Following the transaction with Jupiter Fund Management plc on the 1st July 2020, the Firm's remuneration policy review will align to the review undertaken by the new parent company going forward.

Proportionality

The Firm complies with the relevant remuneration rules in a way and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

Material Risk Takers

Certain rules apply to the remuneration policies and practices for staff whose professional activities have a material impact on the risk profile of the Firm.

MRTs are identified using the relevant rules, but in summary are:

- Directors and Senior Management.
- Heads of Investment Teams and any individuals in their team that have a material impact on a firm's risk profile.
- Heads of support and control functions and other individuals within their control who have a material impact on a firm's risk profile.

Link between pay and performance

Employees are performance managed through performance objectives and assessed annually through an appraisal process. The assessment covers both financial and non-financial metrics as appropriate to the role, the business unit and the business as a whole. Individual performance ratings incorporate an overlay of expected values and behaviours and are moderated by senior management to ensure consistency and relativities are appropriate amongst peer groups. The final rating is used to support incentive outcomes within a discretionary framework.

Remuneration comprises of fixed compensation set at market competitive levels (salary and benefits) and variable performance-related pay that, if over a hurdle, is deferred for three years. This enables MGI to operate a fully flexible variable remuneration policy including the ability to pay no variable pay where appropriate.

Variable remuneration is comprised of annual short-term incentives. The variable remuneration pool structures are designed to share a portion of value created with employees. All variable schemes have an element of discretion and MGI has the ability to pay nil if it believes that an employee has taken excessive risks. The opinion of the CRO, the firm's Risk and Governance Committee and the Group Audit and Risk Committee may be considered by the Committee as necessary. All variable remuneration awards are subject to the approval of the Committee either individually or in total quantum.

Depending on the total of individual incentive awarded, a portion is deferred into fund units that vest over a three-year period on an annual, pro-rata basis to align reward to customer and shareholder outcomes as appropriate. For MRTs, variable remuneration is subject to MGI's Malus and Clawback Policy.

Guaranteed variable remuneration is paid only in exceptional circumstances and is limited to the first year of service.

Remuneration Policy (continued)

Remuneration disclosure

There are no staff employed directly by the Firm. The table below provides an overview of the following:

- Aggregate total remuneration of MRTs who are identified as Senior Management of MIML, time apportioned where necessary; and
- Aggregate total remuneration of other Material Risk Takers, including Non-Executive Directors, time apportioned where necessary

MRTs are those that have been either identified and approved by the Remuneration Committee (as at July 2019), and updated during 2019. Time apportioned can be an assessment of the proportion of time spent working for MIML during the year, or apportioned by AUM. Amounts shown reflect payments made during the 2019 financial reporting period of MGI.

Merian Investment Management Limited

	Headcount	Fixed Remuneration as at 31 December 2019	Variable Remuneration as at 31 December 2019
Senior Management	8	£469,604	£1,648,289
Other Material Risk Takers inc. Non-Executive Directors	8	£288,569	£118,813

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of Merian Investment Funds Series I

For the year from 1 August 2019 to 31 July 2020

The Depositary is responsible for the safekeeping of all the property of the Company (other than unlisted securities/tangible moveable property) which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed and operated by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in Shares in the Company; the application of income of the Company; and the investment portfolio and borrowing activities of the Company.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depositary of the Company, based on information and explanations provided to us, we believe that, in all material respects, the Company, acting through the Authorised Corporate Director:

- (i) 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 Sourcebook, and where applicable, the OEIC regulations, the Company's Instrument of Incorporation, and the Prospectus;
- (ii) has, observed the investment and borrowing powers and restrictions applicable to the Company; and
- (iii) has, otherwise, ensured the proper operation of the Company.



Citibank Europe plc, UK Branch
Depositary
27 November 2020

Independent Auditor's Report to the Shareholders of the Merian Investment Funds Series I (the 'Company')

Opinion

We have audited the financial statements of the Company for the year ended 31 July 2020 which comprise the Statements of Total Return, the Statements of Change in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's sub-funds listed on page 5 and the accounting policies set out on pages 200 to 201.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of each of the sub-funds as at 31 July 2020 and of the net expense/net revenue and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Authorised Corporate Director has prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or its sub-funds or to cease their operations, and as they have concluded that the Company and its sub-funds' financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the company's and its sub-funds' business model, and analysed how those risks might affect the company's and its sub-funds' financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company or its sub-funds will continue in operation.

Other information

The Authorised Corporate Director is responsible for the other information presented in the Annual Report together with the financial statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

Authorised Corporate Director's responsibilities

As explained more fully in their statement set out on page 17 the Authorised Corporate Director is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Shareholders of the Merian Investment Funds Series I ("the Company") (continued)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Archer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St. Vincent Street
Glasgow
G2 5AS
27 November 2020

Merian Corporate Bond Fund

Launch date	17 June 2000
IA Sector	Sterling Corporate Bond
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£456,803,523

Investment Objective and Policy

To seek to achieve income and capital growth by delivering a return, net of fees, greater than that of the ICE BofAML Sterling Non-Gilt Index over rolling 3 year periods.

The sub-fund primarily invests (at least 70%) in investment grade corporate debt securities.

The sub-fund may also invest in other transferable securities (including convertible securities, government bonds and sub-investment grade debt securities), units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives, and may hold cash.

The sub-fund may use derivatives for investment purposes or Efficient Portfolio Management purposes. The use of derivatives for investment purposes may affect the volatility or risk profile of the sub-fund although this is not the ACD's intention.

Investment Manager's review

The 12 months to the end of July 2020 were dominated by economic fallout from the coronavirus pandemic in the first half of 2020. During this full period, the fund performed well, outperforming its benchmark.

The period started with a great deal of uncertainty in global markets. The positive backdrop in the first half of 2019, during which credit markets performed well, gave way to an uncertain summer in 2019 as trade tensions between the US and China started to weigh on sentiment and continued Brexit uncertainties clouded the picture for the UK and Europe. The fund concentrated on better quality names during this period, avoiding cyclical sectors and reducing exposure to UK banks. The fund also ran duration slightly longer than benchmark, given the gathering economic storm clouds.

By the beginning of September 2019, the strains in the global financial system were beginning to appear and this resulted in a significant spike in US repo rates in mid-September. This was a clear sign that there was a shortage of US dollar reserves in the financial system and, given the breakdown in repo market, the US Federal Reserve was obliged to supply a hefty dose of liquidity to the system.

This injection of central bank liquidity was a relief for risk assets, but credit markets generally tracked sideways into the year end. However, the fund outperformed the index with a renewed exposure to UK financials benefiting performance. The fund also was generally slightly longer of credit exposure but short of duration relative to benchmark, which combined to see some outperformance into the year end.

Through early 2020, the increasingly risk-on tone that we had seen towards the end of 2019 continued and began to build some real momentum. In mid-January, the US and China signed their trade deal. In the UK, the installation of a new Conservative government with a significant majority materially reduced the political risk that had hampered the UK market in 2019. However, concerns were beginning to build as the coronavirus pandemic, initially seen as a localized Chinese issue, rapidly spread to all corners of the globe, creating a severe setback for credit and equity markets.

The fund had steadily outperformed the benchmark into the beginning of March but gave back a lot of those gains as the credit markets retrenched. As the pandemic escalated, the fund took a more defensive stance. This allowed the portfolio the flexibility to be repositioned during the heart of the crisis to take advantage of wider credit spreads on offer as governments and central banks installed massive support for economies and markets in the face of the pandemic.

As the full extent of the economic damage from the lockdown became apparent into Q2, the fund benefited from having limited exposure in the entertainment and leisure sectors, which were most directly and significantly affected by COVID-19. The fund also benefited from the support given to financial names as well as seeing strong gains in the cheap new issues that were purchased in the oil and insurance sector during the period of market volatility. The fund significantly outperformed the benchmark during this period even though there was a slight drag on performance from the fund being shorter duration than the benchmark.

Value assessment for the year ended 31 July 2020

For further details on the value assessment report please refer to pages 7 to 16.

Merian Corporate Bond Fund

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-funds in category 4 have in the past shown moderate volatility. With a sub-fund of category 4, you have a moderate risk of losing money but your chance for gains is also moderate.

Investment risk - there is no guarantee that the sub-fund will achieve its objective. A capital loss of some or all of the amount invested may occur.

Credit risk - the issuer of a bond or a similar investment within the sub-fund may not pay income or repay capital to the sub-fund when due.

Contingent Convertible Bonds ("CoCos") risk - these investments may be subject to regulatory intervention and/or specific trigger events relating to regulatory capital levels falling to a pre-specified point. This is a different risk to traditional bond and may result in their conversion to company shares, or a partial or total loss of value.

Interest rate risk - investments in bonds are affected by interest rates and inflation trends which may affect the value of the sub-fund.

Liquidity risk - some investments may become hard to value or sell at a desired time and price. In extreme circumstances this may affect the sub-fund's ability to meet redemption requests upon demand.

Currency risk - the sub-fund is denominated in British Pounds and may use techniques to try to reduce the effects of changes in the exchange rate between the currency of the underlying investments and the base currency of the sub-fund. These techniques may not eliminate all the currency risk. The value of your shares may rise and fall as a result of exchange rate movements.

Derivative risk - the sub-fund uses derivatives to generate returns and/or to reduce costs and the overall risk of the sub-fund. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet their contractual obligations.

Capital erosion risk - the sub-fund takes its charges from the capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'A'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	251.83	234.28	234.51
Return before operating charges*	26.18	20.28	2.49
Operating charges**	(2.99)	(2.73)	(2.72)
Return after operating charges*	23.19	17.55	(0.23)
Distributions	(6.90)	(6.33)	(4.11)
Retained distributions	6.90	6.33	4.11
Closing net asset value per share	275.02	251.83	234.28
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	9.21%	7.49%	(0.10)%
Other information			
Closing net asset value (£)	72,278,731	69,776,241	79,330,958
Closing number of shares	26,280,891	27,707,780	33,860,899
Operating charges****	1.15%	1.15%	1.15%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	276.20	253.00	241.10
Lowest share price	236.20	230.40	232.00
Income 'A'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	125.98	120.33	122.56
Return before operating charges*	12.96	10.26	1.31
Operating charges**	(1.48)	(1.39)	(1.41)
Return after operating charges*	11.48	8.87	(0.10)
Distributions	(3.42)	(3.22)	(2.13)
Retained distributions	-	-	-
Closing net asset value per share	134.04	125.98	120.33
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	9.11%	7.37%	(0.08)%
Other information			
Closing net asset value (£)	9,661,195	11,186,995	18,196,053
Closing number of shares	7,207,934	8,880,142	15,121,703
Operating charges****	1.15%	1.15%	1.15%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	135.40	127.50	125.50
Lowest share price	116.60	117.80	120.60

Comparative Tables (continued)

Accumulation 'P'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	188.32	174.58	174.13
Return before operating charges*	19.59	15.16	1.86
Operating charges**	(1.56)	(1.42)	(1.41)
Return after operating charges*	18.03	13.74	0.45
Distributions	(5.17)	(4.88)	(3.67)
Retained distributions	5.17	4.88	3.67
Closing net asset value per share	206.35	188.32	174.58
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	9.57%	7.87%	0.26%
Other information			
Closing net asset value (£)	1,227,388	826,128	1,071,604
Closing number of shares	594,823	438,682	613,808
Operating charges****	0.80%	0.80%	0.80%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	207.20	189.20	179.30
Lowest share price	177.00	171.90	172.40

Income 'P'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	126.49	120.48	122.70
Return before operating charges*	13.03	10.31	1.33
Operating charges**	(1.05)	(0.97)	(0.98)
Return after operating charges*	11.98	9.34	0.35
Distributions	(3.44)	(3.33)	(2.57)
Retained distributions	-	-	-
Closing net asset value per share	135.03	126.49	120.48
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	9.47%	7.75%	0.29%
Other information			
Closing net asset value (£)	1,690,751	151,415	234,021
Closing number of shares	1,252,118	119,705	194,237
Operating charges****	0.80%	0.80%	0.80%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	136.40	128.00	125.70
Lowest share price	117.30	118.00	120.80

Comparative Tables (continued)

Accumulation 'R'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	137.34	127.14	126.61
Return before operating charges*	14.34	11.04	1.36
Operating charges**	(0.93)	(0.84)	(0.83)
Return after operating charges*	13.41	10.20	0.53
Distributions	(3.77)	(3.61)	(2.86)
Retained distributions	3.77	3.61	2.86
Closing net asset value per share	150.75	137.34	127.14
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	9.76%	8.02%	0.42%
Other information			
Closing net asset value (£)	143,072,974	81,442,748	83,845,792
Closing number of shares	94,904,958	59,298,032	65,948,066
Operating charges****	0.65%	0.65%	0.65%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	151.40	138.00	130.50
Lowest share price	129.20	125.20	125.40
Income 'R'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	119.78	113.99	116.09
Return before operating charges*	12.37	9.74	1.26
Operating charges**	(0.80)	(0.75)	(0.76)
Return after operating charges*	11.57	8.99	0.50
Distributions	(3.26)	(3.20)	(2.60)
Retained distributions	-	-	-
Closing net asset value per share	128.09	119.78	113.99
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	9.66%	7.89%	0.43%
Other information			
Closing net asset value (£)	55,167,948	59,151,996	61,856,094
Closing number of shares	43,070,680	49,382,310	54,266,301
Operating charges****	0.65%	0.65%	0.65%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	129.40	121.20	119.00
Lowest share price	111.20	111.60	114.30

Comparative Tables (continued)

Accumulation 'U1'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	126.35	116.91	116.37
Return before operating charges*	13.27	10.15	1.24
Operating charges**	(0.46)	(0.71)	(0.70)
Return after operating charges*	12.81	9.44	0.54
Distributions	(3.48)	(3.33)	(2.69)
Retained distributions	3.48	3.33	2.69
Closing net asset value per share	139.16	126.35	116.91
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	10.14%	8.07%	0.46%
Other information			
Closing net asset value (£)	107,550,620	26,175,569	23,356,453
Closing number of shares	77,284,504	20,716,696	19,978,004
Operating charges****	0.35%	0.60%	0.60%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	139.70	127.00	119.90
Lowest share price	119.10	115.20	115.20
Income 'U1'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	109.11	103.79	105.71
Return before operating charges*	11.30	8.88	1.14
Operating charges**	(0.40)	(0.63)	(0.64)
Return after operating charges*	10.90	8.25	0.50
Distributions	(2.97)	(2.93)	(2.42)
Retained distributions	-	-	-
Closing net asset value per share	117.04	109.11	103.79
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	9.99%	7.95%	0.47%
Other information			
Closing net asset value (£)	21,601,238	2,053,700	1,818,897
Closing number of shares	18,455,906	1,882,163	1,752,413
Operating charges****	0.35%	0.60%	0.60%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	118.30	110.40	108.40
Lowest share price	101.50	101.60	104.10

Comparative Tables (continued)

Accumulation 'U2'†	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	-	-	118.80
Return before operating charges*	-	-	1.58
Operating charges**	-	-	(0.58)
Return after operating charges*	-	-	1.00
Distributions	-	-	(1.97)
Retained distributions	-	-	1.97
Closing net asset value per share	-	-	119.80
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	-	-	0.87%
Other information			
Closing net asset value (£)	-	-	-
Closing number of shares	-	-	-
Operating charges****	-	-	0.55%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	-	-	121.60
Lowest share price	-	-	112.52
Income 'U2'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	109.35	103.97	105.89
Return before operating charges*	11.37	8.91	1.14
Operating charges**	(0.62)	(0.58)	(0.58)
Return after operating charges*	10.75	8.33	0.56
Distributions	(2.98)	(2.95)	(2.48)
Retained distributions	-	-	-
Closing net asset value per share	117.12	109.35	103.97
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	9.83%	8.01%	0.53%
Other information			
Closing net asset value (£)	44,552,678	78,020,199	41,248,120
Closing number of shares	38,041,050	71,346,592	39,674,772
Operating charges****	0.55%	0.55%	0.55%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	118.40	110.70	108.50
Lowest share price	100.00	101.80	104.20

† Share class closed on 15 June 2018.

** The operating charges are based on the fixed ongoing charge as detailed in the prospectus.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. They do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. These costs arise as a result of transactions undertaken both for efficient portfolio management and the meeting of the sub-fund's objectives. These costs exclude any effect of dilution adjustments used to offset the costs.

**** The operating charges percentage is the ratio of the sub-fund's ongoing charges (excluding interest on borrowings) to the average net assets of the sub-fund. If the share class launched during the year the operating charges are annualised.

Performance

	6 months to 31 July 2020	1 year to 31 July 2020	3 years to 31 July 2020	5 years to 31 July 2020
Merian Corporate Bond Fund*	4.34%	9.87%	19.58%	33.24%
ICE BofAML Sterling non-Gilt (benchmark)**	2.19%	5.97%	14.45%	30.21%
IA Sterling Corporate Bond (sector average)	1.97%	5.93%	13.39%	27.62%
Quartile ranking	1	1	1	1

* Accumulation 'R' shares

** On 1 July 2019 the benchmark changed to ICE BofAML Sterling Non-Gilt Index.

Data Source – Factset. Figures are calculated on a total return and single price basis, with net income reinvested into the sub-fund.

The benchmark is a broad representation of the fund's investment universe and as such is an appropriate benchmark for the fund to seek to outperform and may also be used as a point of reference against which the fund's performance may be measured. The fund's performance may also be compared to the IA sector, which consists of funds with similar investment objectives and policies.

Portfolio allocation		Major holdings	Percentage of portfolio
United Kingdom	55.56%	Australia Government Bond 1.75% 21/06/2051	2.93%
North America	23.26%	Exxon Mobil 1.408% 26/06/2039	1.79%
Europe	15.17%	Blend Funding 3.459% 21/09/2047	1.55%
Asia Pacific (excluding Japan)	3.40%	Wessex Water Services Finance 1.5% 17/09/2029	1.52%
Middle East	0.71%	Rothesay Life 5.5 % 17/09/2029	1.48%
Overseas Derivatives	0.21%	Metropolitan Life Global Funding I 1.625% 21/09/2029	1.47%
United Kingdom Derivatives	(0.19)%	Logicor 1.875% 17/11/2026	1.45%
Net other assets	1.88%	HSBC 3% 29/05/2030	1.44%
		Catalyst Housing 3.125% 31/10/2047	1.42%
Total	100%	Deutsche Pfandbriefbank 1.75% 21/11/2022	1.35%
Asset allocation		Number of holdings	168
Sterling Denominated Fixed Rate Corporate Bonds	78.27%		
Euro Denominated Fixed Rate Corporate Bonds	8.55%		
US Dollar Denominated Fixed Rate Corporate Bonds	7.05%		
Australian Dollar Denominated Fixed Rate Government Bonds	2.93%		
US Dollar Denominated Fixed Rate Government Bonds	0.71%		
Sterling Denominated Variable Rate Corporate Bonds	0.59%		
Overseas Derivatives	0.21%		
United Kingdom Derivatives	(0.19)%		
Net other assets	1.88%		
Total	100%		

Portfolio statement

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Sterling 78.67% (31 July 2019 87.94%)			
Sterling Denominated Fixed Rate Corporate Bonds 78.27% (31 July 2019 86.73%)			
£900,000	AA 4.875% 31/07/2024	885	0.19
£1,350,000	AA Bond 5.5% 31/07/2027	1,328	0.29
£1,924,000	Admiral 5.5% 25/07/2024	2,185	0.48
£3,200,000	America Movil 5% 27/10/2026	3,905	0.86
£2,461,000	Anglian Water Services Financing 2.625% 15/06/2027	2,486	0.54
£1,200,000	Aroundtown 3.625% 10/04/2031	1,279	0.28
£3,900,000	AT&T 2.9% 04/12/2026	4,288	0.94
£300,000	AT&T 5.5% 15/03/2027	376	0.08
£4,100,000	Banque Federative du Credit Mutuel 1.25% 05/12/2025	4,198	0.92
£800,000	Banque Federative du Credit Mutuel 1.5% 07/10/2026	830	0.18
£4,000,000	Barclays 3.25% 12/02/2027	4,356	0.95
£4,310,000	Berkshire Hathaway Finance 2.375% 19/06/2039	5,006	1.10
£5,370,000	Blend Funding 3.459% 21/09/2047	7,075	1.55
£2,050,000	BP Capital Markets 4.25% Perpetual	2,118	0.46
£2,500,000	British Telecommunications 3.125% 21/11/2031	2,836	0.62
£5,500,000	BUPA Finance 1.75% 14/06/2027	5,554	1.22
£3,000,000	BUPA Finance 4.125% 14/06/2035	3,186	0.70
£4,100,000	Cadent Finance 2.125% 22/09/2028	4,383	0.96
£5,150,000	Catalyst Housing 3.125% 31/10/2047	6,494	1.42
£765,000	Centrica 4.375% 13/03/2029	924	0.20
£285,000	Centrica 5.25% 10/04/2075	303	0.07
£1,363,000	Channel Link Enterprises Finance 3.043% 30/06/2050	1,411	0.31
£3,620,000	Comcast 1.5% 20/02/2029	3,750	0.82
£1,862,000	Commonwealth Bank of Australia 3% 04/09/2026	2,125	0.47
£3,225,313	Connect Plus M25 2.607% 31/03/2039	3,683	0.81
£400,000	Coventry Building Society 6.875% Perpetual	408	0.09
£2,500,000	Credit Suisse 2.25% 09/06/2028	2,566	0.56
£4,360,000	CYBG 7.875% 14/12/2028	4,612	1.01
£1,820,000	Danske Bank 2.25% 14/01/2028	1,847	0.40
£6,200,000	Deutsche Pfandbriefbank 1.75% 21/11/2022	6,184	1.35
£700,000	Direct Line Insurance 4% 05/06/2032	755	0.17
£3,208,000	Direct Line Insurance 9.25% 27/04/2042	3,634	0.80
£1,300,000	Electricite de France 5.5% 17/10/2041	1,980	0.43
£700,000	Electricite de France 5.875% Perpetual	744	0.16
£1,100,000	Electricite de France 6% Perpetual	1,189	0.26
£2,250,000	ENW Finance 1.415% 30/07/2030	2,281	0.50
£4,000,000	Eversholt Funding 2.742% 30/06/2040	4,168	0.91
£1,300,000	Experian Finance 3.25% 07/04/2032	1,547	0.34
£2,300,000	Fidelity National Information Services 2.25% 03/12/2029	2,448	0.54
£1,550,000	Fidelity National Information Services 3.36% 21/05/2031	1,820	0.40
£2,880,000	Futures Treasury 3.375% 08/02/2044	3,891	0.85
£2,750,000	Gatwick Funding 6.125% 03/02/2026	3,265	0.71
£5,300,000	GlaxoSmithKline Capital 1.25% 12/10/2028	5,427	1.19
£4,200,000	GlaxoSmithKline Capital 1.625% 12/05/2035	4,389	0.96
£2,400,000	Glencore Finance Europe Ltd 3.125% 26/03/2026	2,524	0.55
£3,000,000	Goldman Sachs Group 3.125% 25/07/2029	3,377	0.74
£2,400,000	Grainger 3% 07/03/2030	2,492	0.55
£2,700,000	Greene King Finance 3.593% 15/03/2035	2,708	0.59

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Sterling Denominated Fixed Rate Corporate Bonds (continued)			
£1,514,320	Greene King Finance 4.0643% 15/03/2035	1,561	0.34
£1,700,000	Guinness Partnership 2% 22/04/2055	1,873	0.41
£2,124,460	Gwynt y Mor 2.778% 17/02/2034	2,355	0.52
£4,054,000	Hastings Finance 3% 24/05/2025	4,270	0.93
£6,100,000	HSBC 3% 29/05/2030	6,557	1.44
£1,179,000	Intesa Sanpaolo 5.148% 10/06/2030	1,269	0.28
£1,600,000	Investec Bank 4.25% 24/07/2028	1,567	0.34
£3,300,000	Karbon Homes 3.375% 15/11/2047	4,556	1.00
£2,900,000	Landesbank Baden-Wuerttemberg 1.5% 03/02/2025	2,948	0.65
£2,544,000	Lloyds Bank 6% 08/02/2029	3,625	0.79
£950,000	Lloyds Bank 13% Perpetual	1,625	0.36
£4,100,000	Lloyds Banking Group 1.875% 15/01/2026	4,158	0.91
£6,470,000	Logicor 1.875% 17/11/2026	6,622	1.45
£1,010,000	Logicor Financing 2.75% 15/01/2030	1,015	0.22
£1,700,000	London Power Networks 2.625% 01/03/2029	1,895	0.41
£1,250,000	Marks & Spencer 6.125% 06/12/2021	1,312	0.29
£5,020,000	MassMutual Global Funding II 1.375% 15/12/2026	5,213	1.14
£2,000,000	McDonald's 2.95% 15/03/2034	2,341	0.51
£4,200,000	McKesson 3.125% 17/02/2029	4,494	0.98
£6,400,000	Metropolitan Life Global Funding I 1.625% 21/09/2029	6,701	1.47
£1,150,000	Midland Heart Capital 5.087% 20/09/2044	1,747	0.38
£4,100,000	MPT Operating Partnership 3.692% 05/06/2028	4,118	0.90
£5,140,000	New York Life Global Funding 1.25% 17/12/2026	5,304	1.16
£1,250,000	Next Group PLC 5.375% 26/10/2021	1,296	0.28
£1,650,000	Optivo Finance 2.857% 07/10/2035	1,946	0.43
£900,000	Pearson Funding 3.75% 04/06/2030	973	0.21
£3,377,000	Pension Insurance 5.625% 20/09/2030	3,995	0.87
£5,300,000	Phoenix 5.625% 28/04/2031	6,031	1.32
£1,800,000	Phoenix Group 6.625% 18/12/2025	2,117	0.46
£2,000,000	Pinewood Finance 3.25% 30/09/2025	2,000	0.44
£800,000	Places for People Homes 3.625% 22/11/2028	904	0.20
£2,384,000	Places For People Treasury 2.875% 17/08/2026	2,544	0.56
£2,200,000	Platform HG Financing 1.625% 08/10/2055	2,150	0.47
£966,000	Prologis 2.25% 30/06/2029	1,050	0.23
£3,109,000	Prudential 3.875% 20/07/2049	3,204	0.70
£1,243,000	Quadgas Finance 3.375% 17/09/2029	1,323	0.29
£2,100,000	Rolls-Royce 3.375% 18/06/2026	2,005	0.44
£6,267,000	Rothesay Life 5.5 % 17/09/2029	6,772	1.48
£2,100,000	Royal Bank of Scotland 3.622% 14/08/2030	2,209	0.48
£3,608,000	Santander UK 5.25% 16/02/2029	4,917	1.08
£1,700,000	Segro 2.375% 11/10/2029	1,853	0.41
£855,000	Segro 2.875% 11/10/2037	999	0.22
£1,700,000	South Eastern Power Networks 5.625% 30/09/2030	2,387	0.52
£1,808,000	SP Distribution 5.875% 17/07/2026	2,304	0.50
£2,000,000	SSE 3.74% Perpetual	2,059	0.45
£1,100,000	Telecom Italia 5.875% 19/05/2023	1,195	0.26
£2,111,039	Telereal Secured Finance 4.01% 10/12/2031	2,308	0.51
£449,000	Telereal Securitisation 6.1645% 10/12/2031	565	0.12
£1,703,000	Telereal Securitisation 4.0902% 10/12/2033	1,736	0.38

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Sterling Denominated Fixed Rate Corporate Bonds (continued)			
£1,180,000	Tesco Corporate Treasury Services 2.75% 27/04/2030	1,264	0.28
£1,700,000	Tesco Personal Finance 3.5% 25/07/2025	1,782	0.39
£2,740,000	Thames Water Utilities Finance 2.625% 24/01/2032	3,013	0.66
£1,700,000	Thames Water Utilities Finance 2.375% 22/04/2040	1,796	0.39
£3,663,000	Time Warner Cable 5.75% 02/06/2031	4,694	1.03
£2,600,000	Together Housing Finance 4.5% 17/12/2042	3,938	0.86
£3,700,000	Total Capital International 1.405% 03/09/2031	3,895	0.85
£3,572,000	UNITE USAF II 3.921% 30/06/2025	3,892	0.85
£1,880,000	United Utilities Water Finance 2% 03/07/2033	2,068	0.45
£5,180,000	United Utilities Water Finance 2% 07/03/2033	5,688	1.25
£2,700,000	United Utilities Water Finance 1.75% 10/02/2038	2,824	0.62
£4,950,000	Verizon Communications 1.875% 19/09/2030	5,248	1.15
£3,500,000	Verizon Communications 2.5% 08/04/2031	3,950	0.86
£2,500,000	Virgin Money 4% 03/09/2027	2,540	0.56
£1,500,000	Vodafone 3.375% 08/08/2049	1,815	0.40
£1,200,000	Vodafone 4.875% 03/10/2078	1,277	0.28
£2,080,000	Wales & West Utilities Finance 1.875% 28/05/2041	2,190	0.48
£3,800,000	Wells Fargo 3.5% 12/09/2029	4,401	0.96
£1,700,000	Wells Fargo 4.875% 29/11/2035	2,194	0.48
£3,550,000	Welltower 4.8% 20/11/2028	4,139	0.91
£6,750,000	Wessex Water Services Finance 1.5% 17/09/2029	6,934	1.52
£2,970,000	Western Power Distribution East Midlands 1.75% 09/09/2031	3,120	0.68
£2,282,000	Western Power Distribution South West 2.375% 16/05/2029	2,492	0.55
£4,700,000	Westfield Stratford City Finance 1.642% 04/08/2026	4,754	1.04
£405,000	Zurich Finance UK 6.625% Perpetual	444	0.10
		357,540	78.27
Sterling Denominated Variable Rate Corporate Bonds 0.59% (31 July 2019 1.53%)			
£800,000	America Movil 6.375% 06/09/2073	802	0.17
£1,775,360	Channel Link Enterprises Finance 1.47425% 30/12/2050	1,593	0.35
£300,000	Enel 7.75% 10/09/2075	301	0.07
		2,696	0.59
Sterling Denominated Derivatives (0.19)% (31 July 2019 (0.32)%)			
Sterling Denominated Forward Exchange Contracts 0.15% (31 July 2019 (0.32)%)			
£776,098	Sterling v Euro Forward Exchange Contract	-	-
£247,757	Sterling v Euro Forward Exchange Contract	-	-
£540,531	Sterling v Euro Forward Exchange Contract	(1)	-
£358,566	Sterling v Euro Forward Exchange Contract	(2)	-
£399,137	Sterling v Euro Forward Exchange Contract	(7)	-
£845,466	Sterling v Euro Forward Exchange Contract	(11)	-
£1,606,608	Sterling v Euro Forward Exchange Contract	(17)	-
£2,500,602	Sterling v Euro Forward Exchange Contract	(25)	(0.01)
£39,097,340	Sterling v Euro Forward Exchange Contract	(659)	(0.14)
£25,358,013	Sterling v US Dollar Forward Exchange Contract	918	0.20
£4,840,492	Sterling v US Dollar Forward Exchange Contract	198	0.04
£3,951,917	Sterling v US Dollar Forward Exchange Contract	147	0.03
£4,000,000	Sterling v US Dollar Forward Exchange Contract	128	0.03
£159,337	Sterling v US Dollar Forward Exchange Contract	7	-
		676	0.15

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Sterling Denominated Futures Contracts (0.34)% (31 July 2019 0.00%)			
(976)	Long Gilt Futures September 2020	(1,571)	(0.34)
		<u>(1,571)</u>	<u>(0.34)</u>
Overseas 19.45% (31 July 2019 9.59%)			
Australian Dollar 2.93% (31 July 2019 0.00%)			
Australian Dollar Denominated Fixed Rate Government Bonds 2.93% (31 July 2019 0.00%)			
AUD24,500,000	Australia Government Bond 1.75% 21/06/2051	13,374	2.93
		<u>13,374</u>	<u>2.93</u>
Euro 8.55% (31 July 2019 1.88%)			
Euro Denominated Fixed Rate Corporate Bonds 8.55% (31 July 2019 2.17%)			
€800,000	ABN AMRO Bank 4.375% Perpetual	702	0.15
€2,150,000	AIB 6.25% Perpetual	1,923	0.42
€2,400,000	Anheuser-Busch InBev 3.7% 02/04/2040	2,772	0.61
€710,000	Ardagh Packaging Finance 2.125% 15/08/2026	625	0.14
€300,000	AT&T 2.875% Perpetual	258	0.06
€900,000	Avantor 4.75% 01/10/2024	842	0.18
€3,600,000	Bayer 1.375% 07/06/2032	3,285	0.72
€1,516,000	BP Capital Markets 3.625% Perpetual	1,398	0.30
€1,500,000	Carnival 1.625% 22/02/2021	1,307	0.29
€2,200,000	Cellnex Telecom 1.875% 26/06/2029	1,999	0.44
€600,000	Commerzbank 6.125% Perpetual	513	0.11
€3,700,000	Deutsche Bahn Finance 0.875% 23/06/2039	3,383	0.74
€2,000,000	Equinor 1.375% 22/05/2032	1,957	0.43
€9,000,000	Exxon Mobil 1.408% 26/06/2039	8,158	1.79
€7,850,000	Lehman Brothers 4.625% 14/03/2019 (Defaulted)*	-	-
€5,840,000	OP Corporate Bank 1.625% 09/06/2030	5,324	1.16
€440,000	Repsol International Finance 4.247% Perpetual	402	0.09
€836,000	Schlumberger 1.375% 28/10/2026	787	0.17
€1,329,000	Shell International Finance 1.25% 11/11/2032	1,278	0.28
€2,300,000	Upjohn Finance 1.362% 23/06/2027	2,139	0.47
		<u>39,052</u>	<u>8.55</u>
Euro Denominated Derivatives 0.00% (31 July 2019 (0.29)%)			
Euro Denominated Forward Exchange Contracts 0.00% (31 July 2019 0.03%)			
€250,000	Euro v Sterling Forward Exchange Contract	1	-
€1,279,960	Euro v US Dollar Forward Exchange Contract	13	-
		<u>14</u>	<u>-</u>
Euro Denominated Futures Contracts 0.00% (31 July 2019 (0.02)%)			
Euro Credit Default Swap 0.00% (31 July 2019 (0.30)%)			

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
US Dollar 7.76% (31 July 2019 7.71%)			
US Dollar Denominated Fixed Rate Corporate Bonds 7.05% (31 July 2019 0.00%)			
\$2,500,000	Aker 4.75% 15/06/2024	1,921	0.42
\$2,490,000	Amgen 2.45% 21/02/2030	2,041	0.45
\$1,500,000	AT Securities 5.25% Perpetual	1,147	0.25
\$2,290,000	Biogen 2.25% 01/05/2030	1,820	0.40
\$1,690,000	Broadcom 4.15% 15/11/2030	1,446	0.32
\$1,500,000	CNX Resources 5.875% 15/04/2022	1,134	0.25
\$1,100,000	Comunicaciones Celulares SA Via Comcel Trust 6.875% 02/06/2024	860	0.19
\$500,000	Eldorado International Finance 8.625% 16/06/2021	385	0.08
\$2,240,000	Equinor 2.375% 22/05/2030	1,834	0.40
\$5,100,000	Fresnillo 5.5% 13/11/2023	4,248	0.93
\$3,700,000	Intesa Sanpaolo 4% 23/09/2029	3,071	0.67
\$4,500,000	Marathon Petroleum 4.7% 05/01/2025	3,887	0.85
\$1,575,000	MDGH - GMTN 2.875% 21/05/2030	1,300	0.29
\$4,300,000	Plains All American Pipeline 3.8% 15/09/2030	3,261	0.71
\$1,400,000	Royal Bank of Scotland 8.625% Perpetual	1,114	0.24
\$1,500,000	Societe Generale 7.375% Perpetual	1,166	0.26
\$900,000	Westinghouse Air Brake Technologies 3.2% 15/06/2025	715	0.16
\$1,100,000	XPO Logistics 6.5% 15/06/2022	840	0.18
		32,190	7.05
US Dollar Denominated Fixed Rate Government Bonds 0.71% (31 July 2019 0.00%)			
\$3,400,000	Abu Dhabi Government International Bond 3.875% 16/04/2050	3,264	0.71
		3,264	0.71
Overseas Collective Investment Scheme 0.00% (31 July 2019 7.73%)			
US Dollar Denominated Derivatives 0.21% (31 July 2019 (0.02)%)			
US Dollar Denominated Forward Exchange Contracts 0.00% (31 July 2019 0.01%)			
US Dollar Denominated Futures Contracts 0.21% (31 July 2019 (0.01)%)			
921	US 10 Year Treasury Note Futures September 2020	817	0.18
24	US Ultra Bond Futures September 2020	158	0.03
		975	0.21
US Dollar Credit Default Swap 0.00% (31 July 2019 (0.02)%)			
Investment assets**		448,210	98.12
Net other assets		8,594	1.88
Total net assets		456,804	100.00

* Unlisted, suspended and delisted securities within the meaning of the COLL.

** Including investment liabilities.

All investments (excluding OTC derivatives) are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

Statement of total return

for the year from 1 August 2019 to 31 July 2020

		01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19* £'000
	Note				
Income					
Net capital gains	2		29,663		17,391
Revenue	3	9,708		9,688	
Expenses	4	(2,530)		(2,489)	
Interest payable and similar charges	5	(56)		(21)	
Net revenue before taxation		7,122		7,178	
Taxation	6	(16)		-	
Net revenue after taxation			7,106		7,178
Total return before distributions			36,769		24,569
Distributions	7		(9,662)		(9,042)
Change in net assets attributable to shareholders from investment activities			27,107		15,527

* ACD capitalised fee rebates in note 2 Net capital gains were disclosed within note 3 Revenue in the prior year.

Statement of change in net assets attributable to shareholders

for the year from 1 August 2019 to 31 July 2020

	01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
Opening net assets attributable to shareholders		328,785		310,958
Amounts received on issue of shares	188,415		58,263	
Amounts paid on cancellation of shares	(93,663)		(60,774)	
		94,752		(2,511)
Dilution adjustment		78		35
Change in net assets attributable to shareholders from investment activities		27,107		15,527
Retained distribution on accumulation shares		6,079		4,775
Unclaimed distributions		3		1
Closing net assets attributable to shareholders		456,804		328,785

The notes on pages 38 to 46 form an integral part of these financial statements.

Balance sheet

as at 31 July 2020

	Note	31.07.20 £'000	31.07.19 £'000
Assets			
Fixed assets			
Investments		450,503	322,857
Current assets			
Debtors	8	5,430	8,432
Cash and bank balances	9	19,540	4,940
Total assets		475,473	336,229
Liabilities			
Investment liabilities		(2,293)	(2,180)
Creditors			
Bank overdrafts	10	-	(204)
Distribution payable		(831)	(1,073)
Other creditors	11	(15,545)	(3,987)
Total liabilities		(18,669)	(7,444)
Net assets attributable to shareholders		456,804	328,785

The notes on pages 38 to 46 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 August 2019 to 31 July 2020

1 Accounting policies

The applicable accounting policies adopted by the Merian Corporate Bond Fund are included on pages 200 to 201.

2 Net capital gains

The net capital gains on investments comprise:

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19* £'000
Gains on non-derivative securities	22,989	22,473
Gains/(losses) on derivative contracts	5,585	(2,203)
Gains/(losses) on forward currency contracts	1,226	(4,009)
(Losses)/gains on currency contracts	(209)	1,046
Authorised Corporate Director's capitalised fee rebates	82	94
Handling charges	(10)	(10)
Net capital gains on investments	29,663	17,391

* ACD capitalised fee rebates in note 2 Net capital gains were disclosed within note 3 Revenue in the prior year.

3 Revenue

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19* £'000
Bank interest	15	20
Interest on debt securities	8,418	8,235
Taxable distributions on Offshore Funds	1,275	1,433
Total revenue	9,708	9,688

* ACD capitalised fee rebates in note 2 Net capital gains were disclosed within note 3 Revenue in the prior year.

4 Expenses

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Fixed Ongoing Charge*	2,530	2,489
Total expenses	2,530	2,489

* These figures represent the Fixed Ongoing Charge, which covers all fees payable by the sub-fund to the Authorised Corporate Director, Investment adviser, Depositary (including associates etc.) and other expenses. The Audit fee for the year, excluding VAT, was £8,700 (31 July 2019: £8,500).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

5 Interest payable and similar charges

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Bank overdraft interest	56	21
Total interest payable and similar charges	56	21

6 Taxation

a) Analysis of tax charge in the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Corporation tax	16	-
Total current tax charge for the year	16	-
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	16	-

b) Factors affecting current tax charge for the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:		
Net revenue before taxation	7,122	7,178
Corporation tax at 20% (31 July 2019: 20%)	1,424	1,436
Effects of:		
Tax deductible interest distributions	(1,424)	(1,436)
Capitalised revenue subject to taxation	16	-
Total tax charge for the year (see note 6(a))	16	-

OEICs are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 31 July 2020 the sub-fund had no surplus management expenses (31 July 2019: £Nil).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

7 Distributions

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

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
First Interim – Accumulation shares (31 October)	1,288	985
First Interim – Income shares (31 October)	1,137	962
Second Interim – Accumulation shares (31 January)	1,271	1,316
Second Interim – Income shares (31 January)	983	1,133
Third Interim – Accumulation shares (30 April)	1,502	1,213
Third Interim – Income shares (30 April)	992	1,067
Final – Accumulation shares (31 July)	2,018	1,261
Final – Income shares (31 July)	831	1,073
	10,022	9,010
Revenue deducted on cancellation of shares	351	192
Revenue received on issue of shares	(711)	(160)
Distributions	9,662	9,042
Reconciliation of distributions:		
Net revenue after taxation	7,106	7,178
Capitalised fees	2,540	1,856
Tax effect of fee rebates taken to capital	16	-
Equalisation on Collective Investment Schemes	-	8
Distributions	9,662	9,042

Details of the interim and final distributions per share are set out in the tables on pages 47 to 50.

8 Debtors

	31.07.20 £'000	31.07.19 £'000
Accrued Authorised Corporate Director's fee rebates	-	34
Accrued revenue	4,328	2,993
Amounts receivable for issue of shares	1,102	1,891
Sales awaiting settlement	-	3,514
Total debtors	5,430	8,432

9 Cash and bank balances

	31.07.20 £'000	31.07.19 £'000
Amounts held at derivatives clearing houses and brokers	5,836	1,191
Cash and bank balances	13,704	3,749
Total cash and bank balances	19,540	4,940

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

10 Bank overdrafts

	31.07.20 £'000	31.07.19 £'000
Amounts held at derivatives clearing houses and brokers	-	204
Total overdrafts	-	204

11 Other creditors

	31.07.20 £'000	31.07.19 £'000
Accrued expenses	197	209
Amounts payable for cancellation of shares	329	1,828
Purchases awaiting settlement	15,003	1,950
Corporation tax payable	16	-
Total other creditors	15,545	3,987

12 Related party transactions

Merian Investment Management Limited, as ACD, is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders on page 36. Any amounts due to or from Merian Investment Management Limited at the end of the accounting year in respect of transactions of shares in each sub-fund are disclosed in notes 8 and 11. Other amounts paid to the ACD are disclosed in note 4 and amounts due to it at the year end are disclosed in note 11.

The sub-fund held the following securities and received the noted income in related funds throughout the year to 31 July 2020.

Shares	Security Name	Market Value £'000	Gross Income Earned £'000
-	Merian Financials Contingent Capital Fund - F Income (USD)	-	1,278

13 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Bonds, collective investment schemes and derivatives.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives for investment purposes and the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

The Investment Adviser is responsible for monitoring the portfolio of the sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The ACD has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

13 Derivatives and other financial instruments (continued)

b) Foreign currency risk

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Adviser does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 31 July 2020 (31 July 2019) was as follows:

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary exposures*	Non-monetary exposures	Total	Monetary exposures*	Non-monetary exposures	Total
	31.07.20 £'000	31.07.20 £'000	31.07.20 £'000	31.07.19 £'000	31.07.19 £'000	31.07.19 £'000
Australian Dollar	(12,821)	13,374	553	-	-	-
Euro	8,297	(6,647)	1,650	3,224	(2,142)	1,082
US Dollar	2,497	(1,640)	857	663	(703)	(40)
Total	(2,027)	5,087	3,060	3,887	(2,845)	1,042

* For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

c) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 July 2020 (31 July 2019) was as follows:

Currency	Variable rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
31.07.20	£'000	£'000	£'000	£'000
Australian Dollar	-	13,374	29	13,403
Euro	8,169	39,052	1,523	48,744
Sterling	11,913	357,540	89,612	459,065
US Dollar	2,154	35,454	1,317	38,925
Total	22,236	445,420	92,481	560,137

Currency	Variable rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
31.07.19	£'000	£'000	£'000	£'000
Euro	3,030	7,135	8,456	18,621
Sterling	6,246	285,144	48,399	339,789
US Dollar	695	-	28,341	29,036
Total	9,971	292,279	85,196	387,446

Currency	Variable rate financial liabilities	Financial liabilities not carrying interest	Total
31.07.20	£'000	£'000	£'000
Australian Dollar	-	(12,850)	(12,850)
Euro	-	(47,094)	(47,094)
Sterling	-	(5,321)	(5,321)
US Dollar	-	(38,068)	(38,068)
Total	-	(103,333)	(103,333)

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

13 Derivatives and other financial instruments (continued)

c) Interest rate risk (continued)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.19			
Euro	(166)	(17,373)	(17,539)
Sterling	-	(12,046)	(12,046)
US Dollar	(38)	(29,038)	(29,076)
Total	(204)	(58,457)	(58,661)

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. The risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

As at 31 July 2020 the sub-fund's exposure to investment grade rated bonds was 90.84%.

Analysis of bonds	£'000	%
Investment Grade	415,008	90.84
Below Investment Grade	33,108	7.26
Unrated	-	-
	448,116	98.10

As at 31 July 2019 the sub-fund's exposure to investment grade rated bonds was 87.32%.

Analysis of bonds	£'000	%
Investment Grade	287,079	87.32
Below Investment Grade	10,231	3.11
Unrated	-	-
	297,310	90.43

e) Counterparty risk

Certain transactions in financial instruments that the sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the ACD and Investment Adviser as an acceptable counterparty. This is overseen by the Depositary to ensure that the exposure to any counterparty remains appropriate for investors.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

13 Derivatives and other financial instruments (continued)

e) Counterparty risk (continued)

Exposure Table 31.07.20	Credit default swaps exposure	Futures and options exposure	Forward foreign exchange contracts exposure	Collateral held
Counterparty	£'000	£'000	£'000	£'000
Citi	-	-	1,063	-
JPMorgan	-	-	14	-

Exposure Table 31.07.19

Counterparty	£'000	£'000	£'000	£'000
HSBC	-	-	19	-

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

For futures contracts, variation margin in the form of cash is pledged by the counterparty to mitigate the credit risk arising from positive balances. Where the sub-fund is in a liability position, the sub-fund pledges variation margin in the form of cash.

Collateral arrangements with counterparties require assets of an agreed type and quality to be pledged where exposures are above a certain magnitude. At the year end, collateral of £Nil was held for the sub-fund on behalf of counterparties (2019: £Nil in the form of cash). Collateral of £760,000 was pledged by the sub-fund to counterparties in the form of cash (2019: £770,000 in the form of cash).

f) Liquidity risk

The sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation to shareholders to meet any cancellation of shares. Assets from the sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the ACD regularly monitors the liquidity levels held on the sub-fund (cash and underlying securities) to ensure any redemption can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The ACD adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the ACD monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

h) Fair value of financial assets and liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

Basis of valuation	31.07.20		31.07.19	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	975	(1,571)	-	(88)
Level 2: Observable market data	449,528	(722)	322,857	(2,092)
Level 3: Unobservable data	-	-	-	-
Total	450,503	(2,293)	322,857	(2,180)

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

13 Derivatives and other financial instruments (continued)

i) Sensitivity analysis

The Investment Adviser assesses the market risk of the Merian Corporate Bond Fund, including any derivative exposures, using a Relative Value at Risk ('VaR') methodology. VaR is a process that provides the Investment Adviser with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. If the calculated percentage is lower than that of its representative benchmark, the sub-fund's performance should be less volatile than the benchmark, or more volatile if higher than the benchmark. As the sub-fund adopts a relative VaR model to measure the sub-fund market risk, the daily VaR limit for the sub-fund is twice the VaR of the relevant benchmark which is the Markit Iboxx GBP non-Gilt. The VaR for the sub-fund and the benchmark are calculated using a one-tailed 95 per cent confidence level, a one month holding period and the historical period of one year (250 Business Days).

Derivatives are used to efficiently manage the tactical asset allocation positioning of the sub-fund, Merian Corporate Bond Fund. The sub-fund uses relative methodology to measure VaR. The VaR for the sub-fund and the benchmark as at 31 July 2020 was 8.0% and 8.66% respectively (31 July 2019: 2.70% and 2.50%).

The minimum, average and maximum VaR of the sub-fund over the year was 2.40%, 5.40% and 9.90% (31 July 2019: 1.80%, 2.30% and 2.70%).

The Gross sum of notionals (GSON) leverage figures are prepared with no hedging or netting of any asset class. Across the range of asset classes exposures are treated differently. For instance currency forwards are treated by valuing both legs of the underlying and expressing them as a percentage of the NAV. Physical assets are excluded to get the incremental exposure resulting from derivatives.

The sub-fund is limited to 400% gross leverage, and this limit has not been exceeded over the year. Using the "gross sum of notionals" methodology, the average leverage for the year ended 31 July 2019 was 32.80% (31 July 2019: 41.07%).

14 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 July 2019: £Nil).

15 Portfolio transaction costs

There are no commissions, stamp duty or taxes paid in relation to the transactions on the bond portfolio for current year. Quoted in £'000, the total value of purchases for the year was £918,687 (2019: £712,551) and the total value of sales was £815,016 (2019: £709,618).

Transaction costs as a percentage of average Net Assets	31.07.20	31.07.19
Commissions:	0.00%	0.00%
Taxes:	0.00%	0.00%

Commissions on derivative transactions of £16,945 (31 July 2019: £16,830). There were no taxes on derivative transactions (31 July 2019: £Nil).

In the case of shares, transaction costs are paid by the sub-fund on each transaction. Commissions relate to those paid to agents, advisers, brokers and dealers in the buying and selling of securities. Other costs include any additional fees that may be paid to agents, advisers, brokers and dealers as well as levies by regulatory agencies and security exchanges and any transfer taxes or duties. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, other types of investments have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads may vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 0.86% (31 July 2019: 0.69%).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

16 Shareholders' funds

The sub-fund currently has nine share classes; Accumulation 'A', Income 'A', Accumulation 'P', Income 'P', Accumulation 'R', Income 'R', Accumulation 'U1', Income 'U1' and Income 'U2'. The net asset value of each share class, net asset value per share and the number of shares in issue are given in the information pages for each sub-fund.

The share classes currently in issue and the Fixed Ongoing Charge of each share class are shown below.

	31.07.20	31.07.19
- Accumulation 'A'	1.15%	1.15%
- Income 'A'	1.15%	1.15%
- Accumulation 'P'	0.80%	0.80%
- Income 'P'	0.80%	0.80%
- Accumulation 'R'	0.65%	0.65%
- Income 'R'	0.65%	0.65%
- Accumulation 'U1'	0.35%	0.60%
- Income 'U1'	0.35%	0.60%
- Income 'U2'	0.55%	0.55%

Share class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	27,707,780	1,800,817	(2,940,690)	(287,016)	26,280,891
- Income 'A'	8,880,142	621,642	(1,289,071)	(1,004,779)	7,207,934
- Accumulation 'P'	438,682	33,866	(147,141)	269,416	594,823
- Income 'P'	119,705	166,203	(5,188)	971,398	1,252,118
- Accumulation 'R'	59,298,032	43,138,201	(7,413,279)	(117,996)	94,904,958
- Income 'R'	49,382,310	1,724,546	(5,835,520)	(2,200,656)	43,070,680
- Accumulation 'U1'	20,716,696	59,704,736	(3,172,364)	35,436	77,284,504
- Income 'U1'	1,882,163	14,683,698	(857,757)	2,747,802	18,455,906
- Income 'U2'	71,346,592	20,594,203	(53,899,745)	-	38,041,050

17 Post balance sheet date events

Since the year-end, markets have continued to be disrupted by the COVID-19 pandemic. Since the year-end, the NAV per share of share class Accumulation 'R' has increased by 1.56% to 13 November 2020. The other share classes in the Fund have moved by a similar magnitude. Contingency plans at the ACD and key service providers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Distribution tables

Final distribution

Group 1: Shares purchased prior to 1 May 2020
 Group 2: Shares purchased from 1 May 2020 to 31 July 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.09.20 pence per share	Distribution paid 30.09.19 pence per share
Accumulation 'A' Shares				
Group 1	1.7133	-	1.7133	1.7824
Group 2	0.6711	1.0422	1.7133	1.7824
Income 'A' Shares				
Group 1	0.8404	-	0.8404	0.8982
Group 2	0.4032	0.4372	0.8404	0.8982
Accumulation 'P' Shares				
Group 1	1.2841	-	1.2841	1.3323
Group 2	0.2413	1.0428	1.2841	1.3323
Income 'P' Shares				
Group 1	0.8454	-	0.8454	0.9014
Group 2	0.3305	0.5149	0.8454	0.9014
Accumulation 'R' Shares				
Group 1	0.9382	-	0.9382	0.9715
Group 2	0.4499	0.4883	0.9382	0.9715
Income 'R' Shares				
Group 1	0.8024	-	0.8024	0.8533
Group 2	0.3764	0.4260	0.8024	0.8533
Accumulation 'U1' Shares				
Group 1	0.8658	-	0.8658	0.8936
Group 2	0.3259	0.5399	0.8658	0.8936
Income 'U1' Shares				
Group 1	0.7326	-	0.7326	0.7773
Group 2	0.5546	0.1780	0.7326	0.7773
Income 'U2' Shares				
Group 1	0.7343	-	0.7343	0.7790
Group 2	0.5055	0.2288	0.7343	0.7790

Distribution tables (continued)

Third interim distribution

Group 1: Shares purchased prior to 1 February 2020
 Group 2: Shares purchased from 1 February 2020 to 30 April 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.06.20 pence per share	Distribution paid 30.06.19 pence per share
Accumulation 'A' Shares				
Group 1	1.6439	-	1.6439	1.7001
Group 2	0.5984	1.0455	1.6439	1.7001
Income 'A' Shares				
Group 1	0.8114	-	0.8114	0.8626
Group 2	0.2944	0.5170	0.8114	0.8626
Accumulation 'P' Shares				
Group 1	1.2321	-	1.2321	1.2698
Group 2	0.9147	0.3174	1.2321	1.2698
Income 'P' Shares				
Group 1	0.8166	-	0.8166	0.8652
Group 2	0.8166	0.0000	0.8166	0.8652
Accumulation 'R' Shares				
Group 1	0.8994	-	0.8994	0.9255
Group 2	0.2784	0.6210	0.8994	0.9255
Income 'R' Shares				
Group 1	0.7740	-	0.7740	0.8188
Group 2	0.3737	0.4003	0.7740	0.8188
Accumulation 'U1' Shares				
Group 1	0.8289	-	0.8289	0.8514
Group 2	0.1639	0.6650	0.8289	0.8514
Income 'U1' Shares				
Group 1	0.7062	-	0.7062	0.7457
Group 2	0.3692	0.3370	0.7062	0.7457
Income 'U2' Shares				
Group 1	0.7073	-	0.7073	0.7471
Group 2	0.3653	0.3420	0.7073	0.7471

Distribution tables (continued)

Second interim distribution

Group 1: Shares purchased prior to 1 November 2019
 Group 2: Shares purchased from 1 November 2019 to 31 January 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.03.20 pence per share	Distribution paid 31.03.19 pence per share
Accumulation 'A' Shares				
Group 1	1.7271	-	1.7271	1.7550
Group 2	0.6004	1.1267	1.7271	1.7550
Income 'A' Shares				
Group 1	0.8580	-	0.8580	0.8972
Group 2	0.3967	0.4613	0.8580	0.8972
Accumulation 'P' Shares				
Group 1	1.2933	-	1.2933	1.3094
Group 2	0.9228	0.3705	1.2933	1.3094
Income 'P' Shares				
Group 1	0.8627	-	0.8627	0.8989
Group 2	0.4635	0.3992	0.8627	0.8989
Accumulation 'R' Shares				
Group 1	0.9438	-	0.9438	0.9542
Group 2	0.6524	0.2914	0.9438	0.9542
Income 'R' Shares				
Group 1	0.8173	-	0.8173	0.8504
Group 2	0.3682	0.4491	0.8173	0.8504
Accumulation 'U1' Shares				
Group 1	0.8692	-	0.8692	0.8775
Group 2	0.6010	0.2682	0.8692	0.8775
Income 'U1' Shares				
Group 1	0.7454	-	0.7454	0.7744
Group 2	0.4707	0.2747	0.7454	0.7744
Income 'U2' Shares				
Group 1	0.7466	-	0.7466	0.7759
Group 2	0.4289	0.3177	0.7466	0.7759

Distribution tables (continued)

First interim distribution

Group 1: Shares purchased prior to 1 August 2019
 Group 2: Shares purchased from 1 August 2019 to 31 October 2019

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.12.19 pence per share	Distribution paid 31.12.18 pence per share
Accumulation 'A' Shares				
Group 1	1.8144	-	1.8144	1.0965
Group 2	0.8170	0.9974	1.8144	1.0965
Income 'A' Shares				
Group 1	0.9078	-	0.9078	0.5632
Group 2	0.5896	0.3182	0.9078	0.5632
Accumulation 'P' Shares				
Group 1	1.3574	-	1.3574	0.9717
Group 2	0.6571	0.7003	1.3574	0.9717
Income 'P' Shares				
Group 1	0.9118	-	0.9118	0.6670
Group 2	0.3525	0.5593	0.9118	0.6670
Accumulation 'R' Shares				
Group 1	0.9901	-	0.9901	0.7558
Group 2	0.4828	0.5073	0.9901	0.7558
Income 'R' Shares				
Group 1	0.8637	-	0.8637	0.6776
Group 2	0.3745	0.4892	0.8637	0.6776
Accumulation 'U1' Shares				
Group 1	0.9112	-	0.9112	0.7098
Group 2	0.3468	0.5644	0.9112	0.7098
Income 'U1' Shares				
Group 1	0.7870	-	0.7870	0.6300
Group 2	0.4067	0.3803	0.7870	0.6300
Income 'U2' Shares				
Group 1	0.7885	-	0.7885	0.6444
Group 2	0.2718	0.5167	0.7885	0.6444

*Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Merian Monthly Income Bond Fund

Launch date	30 September 2004
IA Sector	Sterling Strategic Bond
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£34,049,362

Investment Objective and Policy

To seek to achieve income and capital growth by delivering a return, net of fees, greater than that of the Target Benchmark over rolling 3 year periods. The Target Benchmark consists 50% of the ICE BofAML 1-5Y BBB Sterling Corporate Index and 50% of the ICE BofAML Sterling High Yield Index.

The sub-fund primarily invests (at least 70%) in a diversified portfolio of fixed, variable and zero rate debt securities, including corporate and government bonds. There are no specific restrictions as to the economic sectors or geographic areas that the sub-fund may invest in.

The sub-fund may also invest in other transferable securities (including convertible securities), units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives, and may hold cash.

The sub-fund may use derivatives for investment purposes or Efficient Portfolio Management purposes. The use of derivatives for investment purposes may affect the volatility or risk profile of the sub-fund although this is not the ACD's intention.

Investment Manager's review

The 12 months to the end of July 2020 were dominated by economic fallout from the coronavirus pandemic in the first half of 2020. During this full period the fund performed well, outperforming its benchmark.

The period started with a great deal of uncertainty in global markets. The positive backdrop in the first half of 2019, during which credit markets performed well, gave way to an uncertain summer in 2019 as trade tensions between the US and China started to weigh on sentiment and continued Brexit uncertainties clouded the picture for the UK and Europe. The fund concentrated on better quality names during this period, avoiding cyclical sectors and reducing exposure to UK banks. The fund also ran duration slightly longer than benchmark given the gathering economic storm clouds.

By the beginning of September 2019, the strains in the global financial system were beginning to appear and this resulted in a significant spike in US repo rates in mid-September. This was a clear sign that there was a shortage of US dollar reserves in the financial system and, given the breakdown in repo market, the US Federal Reserve was obliged to supply a hefty dose of liquidity to the system.

This injection of central bank liquidity was a relief for risk assets, but credit markets generally tracked sideways into the year end. However, the fund outperformed the index with a renewed exposure to UK financials benefiting performance. The fund also was generally slightly longer of credit exposure but short of duration relative to benchmark, which combined to see some outperformance into the year end.

Through early 2020, the increasingly risk-on tone that we had seen towards the end of 2019 continued and began to build some real momentum. In mid-January, the US and China signed their trade deal. In the UK, the installation of a new Conservative government with a significant majority materially reduced the political risk that had hampered the UK market in 2019. However, concerns were beginning to build as the coronavirus pandemic, initially seen as a localized Chinese issue, rapidly spread to all corners of the globe creating a severe setback for credit and equity markets.

The fund had steadily outperformed the benchmark into the beginning of March but gave back a lot of those gains as the credit markets retrenched. As the pandemic escalated the fund took a more defensive stance. This allowed the portfolio the flexibility to be repositioned during the heart of the crisis to take advantage of wider credit spreads on offer as governments and central banks installed massive support for economies and markets in the face of the pandemic.

As the full extent of the economic damage from the lockdown became apparent into Q2, the fund benefited from having limited exposure in the entertainment and leisure sectors, which were most directly and significantly affected by COVID-19. The fund also benefited from the support given to financial names as well as seeing strong gains in the cheap new issues that were purchased in the oil and insurance sector during the period of market volatility. The fund significantly outperformed the benchmark during this period even though there was a slight drag on performance from the fund being shorter duration than the benchmark.

Value assessment for the year ended 31 July 2020

For further details on the value assessment report please refer to pages 7 to 16.

Merian Monthly Income Bond Fund

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-funds in category 4 have in the past shown moderate volatility. With a sub-fund of category 4, you have a moderate risk of losing money but your chance for gains is also moderate.

Investment risk - there is no guarantee that the sub-fund will achieve its objective. A capital loss of some or all of the amount invested may occur.

Credit risk - the issuer of a bond or a similar investment within the sub-fund may not pay income or repay capital to the sub-fund when due. Bonds which are rated below investment grade are considered to have a higher risk exposure with respect to meeting their payment obligations.

CoCos and other investments with loss-absorbing features - these investments may be subject to regulatory intervention and/or specific trigger events relating to regulatory capital levels falling to a pre-specified point. This is a different risk to traditional bonds and may result in their conversion to company shares, or a partial or total loss of value.

Interest rate risk - investments in bonds are affected by interest rates and inflation trends which may affect the value of the sub-fund.

Liquidity risk - some investments may become hard to value or sell at a desired time and price. In extreme circumstances this may affect the sub-fund's ability to meet redemption requests upon demand.

Currency risk - the sub-fund is denominated in British Pounds and may use hedging techniques to try to reduce the effects of changes in the exchange rate between the currency of the underlying investments and the base currency of the sub-fund. These techniques may not eliminate all currency risk. The value of your shares may rise and fall as a result of exchange rate movements.

Derivative risk - the sub-fund uses derivatives to generate returns (i.e. for investment purposes) and/or to reduce costs and the overall risk of the sub-fund. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet their contractual obligations.

Capital erosion risk - the sub-fund takes charges from the capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'A'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	77.38	72.21	73.94
Return before operating charges*	7.03	6.20	(0.70)
Operating charges**	(0.92)	(1.03)	(1.03)
Return after operating charges*	6.11	5.17	(1.73)
Distributions	(3.14)	(3.00)	(3.06)
Retained distributions	3.14	3.00	3.06
Closing net asset value per share	83.49	77.38	72.21
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	7.90%	7.16%	(2.34)%
Other information			
Closing net asset value (£)	4,906,665	5,183,140	6,403,581
Closing number of shares	5,876,617	6,698,019	8,867,573
Operating charges****	1.15%	1.40%	1.40%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	84.02	77.80	75.56
Lowest share price	72.21	70.60	71.61
Income 'A'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	38.48	37.41	39.93
Return before operating charges*	3.40	3.12	(0.35)
Operating charges**	(0.45)	(0.52)	(0.55)
Return after operating charges*	2.95	2.60	(0.90)
Distributions	(1.53)	(1.53)	(1.62)
Retained distributions	-	-	-
Closing net asset value per share	39.90	38.48	37.41
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	7.67%	6.95%	(2.25)%
Other information			
Closing net asset value (£)	679,941	11,482,734	11,108,703
Closing number of shares	1,704,171	29,842,030	29,697,184
Operating charges****	1.15%	1.40%	1.40%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	40.39	38.82	40.33
Lowest share price	35.13	35.95	37.24

Comparative Tables (continued)

Accumulation 'P'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	144.21	133.90	136.41
Return before operating charges*	13.16	11.54	(1.28)
Operating charges**	(1.20)	(1.23)	(1.23)
Return after operating charges*	11.96	10.31	(2.51)
Distributions	(5.87)	(5.59)	(5.66)
Retained distributions	5.87	5.59	5.66
Closing net asset value per share	156.17	144.21	133.90
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	8.29%	7.70%	(1.84)%
Other information			
Closing net asset value (£)	25,839	6,351	6,502
Closing number of shares	16,545	4,404	4,856
Operating charges****	0.80%	0.90%	0.90%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	157.10	145.00	139.70
Lowest share price	134.90	131.20	132.70
Income 'P'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	94.81	91.70	97.40
Return before operating charges*	8.46	7.68	(0.87)
Operating charges**	(0.77)	(0.82)	(0.86)
Return after operating charges*	7.69	6.86	(1.73)
Distributions	(3.78)	(3.75)	(3.97)
Retained distributions	-	-	-
Closing net asset value per share	98.72	94.81	91.70
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	8.11%	7.48%	(1.78)%
Other information			
Closing net asset value (£)	262,157	83,171	112,079
Closing number of shares	265,563	87,729	122,219
Operating charges****	0.80%	0.90%	0.90%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	99.72	95.64	98.40
Lowest share price	86.76	88.32	91.27

Comparative Tables (continued)

Accumulation 'R'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	123.41	114.48	116.52
Return before operating charges*	11.17	9.86	(1.11)
Operating charges**	(0.83)	(0.93)	(0.93)
Return after operating charges*	10.34	8.93	(2.04)
Distributions	(5.02)	(4.77)	(4.84)
Retained distributions	5.02	4.77	4.84
Closing net asset value per share	133.75	123.41	114.48
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	8.38%	7.80%	(1.75)%
Other information			
Closing net asset value (£)	8,354,409	60,141,144	51,944,084
Closing number of shares	6,246,115	48,731,443	45,373,744
Operating charges****	0.65%	0.80%	0.80%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	134.70	124.10	119.40
Lowest share price	115.50	112.20	113.50
Income 'R'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	101.14	97.73	103.69
Return before operating charges*	9.04	8.19	(0.91)
Operating charges**	(0.67)	(0.78)	(0.82)
Return after operating charges*	8.37	7.41	(1.73)
Distributions	(4.04)	(4.00)	(4.23)
Retained distributions	-	-	-
Closing net asset value per share	105.47	101.14	97.73
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	8.28%	7.58%	(1.67)%
Other information			
Closing net asset value (£)	7,248,409	8,391,890	10,553,116
Closing number of shares	6,872,559	8,297,314	10,798,018
Operating charges****	0.65%	0.80%	0.80%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	106.50	102.00	104.80
Lowest share price	92.65	94.17	97.26

Comparative Tables (continued)

Accumulation 'U1'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	111.77	103.58	105.33
Return before operating charges*	10.24	8.94	(1.00)
Operating charges**	(0.41)	(0.75)	(0.75)
Return after operating charges*	9.83	8.19	(1.75)
Distributions	(4.56)	(4.32)	(4.38)
Retained distributions	4.56	4.32	4.38
Closing net asset value per share	121.60	111.77	103.58
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	8.79%	7.91%	(1.66)%
Other information			
Closing net asset value (£)	10,168,382	2,594,316	3,883,416
Closing number of shares	8,362,158	2,321,147	3,749,144
Operating charges****	0.35%	0.71%	0.71%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	122.30	112.40	108.00
Lowest share price	104.80	101.50	102.70
Income 'U1'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	89.18	86.10	91.28
Return before operating charges*	7.99	7.22	(0.82)
Operating charges**	(0.32)	(0.61)	(0.64)
Return after operating charges*	7.67	6.61	(1.46)
Distribution	(3.57)	(3.53)	(3.72)
Retained distributions	-	-	-
Closing net asset value per share	93.28	89.18	86.10
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	8.60%	7.68%	(1.60)%
Other information			
Closing net asset value (£)	2,371,809	2,083,803	2,768,462
Closing number of shares	2,542,754	2,336,643	3,215,416
Operating charges****	0.35%	0.71%	0.71%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	94.13	89.97	92.23
Lowest share price	81.85	82.99	85.68

Comparative Tables (continued)

Accumulation 'U2'†	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	-	-	108.35
Return before operating charges*	-	-	(0.46)
Operating charges**	-	-	(0.55)
Return after operating charges*	-	-	(1.01)
Distributions	-	-	(3.20)
Retained distributions	-	-	3.20
Closing net asset value per share	-	-	107.34
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	-	-	(0.93)%
Other information			
Closing net asset value (£)	-	-	-
Closing number of shares	-	-	-
Operating charges****	-	-	0.65%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	-	-	111.10
Lowest share price	-	-	107.10
Income 'U2'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	92.82	89.52	94.80
Return before operating charges*	8.28	7.56	(0.80)
Operating charges**	(0.61)	(0.59)	(0.61)
Return after operating charges*	7.67	6.97	(1.41)
Distributions	(3.70)	(3.67)	(3.87)
Retained distributions	-	-	-
Closing net asset value per share	96.79	92.82	89.52
* after direct transaction costs of***	-	-	-
Performance			
Return after charges	8.26%	7.79%	(1.49)%
Other information			
Closing net asset value (£)	31,751	71,736	121,903
Closing number of shares	32,805	77,286	136,173
Operating charges****	0.65%	0.65%	0.65%
Direct transaction costs***	-	-	-
Prices	pence per share	pence per share	pence per share
Highest share price	97.71	93.64	95.83
Lowest share price	85.02	86.35	89.08

† Share class closed on 25 May 2018.

** The operating charges include all costs borne by the sub-fund, except for direct transaction costs. Since the sub-fund invests less than 10% of net assets in underlying sub-funds there is no inclusion of a synthetic element for underlying sub-funds OCF.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. They do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. These costs arise as a result of transactions undertaken both for efficient portfolio management and the meeting of the sub-fund's objectives. These costs exclude any effect of dilution adjustments used to offset the costs.

**** The operating charges percentage is the ratio of the sub-fund's ongoing charges (excluding interest on borrowings) to the average net assets of the sub-fund.

Performance

	6 months to 31 July 2020	1 year to 31 July 2020	3 years to 31 July 2020	5 years to 31 July 2020
Merian Monthly Income Bond Fund*	2.36%	8.64%	15.43%	23.56%
50% ICE BofAML 1-5yr BBB Sterling Corporate Index, 50% ICE BofAML Sterling High Yield Index (benchmark)**	(1.42)%	2.07%	7.62%	18.00%
IA Sterling Strategic Bond (sector average)	0.57%	3.89%	9.97%	20.65%
Quartile ranking	2	1	1	2

* Accumulation 'R' shares

** On 1st November 2018, the benchmark changed to 50% ICE BofAML 1-5yr BBB Sterling Corporate Index , 50% ICE BofAML Sterling High Yield Index

Data Source – Factset. Figures are calculated on a total return and single price basis, with net income reinvested into the sub-fund.

The benchmark is a broad representation of the fund's investment universe and as such is an appropriate benchmark for the fund to seek to outperform and may also be used as a point of reference against which the fund's performance may be measured. The fund's performance may also be compared to the IA sector, which consists of funds with similar investment objectives and policies.

Portfolio allocation		Major holdings	Percentage of portfolio
United Kingdom	40.79%	UNITE USAF II 3.921% 30/06/2025	3.52%
Europe	33.24%	AXA 5.453% Perpetual	3.32%
North America	20.34%	Danske Bank 2.25% 14/01/2028	3.16%
United Kingdom Derivatives	6.74%	MPT Operating Partnership 3.692% 05/06/2028	2.06%
Overseas Derivatives	(9.63)%	Wessex Water Services Finance 1.5% 17/09/2029	2.04%
Net other assets	8.52%	Anglian Water Services Financing 2.625% 15/06/2027	2.02%
Total	100.00%	Close Brothers 4.25% 24/01/2027	1.95%
		Aviva 6.125% Perpetual (GBP)	1.91%
		Ibercaja Banco 7% Perpetual	1.88%
		MARB BondCo 7% 15/03/2024	1.86%
Asset allocation		Number of holdings	101
Sterling Denominated Fixed Rate Corporate Bonds	49.15%		
US Dollar Denominated Fixed Rate Corporate Bonds	25.98%		
Euro Denominated Fixed Rate Corporate Bonds	17.47%		
Sterling Denominated Variable Rate Corporate Bonds	1.24%		
Sterling Denominated Fixed Rate Preference Shares	0.53%		
United Kingdom Derivatives	6.74%		
Overseas Derivatives	(9.63)%		
Net other assets	8.52%		
Total	100.00%		

Portfolio statement

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Sterling 57.66% (31 July 2019 60.91%)			
Sterling Denominated Fixed Rate Corporate Bonds 49.15% (31 July 2019 58.37%)			
£175,000	AA 4.875% 31/07/2024	172	0.50
£185,000	America Movil 5% 27/10/2026	226	0.66
£400,000	America Movil 6.375% 06/09/2073	401	1.18
£682,000	Anglian Water Services Financing 2.625% 15/06/2027	689	2.02
£700,000	Ashpol 10.75% 31/12/2025 (Defaulted)*	-	-
£600,000	Aviva 6.125% Perpetual (GBP)	651	1.91
£1,007,000	AXA 5.453% Perpetual	1,131	3.32
£250,000	Barclays 7.875% Perpetual	254	0.75
£200,000	Boparan Finance 5.5% 15/07/2021	184	0.54
£250,000	Cabot Financial 7.5% 01/10/2023	253	0.74
£650,000	Close Brothers 4.25% 24/01/2027	665	1.95
£250,000	Coventry Building Society 6.875% Perpetual	255	0.75
£500,000	CYBG 9.25% Perpetual	502	1.47
£1,060,000	Danske Bank 2.25% 14/01/2028	1,076	3.16
£255,000	Drax Finco 4.25% 01/05/2022	255	0.75
£200,000	Electricite de France 6% Perpetual	216	0.63
£259,000	Enel 7.75% 10/09/2075	260	0.76
£100,000	Experian Finance 3.25% 07/04/2032	119	0.35
£560,000	Galaxy Finco 9.25% 31/07/2027	557	1.64
£215,000	Gatwick Funding 6.125% 02/03/2026	255	0.75
£600,000	Heathrow Finance 4.75% 01/03/2024	606	1.78
£100,000	Intesa Sanpaolo 5.148% 10/06/2030	108	0.32
£200,000	Investec 6.75% Perpetual	170	0.50
£340,000	Lloyds Banking Group 1.875% 15/01/2026	345	1.01
£160,000	Marks & Spencer 6.125% 06/12/2021	168	0.49
£500,000	MPT Operating Partnership 2.55% 05/12/2023	500	1.47
£700,000	MPT Operating Partnership 3.692% 05/06/2028	703	2.06
£200,000	Nationwide Building Society 5.875% Perpetual	203	0.60
£235,000	Next 5.375% 26/10/2021	244	0.72
£251,000	Pinewood Finance 3.25% 30/09/2025	251	0.74
£500,000	Pinnacle Bidco 6.375% 15/02/2025	422	1.24
£270,000	Rolls-Royce 3.375% 18/06/2026	258	0.76
£357,000	Rothsay Life 6.875% Perpetual	359	1.06
£255,000	SSE 3.74% Perpetual	263	0.77
£100,000	TalkTalk Telecom 3.875% 20/02/2025	98	0.29
£150,000	Telecom Italia 5.875% 19/05/2023	163	0.48
£1,100,000	UNITE USAF II 3.921% 30/06/2025	1,199	3.52
£240,000	Virgin Media Secured Finance 5.25% 15/05/2029	252	0.74
£600,000	Virgin Money 4% 03/09/2027	610	1.79
£250,000	Viridian Finance 4.75% 15/09/2024	244	0.72
£240,000	Vodafone 4.875% 03/10/2078	255	0.75
£430,000	Welltower 4.8% 20/11/2028	501	1.47
£675,000	Wessex Water Services Finance 1.5% 17/09/2029	693	2.04
		16,736	49.15
Sterling Denominated Variable Rate Corporate Bonds 1.24% (31 July 2019 3.41%)			
£250,000	Miller Homes 5.33238% 15/10/2023	248	0.73
£175,000	Premier Foods Finance 5.08238% 15/07/2022	175	0.51
		423	1.24

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Sterling Denominated Fixed Rate Preference Shares 0.53% (31 July 2019 0.20%)			
£124,000	Aviva 8.75 % Cumulative Irredeemable Preference	181	0.53
		181	0.53
Sterling Denominated Derivatives 6.74% (31 July 2019 (1.07)%)			
Sterling Denominated Forward Exchange Contracts 6.74% (31 July 2019 (1.07)%)			
£226,317	Sterling v Euro Forward Exchange Contract	1	-
£992,683	Sterling v Euro Forward Exchange Contract	-	-
£198,195	Sterling v Euro Forward Exchange Contract	-	-
£720,747	Sterling v Euro Forward Exchange Contract	(1)	-
£605,080	Sterling v Euro Forward Exchange Contract	(4)	(0.01)
£803,304	Sterling v Euro Forward Exchange Contract	(8)	(0.03)
£1,298,942	Sterling v Euro Forward Exchange Contract	(9)	(0.03)
£1,067,957	Sterling v Euro Forward Exchange Contract	(14)	(0.04)
£1,875,451	Sterling v Euro Forward Exchange Contract	(19)	(0.05)
£38,154,370	Sterling v Euro Forward Exchange Contract	(643)	(1.89)
£44,378,496	Sterling v US Dollar Forward Exchange Contract	1,607	4.72
£10,469,265	Sterling v US Dollar Forward Exchange Contract	577	1.70
£10,469,047	Sterling v US Dollar Forward Exchange Contract	577	1.70
£4,033,878	Sterling v US Dollar Forward Exchange Contract	229	0.67
		2,293	6.74
Overseas 33.82% (31 July 2019 35.72%)			
Euro 17.06% (31 July 2019 17.31%)			
Euro Denominated Fixed Rate Corporate Bonds 17.47% (31 July 2019 17.04%)			
€200,000	AIB 6.25% Perpetual	179	0.52
€370,000	Avantor 4.75% 01/10/2024	346	1.02
€200,000	Banijay Entertainment 3.5% 01/03/2025	176	0.52
€200,000	Carnival 1.625% 22/02/2021	174	0.51
€200,000	CPI Property 4.375% Perpetual	177	0.52
€300,000	Deutsche Pfandbriefbank 2.875% 28/06/2027	261	0.77
€200,000	Energopro 4% 07/12/2022	173	0.51
€300,000	Equinor 1.375% 22/05/2032	294	0.86
€675,489	Hellas Telecommunications Finance 0% 15/07/2015 (Defaulted)*	-	-
€800,000	Ibercaja Banco 7% Perpetual	639	1.88
€700,000	IKB Deutsche Industriebank 4% 31/01/2028	574	1.69
€1,250,000	Lehman Brothers 4.625% 14/03/2019 (Defaulted)*	-	-
€270,000	Louis Dreyfus 4% 04/12/2020	242	0.71
€190,000	Loxam SAS 3.5% 15/04/2022	172	0.50
€175,000	Motion Finco 7% 15/05/2025	161	0.47
€220,000	Paprec 4% 31/03/2025	181	0.53
€200,000	Parts Europe 6.5% 16/07/2025	182	0.53
€362,000	Quatrim 5.875% 15/01/2024	325	0.95
€400,000	Samhallsbyggnadsbolaget i Norden 2.624% Perpetual	337	0.99
€260,000	Schumann 7% 31/07/2023	238	0.70
€120,000	Sisal Pay 3.875% 17/12/2026	105	0.31
€290,000	Summer 5.75% 31/10/2026	251	0.74
€530,000	Teva Pharmaceutical Finance Netherlands II 6% 31/01/2025	510	1.50
€280,000	Thyssenkrupp 1.75% 25/11/2020	251	0.74
		5,948	17.47

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Euro Denominated Variable Rate Corporate Bonds 0.00% (31 July 2019 0.49%)			
Euro Denominated Derivatives (0.41)% (31 July 2019 (0.22)%)			
Euro Denominated Forward Exchange Contracts (0.41)% (31 July 2019 0.09%)			
€800,000	Euro v Sterling Forward Exchange Contract	12	0.03
€782,121	Euro v Sterling Forward Exchange Contract	6	0.02
€540,000	Euro v Sterling Forward Exchange Contract	2	-
€22,000	Euro v Sterling Forward Exchange Contract	-	-
€4,400,000	Euro v Sterling Forward Exchange Contract	(8)	(0.02)
€8,000,000	Euro v Sterling Forward Exchange Contract	(14)	(0.04)
€7,600,000	Euro v Sterling Forward Exchange Contract	(26)	(0.08)
€2,076,865	Euro v Sterling Forward Exchange Contract	(27)	(0.08)
€9,264,411	Euro v Sterling Forward Exchange Contract	(38)	(0.11)
€7,773,920	Euro v Sterling Forward Exchange Contract	(45)	(0.13)
		(138)	(0.41)
Euro Denominated Futures Contracts 0.00% (31 July 2019 (0.02)%)			
Euro Credit Default Swap 0.00% (31 July 2019 (0.29)%)			
US Dollar 16.76% (31 July 2019 18.41%)			
US Dollar Denominated Fixed Rate Corporate Bonds 25.98% (31 July 2019 6.33%)			
\$315,000	Aker 4.75% 15/06/2024	242	0.71
\$300,000	Alcoa Nederland 6.75% 30/09/2024	237	0.70
\$550,000	Altice France France 7.375% 01/05/2026	448	1.32
\$990,000	Antero Resources 5.625% 01/06/2023	531	1.56
\$750,000	AT Securities 5.25% Perpetual	573	1.68
\$200,000	Bausch Health 7% 15/03/2024	158	0.46
\$700,000	BBVA Global Finance 7% 01/12/2025	593	1.74
\$380,000	Calpine 5.125% 15/03/2028	300	0.88
\$205,000	CGG 9% 01/05/2023	157	0.46
\$225,000	CNX Resources 5.875% 15/04/2022	170	0.50
\$300,000	Comunicaciones Celulares SA Via Comcel Trust 6.875% 06/02/2024	235	0.69
\$295,000	Credit Suisse 6.25% Perpetual	239	0.70
\$215,000	Eldorado International Finance 8.625% 16/06/2021	166	0.49
\$160,000	Equinor 2.375% 22/05/2030	131	0.38
\$600,000	Fresnillo 5.5% 13/11/2023	500	1.47
\$200,000	Hecla Mining 7.25% 15/02/2028	162	0.48
\$300,000	Intesa Sanpaolo 4% 23/09/2029	249	0.73
\$200,000	Laureate Education 8.25% 01/05/2025	162	0.48
\$280,000	Marathon Petroleum 4.7% 01/05/2025	242	0.71
\$800,000	MARB BondCo 7% 15/03/2024	632	1.86
\$300,000	NatWest 8.625% Perpetual	239	0.70
\$800,000	Neptune Energy Bondco 6.625% 15/05/2025	539	1.58
\$220,000	Petropavlovsk 8.125% 14/11/2022	175	0.51
\$425,000	Plains All American Pipeline 3.8% 15/09/2030	322	0.95
\$560,000	Range Resources 5% 15/03/2023	397	1.16
\$300,000	Simmons Foods 7.75% 15/01/2024	240	0.70
\$205,000	Societe Generale 7.375% Perpetual	159	0.47
\$210,000	Stillwater Mining 6.125% 27/06/2022	162	0.48
\$325,000	Trafigura Funding 5.25% 19/03/2023	242	0.71
\$320,000	XPO Logistics 6.5% 15/06/2022	244	0.72
		8,846	25.98

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	US Dollar Denominated Variable Rate Corporate Bonds 0.00% (31 July 2019 2.12%)		
	Collective Investment Schemes 0.00% (31 July 2019 9.87%)		
	US Dollar Denominated Derivatives (9.22)% (31 July 2019 0.09%)		
	US Dollar Denominated Forward Exchange Contracts (9.26)% (31 July 2019 0.11%)		
\$1,026,335	US Dollar v Euro Forward Exchange Contract	(31)	(0.09)
\$1,239,731	US Dollar v Sterling Forward Exchange Contract	(57)	(0.17)
\$3,734,528	US Dollar v Sterling Forward Exchange Contract	(158)	(0.46)
\$6,600,000	US Dollar v Sterling Forward Exchange Contract	(249)	(0.73)
\$15,612,893	US Dollar v Sterling Forward Exchange Contract	(619)	(1.82)
\$19,728,155	US Dollar v Sterling Forward Exchange Contract	(900)	(2.64)
\$24,854,518	US Dollar v Sterling Forward Exchange Contract	(1,139)	(3.35)
		<u>(3,153)</u>	<u>(9.26)</u>
	US Dollar Denominated Futures Contracts 0.04% (31 July 2019 (0.01)%)		
2	US Ultra Bond Futures September 2020	13	0.04
		<u>13</u>	<u>0.04</u>
	US Dollar Credit Default Swap 0.00% (31 July 2019 (0.01)%)		
	Investment assets**	31,149	91.48
	Net other assets	2,900	8.52
	Total net assets	34,049	100.00

* Unlisted, suspended and delisted securities within the meaning of the COLL.

** Including investment liabilities.

All investments (excluding OTC derivatives) are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

Statement of total return

for the year from 1 August 2019 to 31 July 2020

		01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19* £'000
	Note				
Income					
Net capital gains	2		5,329		3,542
Revenue	3	5,915		3,520	
Expenses	4	(1,020)		(780)	
Interest payable and similar charges	5	(40)		(11)	
Net revenue before taxation		4,855		2,729	
Taxation	6	(10)		-	
Net revenue after taxation			4,845		2,729
Total return before distributions			10,174		6,271
Distributions	7		(5,905)		(3,509)
Change in net assets attributable to shareholders from investment activities			4,269		2,762

* ACD capitalised fee rebates in note 2 Net capital gains were disclosed within note 3 Revenue in the prior year.

Statement of change in net assets attributable to shareholders

for the year from 1 August 2019 to 31 July 2020

	01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
Opening net assets attributable to shareholders		90,038		86,902
Amounts received on issue of shares	141,327		9,641	
Amounts paid on cancellation of shares	(207,709)		(11,870)	
		(66,382)		(2,229)
Dilution adjustment		1,083		-
Change in net assets attributable to shareholders from investment activities		4,269		2,762
Retained distribution on accumulation shares		5,041		2,603
Closing net assets attributable to shareholders		34,049		90,038

The notes on pages 65 to 73 form an integral part of these financial statements.

Balance sheet

as at 31 July 2020

	Note	31.07.20 £'000	31.07.19 £'000
Assets			
Fixed assets			
Investments		35,158	88,269
Current assets			
Debtors	8	646	3,970
Cash and bank balances	9	6,366	2,365
Total assets		42,170	94,604
Liabilities			
Investment liabilities		(4,009)	(1,264)
Creditors			
Bank overdrafts	10	(3,918)	(66)
Distribution payable		(32)	(77)
Other creditors	11	(162)	(3,159)
Total liabilities		(8,121)	(4,566)
Net assets attributable to shareholders		34,049	90,038

The notes on pages 65 to 73 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 August 2019 to 31 July 2020

1 Accounting policies

The applicable accounting policies adopted by the Merian Monthly Income Bond Fund are included on pages 200 to 201.

2 Net capital gains

The net capital gains on investments comprise:

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19* £'000
Gains on non-derivative securities	1,042	6,350
Gains/(losses) on derivative contracts	5,581	(218)
Losses on forward currency contracts	(3,215)	(3,033)
Gains on currency contracts	1,870	410
Authorised Corporate Director's capitalised fee rebates	51	33
Net capital gains on investments	5,329	3,542

* ACD capitalised fee rebates in note 2 Net capital gains were disclosed within note 3 Revenue in the prior year.

3 Revenue

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19* £'000
Bank interest	7	10
Interest on debt securities	5,144	3,019
Non-taxable overseas dividends	-	3
Taxable distributions on Offshore Funds	753	488
UK dividends	11	-
Total revenue	5,915	3,520

* ACD capitalised fee rebates in note 2 Net capital gains were disclosed within note 3 Revenue in the prior year.

4 Expenses

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Fixed Ongoing Charge*	1,020	780
Total expenses	1,020	780

* These figures represent the Fixed Ongoing Charge, which covers all fees payable by the sub-fund to the Authorised Corporate Director, Investment adviser, Depositary (including associates etc.) and other expenses. The Audit fee for the year, excluding VAT, was £8,700 (31 July 2019: £8,500).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

5 Interest payable and similar charges

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Bank overdraft interest	40	11
Total interest payable and similar charges	40	11

6 Taxation

a) Analysis of tax charge in the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Corporation tax	10	-
Total current tax charge for the year	10	-
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	10	-

b) Factors affecting current tax charge for the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:		
Net revenue before taxation	4,855	2,729
Corporation tax at 20% (31 July 2019: 20%)	971	546
Effects of:		
Revenue not subject to taxation – UK	(2)	-
Tax deductible interest distributions	(969)	(546)
Capitalised revenue subject to taxation	10	-
Total tax charge for the year (see note 6(a))	10	-

OEICs are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

6 Taxation (continued)

c) Movement in deferred tax liability

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 31 July 2020 the sub-fund had no surplus management expenses (31 July 2019: £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:

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
First Interim – Accumulation shares (31 August)	232	232
First Interim – Income shares (31 August)	74	90
Second Interim – Accumulation shares (30 September)	231	203
Second Interim – Income shares (30 September)	73	77
Third Interim – Accumulation shares (31 October)	299	241
Third Interim – Income shares (31 October)	65	90
Fourth Interim – Accumulation shares (30 November)	364	212
Fourth Interim – Income shares (30 November)	63	74
Fifth Interim – Accumulation shares (31 December)	537	214
Fifth Interim – Income shares (31 December)	67	73
Sixth Interim – Accumulation shares (31 January)	618	205
Sixth Interim – Income shares (31 January)	74	67
Seventh Interim – Accumulation shares (29 February)	582	187
Seventh Interim – Income shares (29 February)	32	64
Eighth Interim – Accumulation shares (31 March)	704	208
Eighth Interim – Income shares (31 March)	38	71
Ninth Interim – Accumulation shares (30 April)	669	230
Ninth Interim – Income shares (30 April)	35	77
Tenth Interim – Accumulation shares (31 May)	631	233
Tenth Interim – Income shares (31 May)	31	78
Eleventh Interim – Accumulation shares (30 June)	105	201
Eleventh Interim – Income shares (30 June)	47	66
Final – Accumulation shares (31 July)	69	237
Final – Income shares (31 July)	32	77
	5,672	3,507
Revenue deducted on cancellation of shares	522	22
Revenue received on issue of shares	(289)	(20)
Distributions	5,905	3,509
Reconciliation of distributions:		
Net revenue after taxation	4,845	2,729
Capitalised fees	1,020	780
Equalisation on Collective Investment Schemes	30	-
Tax effect of fee rebates taken to capital	10	-
Distributions	5,905	3,509

Details of the interim and final distributions per share are set out in the tables on pages 74 to 85.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

8 Debtors

	31.07.20 £'000	31.07.19 £'000
Accrued Authorised Corporate Director's fee rebates	-	11
Sales awaiting settlement	-	2,577
Accrued revenue	484	811
Amounts receivable for issue of shares	145	571
Prepaid Expenses	10	-
Overseas tax recoverable	7	-
Total debtors	646	3,970

9 Cash and bank balances

	31.07.20 £'000	31.07.19 £'000
Amounts held at derivatives clearing houses and brokers	5,371	393
Cash and bank balances	995	1,972
Total cash and bank balances	6,366	2,365

10 Bank overdrafts

	31.07.20 £'000	31.07.19 £'000
Cash and bank overdrafts	612	-
Amounts held at derivatives clearing houses and brokers	3,306	66
Total overdrafts	3,918	66

11 Other creditors

	31.07.20 £'000	31.07.19 £'000
Accrued expenses	-	69
Amounts payable for cancellation of shares	152	62
Corporation tax payable	10	-
Purchases awaiting settlement	-	3,028
Total other creditors	162	3,159

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

12 Related party transactions

Merian Investment Management Limited, as ACD, is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders on page 63. Any amounts due to or from Merian Investment Management Limited at the end of the accounting year in respect of transactions of shares in each sub-fund are disclosed in notes 8 and 11. Other amounts paid to the ACD are disclosed in note 4 and amounts due to it at the year end are disclosed in note 11.

The authorised corporate director's fee rebates received by the sub-fund are from investment funds managed by Merian Global Investors Limited. During the year £51,000 (2019: £33,000) has been recognised and is included in the total rebate amounts disclosed in note 2. The balance due to the sub-fund at the year end in respect of this amounted to £Nil (2019: £11,000) and is included in the total rebate amount disclosed in note 8.

The sub-fund held the following securities and received the noted income in related funds throughout the year to 31 July 2020.

Shares	Security Name	Market Value £'000	Gross Income Earned £'000
-	Merian Financials Contingent Capital Fund - F Income (USD)	-	754

13 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Bonds and derivatives.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives for investment purposes and the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

The Investment Adviser is responsible for monitoring the portfolio of the sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The ACD has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) Foreign currency risk

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Adviser does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 31 July 2020 (31 July 2019) was as follows:

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary exposures*	Non-monetary exposures	Total	Monetary exposures*	Non-monetary exposures	Total
	31.07.20 £'000	31.07.20 £'000	31.07.20 £'000	31.07.19 £'000	31.07.19 £'000	31.07.19 £'000
Euro	4,419	(4,318)	101	2,022	(1,682)	340
US Dollar	2,142	(2,073)	69	(360)	454	94
Total	6,561	(6,391)	170	1,662	(1,228)	434

* For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

13 Derivatives and other financial instruments (continued)

c) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 July 2020 (31 July 2019) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.07.20				
Euro	4,347	5,948	37,290	47,584
Sterling	423	16,917	115,744	133,084
US Dollar	2,019	8,846	55,565	66,431
Total	6,789	31,711	208,599	247,099

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.07.19				
Euro	2,317	15,343	6,064	23,724
Sterling	3,523	52,734	39,826	96,083
US Dollar	1,950	5,704	12,113	19,767
Total	7,790	73,781	58,003	139,574

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.20			
Euro	-	(47,484)	(47,484)
Sterling	(3,918)	(95,287)	(99,205)
US Dollar	-	(66,361)	(66,361)
Total	(3,918)	(209,132)	(213,050)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.19			
Euro	(54)	(23,330)	(23,384)
Sterling	-	(6,479)	(6,479)
US Dollar	(12)	(19,661)	(19,673)
Total	(66)	(49,470)	(49,536)

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

13 Derivatives and other financial instruments (continued)

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. The risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

As at 31 July 2020 the sub-fund's exposure to investment grade rated bonds was 42.45%.

Analysis of bonds	£'000	%
Investment Grade	14,463	42.45
Below Investment Grade	16,432	48.28
Unrated	1,058	3.11
	31,953	93.84

As at 31 July 2019 the sub-fund's exposure to investment grade rated bonds was 56.44%.

Analysis of bonds	£'000	%
Investment Grade	50,817	56.44
Below Investment Grade	26,638	29.58
Unrated	1,569	1.74
	79,024	87.76

e) Counterparty risk

Certain transactions in financial instruments that the sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the ACD and Investment Adviser as an acceptable counterparty. This is overseen by the Depositary to ensure that the exposure to any counterparty remains appropriate for investors.

	Credit default swaps exposure	Futures and options exposure	Forward foreign exchange contracts exposure	Collateral held
Exposure Table 31.07.20				
Counterparty	£'000	£'000	£'000	£'000
Merrill Lynch	-	13	-	-
RBS	-	-	783	-
State Street	-	-	419	-

Exposure Table 31.07.19				
Counterparty	£'000	£'000	£'000	£'000
HSBC	-	-	19	-

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

For futures contracts, variation margin in the form of cash is pledged by the counterparty to mitigate the credit risk arising from positive balances. Where the sub-fund is in a liability position, the sub-fund pledges variation margin in the form of cash.

Collateral arrangements with counterparties require assets of an agreed type and quality to be pledged where exposures are above a certain magnitude. At the year end, collateral of £Nil was held for the sub-fund on behalf of counterparties (2019: £Nil). Collateral of £2,120,000 was pledged by the sub-fund to counterparties in the form of cash (2019: £270,000 in the form of cash).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

13 Derivatives and other financial instruments (continued)

f) Liquidity risk

The sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation to shareholders to meet any cancellation of shares. Assets from the sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the ACD regularly monitors the liquidity levels held on the sub-fund (cash and underlying securities) to ensure any redemption can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The ACD adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the ACD monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

h) Fair value of financial assets and liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

Basis of valuation	31.07.20		31.07.19	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	194	-	181	(23)
Level 2: Observable market data	34,964	(4,009)	88,088	(1,241)
Level 3: Unobservable data	-	-	-	-
Total	35,158	(4,009)	88,269	(1,264)

i) Sensitivity analysis

The Investment Adviser assesses the market risk of the Merian Monthly Income Bond Fund, including any derivative exposures, using an Absolute Value at Risk ('VaR') methodology. VaR is a process that provides the Investment Adviser with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. As the sub-fund adopts an absolute VaR Model to measure the global market risk, the daily VaR limit for the sub-fund cannot be greater than 20 per cent of the Net Asset Value of the sub-fund. The VaR is calculated using a one-tailed 95 per cent confidence level, a one month holding period and the historical period of one year (250 Business Days). Derivatives are used to efficiently manage the tactical asset allocation positioning of the sub-fund, Merian Monthly Income Bond Fund. The sub-fund uses absolute methodology to measure Value at Risk (VaR). The VaR for the fund at 31 July 2020 was 5.30% (31 July 2019: 1.80%).

The minimum, average and maximum VaR of the sub-fund over the year was 0.90%, 3.20%, and 8.60% (31 July 2019: 1.30%, 1.50%, and 1.70%).

The Gross sum of notionals (GSON) leverage figures are prepared with no hedging or netting of any asset class. Across the range of asset classes exposures are treated differently. For instance currency forwards are treated by valuing both legs of the underlying and expressing them as a percentage of the NAV. Physical assets are excluded to get the incremental exposure resulting from derivatives.

The sub-fund is limited to 400% gross leverage, and this limit has not been exceeded over the year. Using the "gross sum of notionals" methodology, the average leverage for the year ended 31 July 2020 was 126.2% (31 July 2019: 90.9%).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

14 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 July 2019: £Nil).

15 Portfolio transaction costs

There are no commissions, stamp duty or taxes paid in relation to the transactions on the bond portfolio for current year. Quoted in £'000, the total value of purchases for the year was £566,773 (2019: £206,960) and the total value of sales was £623,116 (2019: £208,195).

Transaction costs as a percentage of average Net Assets	31.07.20	31.07.19
Commissions:	0.00%	0.00%
Taxes:	0.00%	0.00%

Commissions on derivative transactions of £6,596 (31 July 2019: £3,751). There were no taxes on derivative transactions (31 July 2019: £Nil).

In the case of shares, transaction costs are paid by the sub-fund on each transaction. Commissions relate to those paid to agents, advisers, brokers and dealers in the buying and selling of securities. Other costs include any additional fees that may be paid to agents, advisers, brokers and dealers as well as levies by regulatory agencies and security exchanges and any transfer taxes or duties. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike share, other types of investments have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads may vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 1.03% (31 July 2019: 0.58%).

16 Shareholders' funds

The sub-fund currently has nine share classes; Accumulation 'A', Income 'A', Accumulation 'P', Income 'P', Accumulation 'R', Income 'R', Accumulation 'U1', Income 'U1' and Income 'U2'. The net asset value of each share class, net asset value per share and the number of shares in issue are given in the information pages for each sub-fund.

The share classes currently in issue and the Fixed Ongoing Charge of each share class are shown below.

	31.07.20	31.07.19
- Accumulation 'A'	1.15%	1.40%
- Income 'A'	1.15%	1.40%
- Accumulation 'P'	0.80%	0.90%
- Income 'P'	0.80%	0.90%
- Accumulation 'R'	0.65%	0.80%
- Income 'R'	0.65%	0.80%
- Accumulation 'U1'	0.35%	0.7125%
- Income 'U1'	0.35%	0.7125%
- Income 'U2'	0.65%	0.65%

Share class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	6,698,019	810,100	(1,619,842)	(11,660)	5,876,617
- Income 'A'	29,842,030	116,718	(202,134)	(28,052,443)	1,704,171
- Accumulation 'P'	4,404	6,651	(4)	5,494	16,545
- Income 'P'	87,729	144,616	(51,729)	84,947	265,563
- Accumulation 'R'	48,731,443	101,201,002	(152,188,501)	8,502,171	6,246,115
- Income 'R'	8,297,314	1,232,755	(2,649,395)	(8,115)	6,872,559
- Accumulation 'U1'	2,321,147	7,245,798	(1,204,787)	-	8,362,158
- Income 'U1'	2,336,643	1,966,261	(1,760,150)	-	2,542,754
- Income 'U2'	77,286	2,094	(46,575)	-	32,805

17 Post balance sheet date events

Since the year-end, markets have continued to be disrupted by the COVID-19 pandemic. Since the year-end, the NAV per share of share class Accumulation 'R' has increased by 3.63% to 13 November 2020. The other share classes in the Fund have moved by a similar magnitude. Contingency plans at the ACD and key service providers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Distribution tables

Final distribution

Group 1: Shares purchased prior to 1 July 2020
 Group 2: Shares purchased from 1 July 2020 to 31 July 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.08.20 pence per share	Distribution paid 31.08.19 pence per share
Accumulation 'A' Shares				
Group 1	0.2470	-	0.2470	0.2695
Group 2	0.1421	0.1049	0.2470	0.2695
Income 'A' Shares				
Group 1	0.1184	-	0.1184	0.1346
Group 2	0.0626	0.0558	0.1184	0.1346
Accumulation 'P' Shares				
Group 1	0.4614	-	0.4614	0.5031
Group 2	0.4614	0.0000	0.4614	0.5031
Income 'P' Shares				
Group 1	0.2927	-	0.2927	0.3315
Group 2	0.2927	0.0000	0.2927	0.3315
Accumulation 'R' Shares				
Group 1	0.3958	-	0.3958	0.4298
Group 2	0.1523	0.2435	0.3958	0.4298
Income 'R' Shares				
Group 1	0.3128	-	0.3128	0.3535
Group 2	0.1740	0.1388	0.3128	0.3535
Accumulation 'U1' Shares				
Group 1	0.3595	-	0.3595	0.3890
Group 2	0.1847	0.1748	0.3595	0.3890
Income 'U1' Shares				
Group 1	0.2766	-	0.2766	0.3118
Group 2	0.1400	0.1366	0.2766	0.3118
Income 'U2' Shares				
Group 1	0.2869	-	0.2869	0.3246
Group 2	0.0006	0.2863	0.2869	0.3246

Distribution tables (continued)

Eleventh interim distribution

Group 1: Shares purchased prior to 1 June 2020
 Group 2: Shares purchased from 1 June 2020 to 30 June 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.07.20 pence per share	Distribution paid 31.07.19 pence per share
Accumulation 'A' Shares				
Group 1	0.3718	-	0.3718	0.2304
Group 2	0.2099	0.1619	0.3718	0.2304
Income 'A' Shares				
Group 1	0.1791	-	0.1791	0.1153
Group 2	0.0909	0.0882	0.1791	0.1153
Accumulation 'P' Shares				
Group 1	0.6951	-	0.6951	0.4303
Group 2	0.6951	0.0000	0.6951	0.4303
Income 'P' Shares				
Group 1	0.4427	-	0.4427	0.2840
Group 2	0.3491	0.0936	0.4427	0.2840
Accumulation 'R' Shares				
Group 1	0.5935	-	0.5935	0.3671
Group 2	0.3224	0.2711	0.5935	0.3671
Income 'R' Shares				
Group 1	0.4723	-	0.4723	0.3029
Group 2	0.1804	0.2919	0.4723	0.3029
Accumulation 'U1' Shares				
Group 1	0.5409	-	0.5409	0.3325
Group 2	0.1832	0.3577	0.5409	0.3325
Income 'U1' Shares				
Group 1	0.4180	-	0.4180	0.2671
Group 2	0.2821	0.1359	0.4180	0.2671
Income 'U2' Shares				
Group 1	0.4319	-	0.4319	0.2779
Group 2	0.0006	0.4313	0.4319	0.2779

Distribution tables (continued)

Tenth interim distribution

Group 1: Shares purchased prior to 1 May 2020
 Group 2: Shares purchased from 1 May 2020 to 31 May 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.06.20 pence per share	Distribution paid 30.06.19 pence per share
Accumulation 'A' Shares				
Group 1	0.2393	-	0.2393	0.2765
Group 2	0.0227	0.2166	0.2393	0.2765
Income 'A' Shares				
Group 1	0.1157	-	0.1157	0.1389
Group 2	0.0582	0.0575	0.1157	0.1389
Accumulation 'P' Shares				
Group 1	0.4469	-	0.4469	0.5161
Group 2	0.4469	0.0000	0.4469	0.5161
Income 'P' Shares				
Group 1	0.2857	-	0.2857	0.3419
Group 2	0.2857	0.0000	0.2857	0.3419
Accumulation 'R' Shares				
Group 1	0.3831	-	0.3831	0.4404
Group 2	0.1151	0.2680	0.3831	0.4404
Income 'R' Shares				
Group 1	0.3052	-	0.3052	0.3647
Group 2	0.1017	0.2035	0.3052	0.3647
Accumulation 'U1' Shares				
Group 1	0.3479	-	0.3479	0.3988
Group 2	0.1246	0.2233	0.3479	0.3988
Income 'U1' Shares				
Group 1	0.2697	-	0.2697	0.3214
Group 2	0.1374	0.1323	0.2697	0.3214
Income 'U2' Shares				
Group 1	0.2799	-	0.2799	0.3346
Group 2	0.0000	0.2799	0.2799	0.3346

Distribution tables (continued)

Ninth interim distribution

Group 1: Shares purchased prior to 1 April 2020
 Group 2: Shares purchased from 1 April 2020 to 30 April 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.05.20 pence per share	Distribution paid 31.05.19 pence per share
Accumulation 'A' Shares				
Group 1	0.2576	-	0.2576	0.2716
Group 2	0.1010	0.1566	0.2576	0.2716
Income 'A' Shares				
Group 1	0.1248	-	0.1248	0.1370
Group 2	0.0452	0.0796	0.1248	0.1370
Accumulation 'P' Shares				
Group 1	0.4811	-	0.4811	0.5059
Group 2	0.4811	0.0000	0.4811	0.5059
Income 'P' Shares				
Group 1	0.3083	-	0.3083	0.3369
Group 2	0.2523	0.0560	0.3083	0.3369
Accumulation 'R' Shares				
Group 1	0.4123	-	0.4123	0.4324
Group 2	0.1711	0.2412	0.4123	0.4324
Income 'R' Shares				
Group 1	0.3294	-	0.3294	0.3592
Group 2	0.1287	0.2007	0.3294	0.3592
Accumulation 'U1' Shares				
Group 1	0.3742	-	0.3742	0.3914
Group 2	0.0625	0.3117	0.3742	0.3914
Income 'U1' Shares				
Group 1	0.2911	-	0.2911	0.3168
Group 2	0.1368	0.1543	0.2911	0.3168
Income 'U2' Shares				
Group 1	0.3026	-	0.3026	0.3295
Group 2	0.0001	0.3025	0.3026	0.3295

Distribution tables (continued)

Eighth interim distribution

Group 1: Shares purchased prior to 1 March 2020
 Group 2: Shares purchased from 1 March 2020 to 31 March 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.04.20 pence per share	Distribution paid 30.04.19 pence per share
Accumulation 'A' Shares				
Group 1	0.2823	-	0.2823	0.2450
Group 2	0.1431	0.1392	0.2823	0.2450
Income 'A' Shares				
Group 1	0.1374	-	0.1374	0.1240
Group 2	0.0519	0.0855	0.1374	0.1240
Accumulation 'P' Shares				
Group 1	0.5276	-	0.5276	0.4571
Group 2	0.5276	0.0000	0.5276	0.4571
Income 'P' Shares				
Group 1	0.3394	-	0.3394	0.3049
Group 2	0.3394	0.0000	0.3394	0.3049
Accumulation 'R' Shares				
Group 1	0.4516	-	0.4516	0.3899
Group 2	0.2210	0.2306	0.4516	0.3899
Income 'R' Shares				
Group 1	0.3622	-	0.3622	0.3252
Group 2	0.2354	0.1268	0.3622	0.3252
Accumulation 'U1' Shares				
Group 1	0.4098	-	0.4098	0.3530
Group 2	0.2495	0.1603	0.4098	0.3530
Income 'U1' Shares				
Group 1	0.3200	-	0.3200	0.2865
Group 2	0.1871	0.1329	0.3200	0.2865
Income 'U2' Shares				
Group 1	0.3326	-	0.3326	0.2978
Group 2	0.0000	0.3326	0.3326	0.2978

Distribution tables (continued)

Seventh interim distribution

Group 1: Shares purchased prior to 1 February 2020

Group 2: Shares purchased from 1 February 2020 to 29 February 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.03.20 pence per share	Distribution paid 31.03.19 pence per share
Accumulation 'A' Shares				
Group 1	0.2311	-	0.2311	0.2197
Group 2	0.0506	0.1805	0.2311	0.2197
Income 'A' Shares				
Group 1	0.1149	-	0.1149	0.1114
Group 2	0.0656	0.0493	0.1149	0.1114
Accumulation 'P' Shares				
Group 1	0.4319	-	0.4319	0.4095
Group 2	0.4319	0.0000	0.4319	0.4095
Income 'P' Shares				
Group 1	0.2784	-	0.2784	0.2739
Group 2	0.1490	0.1294	0.2784	0.2739
Accumulation 'R' Shares				
Group 1	0.3694	-	0.3694	0.3493
Group 2	0.1923	0.1771	0.3694	0.3493
Income 'R' Shares				
Group 1	0.2972	-	0.2972	0.2921
Group 2	0.1450	0.1522	0.2972	0.2921
Accumulation 'U1' Shares				
Group 1	0.3351	-	0.3351	0.3162
Group 2	0.1750	0.1601	0.3351	0.3162
Income 'U1' Shares				
Group 1	0.2624	-	0.2624	0.2575
Group 2	0.0836	0.1788	0.2624	0.2575
Income 'U2' Shares				
Group 1	0.2729	-	0.2729	0.2680
Group 2	0.0000	0.2729	0.2729	0.2680

Distribution tables (continued)

Sixth interim distribution

Group 1: Shares purchased prior to 1 January 2020

Group 2: Shares purchased from 1 January 2020 to 31 January 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 29.02.20 pence per share	Distribution paid 28.02.19 pence per share
Accumulation 'A' Shares				
Group 1	0.2656	-	0.2656	0.2351
Group 2	0.0709	0.1947	0.2656	0.2351
Income 'A' Shares				
Group 1	0.1306	-	0.1306	0.1197
Group 2	0.0281	0.1025	0.1306	0.1197
Accumulation 'P' Shares				
Group 1	0.4987	-	0.4987	0.4369
Group 2	0.4987	0.0000	0.4987	0.4369
Income 'P' Shares				
Group 1	0.3225	-	0.3225	0.2941
Group 2	0.3225	0.0000	0.3225	0.2941
Accumulation 'R' Shares				
Group 1	0.4308	-	0.4308	0.3737
Group 2	0.1735	0.2573	0.4308	0.3737
Income 'R' Shares				
Group 1	0.3448	-	0.3448	0.3135
Group 2	0.0698	0.2750	0.3448	0.3135
Accumulation 'U1' Shares				
Group 1	0.3916	-	0.3916	0.3382
Group 2	0.0737	0.3179	0.3916	0.3382
Income 'U1' Shares				
Group 1	0.3062	-	0.3062	0.2763
Group 2	0.0669	0.2393	0.3062	0.2763
Income 'U2' Shares				
Group 1	0.2944	-	0.2944	0.2877
Group 2	0.0000	0.2944	0.2944	0.2877

Distribution tables (continued)

Fifth interim distribution

Group 1: Shares purchased prior to 1 December 2019

Group 2: Shares purchased from 1 December 2019 to 31 December 2019

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.01.20 pence per share	Distribution paid 31.01.19 pence per share
Accumulation 'A' Shares				
Group 1	0.2472	-	0.2472	0.2447
Group 2	0.1523	0.0949	0.2472	0.2447
Income 'A' Shares				
Group 1	0.1214	-	0.1214	0.1250
Group 2	0.0574	0.0640	0.1214	0.1250
Accumulation 'P' Shares				
Group 1	0.4623	-	0.4623	0.4558
Group 2	0.2712	0.1911	0.4623	0.4558
Income 'P' Shares				
Group 1	0.2995	-	0.2995	0.3071
Group 2	0.2995	0.0000	0.2995	0.3071
Accumulation 'R' Shares				
Group 1	0.3949	-	0.3949	0.3889
Group 2	0.2205	0.1744	0.3949	0.3889
Income 'R' Shares				
Group 1	0.3198	-	0.3198	0.3275
Group 2	0.1802	0.1396	0.3198	0.3275
Accumulation 'U1' Shares				
Group 1	0.3581	-	0.3581	0.3520
Group 2	0.2001	0.1580	0.3581	0.3520
Income 'U1' Shares				
Group 1	0.2823	-	0.2823	0.2886
Group 2	0.1302	0.1521	0.2823	0.2886
Income 'U2' Shares				
Group 1	0.3066	-	0.3066	0.3000
Group 2	0.0795	0.2271	0.3066	0.3000

Distribution tables (continued)

Fourth interim distribution

Group 1: Shares purchased prior to 1 November 2019

Group 2: Shares purchased from 1 November 2019 to 30 November 2019

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.12.19 pence per share	Distribution paid 31.12.18 pence per share
Accumulation 'A' Shares				
Group 1	0.2360	-	0.2360	0.2404
Group 2	0.0023	0.2337	0.2360	0.2404
Income 'A' Shares				
Group 1	0.1162	-	0.1162	0.1233
Group 2	0.0166	0.0996	0.1162	0.1233
Accumulation 'P' Shares				
Group 1	0.4429	-	0.4429	0.4480
Group 2	0.4429	0.0000	0.4429	0.4480
Income 'P' Shares				
Group 1	0.2868	-	0.2868	0.3026
Group 2	0.2868	0.0000	0.2868	0.3026
Accumulation 'R' Shares				
Group 1	0.3769	-	0.3769	0.3818
Group 2	0.0331	0.3438	0.3769	0.3818
Income 'R' Shares				
Group 1	0.3060	-	0.3060	0.3225
Group 2	0.0881	0.2179	0.3060	0.3225
Accumulation 'U1' Shares				
Group 1	0.3417	-	0.3417	0.3455
Group 2	0.0771	0.2646	0.3417	0.3455
Income 'U1' Shares				
Group 1	0.2700	-	0.2700	0.2842
Group 2	0.0889	0.1811	0.2700	0.2842
Income 'U2' Shares				
Group 1	0.2809	-	0.2809	0.2958
Group 2	0.0000	0.2809	0.2809	0.2958

Distribution tables (continued)

Third interim distribution

Group 1: Shares purchased prior to 1 October 2019

Group 2: Shares purchased from 1 October 2019 to 31 October 2019

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.11.19 pence per share	Distribution paid 30.11.18 pence per share
Accumulation 'A' Shares				
Group 1	0.2429	-	0.2429	0.2734
Group 2	0.1454	0.0975	0.2429	0.2734
Income 'A' Shares				
Group 1	0.1200	-	0.1200	0.1406
Group 2	0.0314	0.0886	0.1200	0.1406
Accumulation 'P' Shares				
Group 1	0.4548	-	0.4548	0.5080
Group 2	0.4548	0.0000	0.4548	0.5080
Income 'P' Shares				
Group 1	0.2958	-	0.2958	0.3451
Group 2	0.2958	0.0000	0.2958	0.3451
Accumulation 'R' Shares				
Group 1	0.3878	-	0.3878	0.4338
Group 2	0.0308	0.3570	0.3878	0.4338
Income 'R' Shares				
Group 1	0.3151	-	0.3151	0.3678
Group 2	0.1456	0.1695	0.3151	0.3678
Accumulation 'U1' Shares				
Group 1	0.3514	-	0.3514	0.3926
Group 2	0.1349	0.2165	0.3514	0.3926
Income 'U1' Shares				
Group 1	0.2785	-	0.2785	0.3241
Group 2	0.1313	0.1472	0.2785	0.3241
Income 'U2' Shares				
Group 1	0.2897	-	0.2897	0.3370
Group 2	0.0000	0.2897	0.2897	0.3370

Distribution tables (continued)

Second interim distribution

Group 1: Shares purchased prior to 1 September 2019

Group 2: Shares purchased from 1 September 2019 to 30 September 2019

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.10.19 pence per share	Distribution paid 31.10.18 pence per share
Accumulation 'A' Shares				
Group 1	0.2563	-	0.2563	0.2293
Group 2	0.1419	0.1144	0.2563	0.2293
Income 'A' Shares				
Group 1	0.1269	-	0.1269	0.1184
Group 2	0.0265	0.1004	0.1269	0.1184
Accumulation 'P' Shares				
Group 1	0.4795	-	0.4795	0.4263
Group 2	0.4795	0.0000	0.4795	0.4263
Income 'P' Shares				
Group 1	0.3128	-	0.3128	0.2903
Group 2	0.3128	0.0000	0.3128	0.2903
Accumulation 'R' Shares				
Group 1	0.4080	-	0.4080	0.3638
Group 2	0.1621	0.2459	0.4080	0.3638
Income 'R' Shares				
Group 1	0.3337	-	0.3337	0.3095
Group 2	0.1087	0.2250	0.3337	0.3095
Accumulation 'U1' Shares				
Group 1	0.3707	-	0.3707	0.3292
Group 2	0.1142	0.2565	0.3707	0.3292
Income 'U1' Shares				
Group 1	0.2944	-	0.2944	0.2727
Group 2	0.1978	0.0966	0.2944	0.2727
Income 'U2' Shares				
Group 1	0.3064	-	0.3064	0.2836
Group 2	0.0017	0.3047	0.3064	0.2836

Distribution tables (continued)

First interim distribution

Group 1: Shares purchased prior to 1 August 2019
 Group 2: Shares purchased from 1 August 2019 to 31 August 2019

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.09.19 pence per share	Distribution paid 30.09.18 pence per share
Accumulation 'A' Shares				
Group 1	0.2602	-	0.2602	0.2667
Group 2	0.0238	0.2364	0.2602	0.2667
Income 'A' Shares				
Group 1	0.1294	-	0.1294	0.1381
Group 2	0.0273	0.1021	0.1294	0.1381
Accumulation 'P' Shares				
Group 1	0.4859	-	0.4859	0.4955
Group 2	0.4859	0.0000	0.4859	0.4955
Income 'P' Shares				
Group 1	0.3189	-	0.3189	0.3388
Group 2	0.3189	0.0000	0.3189	0.3388
Accumulation 'R' Shares				
Group 1	0.4151	-	0.4151	0.4229
Group 2	0.1670	0.2481	0.4151	0.4229
Income 'R' Shares				
Group 1	0.3402	-	0.3402	0.3611
Group 2	0.1618	0.1784	0.3402	0.3611
Accumulation 'U1' Shares				
Group 1	0.3759	-	0.3759	0.3827
Group 2	0.1812	0.1947	0.3759	0.3827
Income 'U1' Shares				
Group 1	0.3000	-	0.3000	0.3181
Group 2	0.1637	0.1363	0.3000	0.3181
Income 'U2' Shares				
Group 1	0.3122	-	0.3122	0.3307
Group 2	0.0000	0.3122	0.3122	0.3307

* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Merian UK Alpha Fund

Launch date	15 June 2018
IA Sector	UK All Companies
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£923,602,058

Investment Objective and Policy

To achieve capital growth. In seeking to achieve its investment objective the sub-fund will aim to deliver a return, net of fees, greater than that of the FTSE All-Share Index over rolling 3 year periods.

The sub-fund primarily invests (at least 70%) in a portfolio of UK equities. UK equities are equities of companies domiciled or incorporated in the UK, or that conduct a significant part of their business in the UK.

The sub-fund may also invest in other transferable securities, units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives, and may hold cash.

The sub-fund maintains a concentrated, high conviction portfolio consisting of companies which the Investment Adviser believes are undervalued relative to their growth prospects.

The sub-fund may use derivatives for Efficient Portfolio Management purposes only. The ACD considers that the use of derivatives for this purpose is not likely to affect the volatility or risk profile of the sub-fund.

Investment Manager's review

The first half of the fund's year was dominated by the 'trade war' between the US and China, with markets rising and falling in response to progress or setbacks in agreeing a trade deal. The US central bank lowered interest rates and it looked as though the two-year deceleration in global manufacturing was levelling out, with the prospects of an upturn into 2020. Meanwhile the Conservative party's strong general election victory in December banished fears of a hard Left, anti-business government and raised hopes of increased public spending on infrastructure and 'levelling up' regional imbalances in the UK.

Unfortunately, the outbreak in China of a virus akin to others experienced in Asia over recent years was to change the outlook radically early in 2020. Unlike other such viruses, it spread beyond Asia into first Italy, then the rest of Europe including the UK, the US, India, South America, Australia and New Zealand. Stock markets plunged more than 30% in five weeks as governments sought to control the spread of the coronavirus by shutting down their economies via 'lockdown' stay-at-home policies, with travel and all societal interaction stopped.

Whilst stock markets fell heavily, central banks led by the US Federal Reserve responded with aggressive interest rate cuts and provision of liquidity through expansion of their balance sheets through acquisitions of a growing range of assets – eventually including even low grade corporate bonds. This stopped the rot in equity markets, whilst a series of policy initiatives by governments to protect their economies during lockdown – from paying private sector wages, sending cheques to those laid off, suspending business rates or guaranteeing bank loans to the private sector – raised hopes that whilst economic growth would collapse, maybe both future demand and future supply could be sufficiently protected as to ensure a reasonably swift recovery once lockdowns eased.

Having outperformed the broader market during the first half of the fund's year, the downturn in equity markets from mid-February to late March exacted a heavy toll on the fund's

performance, so its return for the twelve months to end-July 2020 was below the benchmark. Positioned for a gentle reacceleration in economic activity both globally and in the UK, the fund had no exposure to traditionally defensive sectors such as tobacco, consumer staples or utilities, which would have better protected the fund from the sharp sell-off.

Moreover, the fund had exposure to travel-related companies such as airline IAG, airports and railways caterer SSP Group and Premier Inn owner Whitbread. These all fell heavily, with both SSP Group and Whitbread raising additional equity capital to protect their balance sheets during the lockdown and enable them to emerge in a stronger competitive position in recovery. Financial stocks fell as banks increased provisions against possible bad debts significantly. Engineering turnaround specialist Melrose sold off on concerns about its debt levels and its aerospace and auto exposure, whilst mature software company Micro Focus continued to have to invest heavily to improve the fortunes of its latest acquisition.

More positively, Pets at Home, which had underperformed in the previous two years as it addressed issues in both its retail and vets businesses, rebounded very strongly. Gaming group GVC also bounced sharply after a difficult year – in share price terms – the previous year. Fidelity National Investment Services (which took over UK-listed Worldpay) performed well, alongside long-held Experian. The business transformation at software company Sage continued and it was a better year for biomass power generator Drax.

We are long term investors prepared to back companies and management teams through difficult times if we believe they will emerge strongly in the long run – as paid off with backing Pets at Home, the largest positive contributor to returns this year. It is clear that some sectors will recover sooner than others, but we are encouraged by our conversations with management teams in cyclical areas like engineering or travel that they can reduce costs and capacity in order to regain suitable margins in time even with much lower revenues. In many cases this would provide material upside to where shares are currently priced, with investors focused on short term prospects.

The outlook is clearly highly uncertain. Fears of 'second wave' virus outbreaks will persist until an effective vaccine is created. Despite all the efforts of government, unemployment will rise, impacting consumer behaviour. Relations between the US and China continue to worsen, with ramifications for global trade and international supply chains. The UK may have left the EU, but the end of 2020 sees the end of the transitional period operating still under EU rules, and it remains to be seen if agreement can be reached on future trade relations or the UK ends up on a basic World Trade Organisation terms of trade, with potential costs and tariffs.

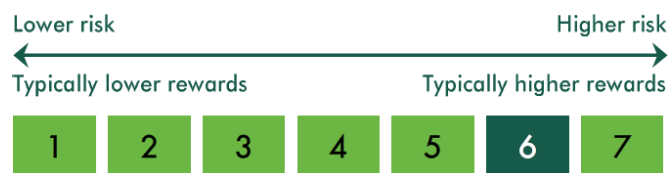
The US presidential election could see a resurgent Trump defy his critics and pursue more aggressively his America First agenda, or a Democratic sweep usher in higher corporate taxes, healthcare reform and a massive investment programme around a green agenda. What is clear is that both US and UK governments have no appetite for austerity. Interest rates will remain negligible and bond yields low, yet governments will borrow and spend heavily. Were inflation to pick up in due course, financial repression would penalise savers over borrowers. 'Growth' stocks have continued to outperform 'value' stocks for over a decade, with the relative valuation differential at record levels. The fund remains invested in both 'growth' and 'value' stocks, more stable and more cyclical companies, domestically oriented and international businesses. We see many interesting investment opportunities for the patient investor capable of riding out shorter-term volatility.

Value assessment for the year ended 31 July 2020

For further details on the value assessment report please refer to pages 7 to 16.

Merian UK Alpha Fund

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-funds in category 6 have in the past shown relatively high volatility. With a sub-fund of category 6, you have a relatively high risk of losing money but your chance for gains is also relatively high.

Investment risk - there is no guarantee that the sub-fund will achieve its objective. A capital loss of some or all of the amount invested may occur.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

Company shares (i.e. equities) risk - the value of Company shares and similar investments may go down as well as up in response to the performance of individual companies and can be affected by daily stock market movements and general market conditions.

Concentration risk (number of investments) - the sub-fund may at times hold a smaller number of investments, and therefore a fall in the value of a single investment may have a greater impact on the sub-fund's value than if it held a larger number of investments.

Currency risk - the sub-fund is denominated in British Pounds but may hold assets denominated in, or with exposure to, other currencies. The value of your shares may rise and fall as a result of exchange rate movements.

Derivative risk - the sub-fund may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. Efficient Portfolio Management (EPM)). Derivatives involve a level of risk, however, for EPM they should not increase the overall riskiness of the sub-fund. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet their contractual obligations.

Capital erosion risk - the sub-fund takes its charges from the capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'A'†	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	15 June 2018 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	140.60	139.28	142.10
Return before operating charges*	(28.24)	3.45	(2.54)
Operating charges**	(2.07)	(2.13)	(0.28)
Return after operating charges*	(30.31)	1.32	(2.82)
Distributions	(4.01)	(5.09)	(0.27)
Retained distributions	4.01	5.09	0.27
Closing net asset value per share	110.29	140.60	139.28
* after direct transaction costs of***	0.08	0.04	0.01
Performance			
Return after charges	(21.56)%	0.95%	(1.98)%
Other information			
Closing net asset value (£)	62,378,739	100,940,309	68,456,344
Closing number of shares	56,557,841	71,794,896	49,151,531
Operating charges****	1.60%	1.60%	1.60%
Direct transaction costs***	0.06%	0.03%	0.05%
Prices	pence per share	pence per share	pence per share
Highest share price	150.10	142.40	142.10
Lowest share price	87.38	119.00	136.80
Income 'A'†	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	15 June 2018 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	118.66	122.13	124.85
Return before operating charges*	(23.43)	2.82	(2.24)
Operating charges**	(1.73)	(1.86)	(0.25)
Return after operating charges*	(25.16)	0.96	(2.49)
Distributions	(3.36)	(4.43)	(0.23)
Retained distributions	-	-	-
Closing net asset value per share	90.14	118.66	122.13
* after direct transaction costs of***	0.06	0.03	0.01
Performance			
Return after charges	(21.20)%	0.79%	(1.99)%
Other information			
Closing net asset value (£)	3,459,636	7,948,487	3,739,494
Closing number of shares	3,837,870	6,698,382	3,061,828
Operating charges****	1.60%	1.60%	1.60%
Direct transaction costs***	0.06%	0.03%	0.05%
Prices	pence per share	pence per share	pence per share
Highest share price	126.70	123.00	124.85
Lowest share price	72.58	104.40	120.20

Comparative Tables (continued)

Accumulation 'P'††	1 August 2019 to 31 July 2020 pence per share	28 June 2019 to 31 July 2019 pence per share
Change in net assets per share		
Opening net asset value per share	101.49	100.00
Return before operating charges*	(20.56)	1.58
Operating charges**	(0.92)	(0.09)
Return after operating charges*	(21.48)	1.49
Distributions	(2.90)	(0.19)
Retained distributions	2.90	0.19
Closing net asset value per share	80.01	101.49
* after direct transaction costs of***	0.05	-
Performance		
Return after charges	(21.16)%	1.49%
Other information		
Closing net asset value (£)	2,796,809	46,484
Closing number of shares	3,495,584	45,803
Operating charges****	1.10%	1.10%
Direct transaction costs***	0.06%	0.03%
Prices	pence per share	pence per share
Highest share price	108.60	102.80
Lowest share price	63.27	100.00
Income 'P'††	1 August 2019 to 31 July 2020 pence per share	28 June 2019 to 31 July 2019 pence per share
Change in net assets per share		
Opening net asset value per share	101.30	100.00
Return before operating charges*	(20.18)	1.58
Operating charges**	(0.90)	(0.09)
Return after operating charges*	(21.08)	1.49
Distributions	(2.88)	(0.19)
Retained distributions	-	-
Closing net asset value per share	77.34	101.30
* after direct transaction costs of***	0.05	-
Performance		
Return after charges	(20.81)%	1.49%
Other information		
Closing net asset value (£)	2,022,499	8,488
Closing number of shares	2,614,993	8,379
Operating charges****	1.10%	1.10%
Direct transaction costs***	0.06%	0.03%
Prices	pence per share	pence per share
Highest share price	108.40	102.80
Lowest share price	62.15	100.00

Comparative Tables (continued)

Accumulation 'R'†	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	15 June 2018 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	169.53	166.68	169.89
Return before operating charges*	(34.22)	4.20	(3.03)
Operating charges**	(1.32)	(1.35)	(0.18)
Return after operating charges*	(35.54)	2.85	(3.21)
Distributions	(4.85)	(6.12)	(0.32)
Retained distributions	4.85	6.12	0.32
Closing net asset value per share	133.99	169.53	166.68
* after direct transaction costs of***	0.09	0.05	0.01
Performance			
Return after charges	(20.96)%	1.71%	(1.89)%
Other information			
Closing net asset value (£)	272,277,672	349,582,005	361,966,735
Closing number of shares	203,206,901	206,210,724	217,168,642
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.06%	0.03%	0.05%
Prices	pence per share	pence per share	pence per share
Highest share price	181.60	171.70	169.89
Lowest share price	105.90	142.90	163.70
Income 'R'†	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	15 June 2018 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	124.80	127.46	130.17
Return before operating charges*	(24.76)	3.01	(2.33)
Operating charges**	(0.97)	(1.03)	(0.14)
Return after operating charges*	(25.73)	1.98	(2.47)
Distributions	(3.54)	(4.64)	(0.24)
Retained distributions	-	-	-
Closing net asset value per share	95.53	124.80	127.46
* after direct transaction costs of***	0.07	0.04	0.01
Performance			
Return after charges	(20.62)%	1.55%	(1.90)%
Other information			
Closing net asset value (£)	22,168,554	35,989,516	22,432,596
Closing number of shares	23,205,869	28,837,420	17,599,643
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.06%	0.03%	0.05%
Prices	pence per share	pence per share	pence per share
Highest share price	133.60	129.30	130.17
Lowest share price	76.70	109.30	125.40

Comparative Tables (continued)

Accumulation 'U1'†	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	15 June 2018 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	150.68	148.03	150.88
Return before operating charges*	(30.43)	3.75	(2.71)
Operating charges**	(1.07)	(1.10)	(0.14)
Return after operating charges*	(31.50)	2.65	(2.85)
Distributions	(4.31)	(5.44)	(0.28)
Retained distributions	4.31	5.44	0.28
Closing net asset value per share	119.18	150.68	148.03
* after direct transaction costs of***	0.08	0.04	0.01
Performance			
Return after charges	(20.91)%	1.79%	(1.89)%
Other information			
Closing net asset value (£)	279,381,618	488,583,642	544,527,362
Closing number of shares	234,414,070	324,251,771	367,838,497
Operating charges****	0.775%	0.775%	0.775%
Direct transaction costs***	0.06%	0.03%	0.05%
Prices	pence per share	pence per share	pence per share
Highest share price	161.40	152.60	150.88
Lowest share price	94.14	126.90	145.40
Income 'U1'†	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	15 June 2018 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	122.26	124.77	127.41
Return before operating charges*	(24.26)	2.95	(2.28)
Operating charges**	(0.88)	(0.92)	(0.12)
Return after operating charges*	(25.14)	2.03	(2.40)
Distributions	(3.47)	(4.54)	(0.24)
Retained distributions	-	-	-
Closing net asset value per share	93.65	122.26	124.77
* after direct transaction costs of***	0.07	0.03	0.01
Performance			
Return after charges	(20.56)%	1.63%	(1.88)%
Other information			
Closing net asset value (£)	76,948,064	233,419,857	355,969,836
Closing number of shares	82,161,490	190,917,074	285,306,882
Operating charges****	0.775%	0.775%	0.775%
Direct transaction costs***	0.06%	0.03%	0.05%
Prices	pence per share	pence per share	pence per share
Highest share price	131.00	126.70	127.41
Lowest share price	75.18	107.00	122.70

Comparative Tables (continued)

Accumulation 'U2'†	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	15 June 2018 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	144.33	141.68	144.39
Return before operating charges*	(29.17)	3.60	(2.59)
Operating charges**	(0.93)	(0.95)	(0.12)
Return after operating charges*	(30.10)	2.65	(2.71)
Distributions	(4.13)	(5.21)	(0.27)
Retained distributions	4.13	5.21	0.27
Closing net asset value per share	114.23	144.33	141.68
* after direct transaction costs of***	0.08	0.04	0.01
Performance			
Return after charges	(20.85)%	1.87%	(1.88)%
Other information			
Closing net asset value (£)	120,051,682	192,533,247	199,042,178
Closing number of shares	105,094,697	133,398,889	140,482,805
Operating charges****	0.70%	0.70%	0.70%
Direct transaction costs***	0.06%	0.03%	0.05%
Prices	pence per share	pence per share	pence per share
Highest share price	154.70	146.20	144.39
Lowest share price	90.20	121.50	139.10
Income 'U2'†	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	15 June 2018 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	118.77	121.10	123.65
Return before operating charges*	(23.59)	2.88	(2.21)
Operating charges**	(0.77)	(0.80)	(0.11)
Return after operating charges*	(24.36)	2.08	(2.32)
Distributions	(3.39)	(4.41)	(0.23)
Retained distributions	-	-	-
Closing net asset value per share	91.02	118.77	121.10
* after direct transaction costs of***	0.07	0.03	0.01
Performance			
Return after charges	(20.51)%	1.72%	(1.88)%
Other information			
Closing net asset value (£)	82,116,785	338,442,524	572,543,683
Closing number of shares	90,221,384	284,956,360	472,775,803
Operating charges****	0.70%	0.70%	0.70%
Direct transaction costs***	0.06%	0.03%	0.05%
Prices	pence per share	pence per share	pence per share
Highest share price	127.30	123.10	123.65
Lowest share price	73.08	103.90	119.10

† From 15 June 2018.

†† From 28 June 2019.

** The operating charges are based on the fixed ongoing charge as detailed in the prospectus.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. They do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. These costs arise as a result of transactions undertaken both for efficient portfolio management and the meeting of the sub-fund's objectives. These costs exclude any effect of dilution adjustments used to offset the costs.

**** The operating charges percentage is the ratio of the sub-fund's on going charges (excluding interest on borrowings) to the average net assets of the sub-fund. If the share class launched during the year the operating charges are annualised.

Performance

	6 months to 31 July 2020	1 year to 31 July 2020	3 years to 31 July 2020	5 years to 31 July 2020
Merian UK Alpha Fund*	(22.49)%	(20.93)%	(12.30)%	(0.74)%
FTSE All Share (benchmark)	(17.80)%	(17.76)%	(9.08)%	8.45%
IA UK All Companies (sector average)	(17.65)%	(14.47)%	(8.20)%	8.08%
Quartile ranking	4	4	3	4

* Accumulation 'R' shares

Data Source – Factset. Figures are calculated on a total return and single price basis, with net income reinvested into the sub-fund.

The benchmark is a broad representation of the fund's investment universe and as such is an appropriate benchmark for the fund to seek to outperform and may also be used as a point of reference against which the fund's performance may be measured. The fund's performance may also be compared to the IA sector, which consists of funds with similar investment objectives and policies.

Portfolio allocation		Major holdings	Percentage of portfolio
Travel & Leisure	11.18%	AstraZeneca (UK Listing)	5.66%
Pharmaceuticals & Biotechnology	10.87%	Pets at Home	5.32%
Support Services	8.59%	GlaxoSmithKline	5.21%
General Retailers	8.20%	Sage	4.80%
Banks	7.49%	Rio Tinto (UK Listing)	4.54%
Mining	7.08%	Experian	4.30%
Life Insurance	6.67%	Fidelity National Information Services	4.29%
Software & Computer Services	5.88%	Drax	4.15%
Oil & Gas Producers	5.65%	GVC	4.10%
General Industrials	4.36%	Barclays	4.04%
Electricity	4.15%		
Food & Drug Retailers	3.57%		
Industrial Engineering	3.26%		
Health Care Equipment & Services	3.02%		
Food Producers	2.62%		
Household Goods & Home Construction	2.54%		
Construction & Materials	2.20%		
Personal Goods	1.98%		
Mobile Telecommunications	1.39%		
		Number of holdings	31
Net other liabilities	(0.70)%		
Total	100.00%		
Asset allocation			
Equities	100.70%		
Net other liabilities	(0.70)%		
Total	100.00%		

Portfolio statement

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom Equities 84.99% (31 July 2019 80.99%)		
	Automobiles & Parts 0.00% (31 July 2019 0.14%)		
	Banks 7.49% (31 July 2019 10.74%)		
36,159,300	Barclays	37,352	4.04
120,692,807	Lloyds Banking Group	31,857	3.45
		<u>69,209</u>	<u>7.49</u>
	Construction & Materials 0.00% (31 July 2019 2.42%)		
	Electricity 4.15% (31 July 2019 2.21%)		
13,524,177	Drax	38,355	4.15
		<u>38,355</u>	<u>4.15</u>
	Food & Drug Retailers 3.57% (31 July 2019 3.78%)		
15,149,150	Tesco	32,934	3.57
		<u>32,934</u>	<u>3.57</u>
	Food Producers 2.62% (31 July 2019 2.11%)		
3,652,772	Tate & Lyle	24,189	2.62
		<u>24,189</u>	<u>2.62</u>
	General Industrials 4.36% (31 July 2019 2.60%)		
9,078,972	DS Smith	24,441	2.65
17,639,858	Melrose Industries	15,791	1.71
		<u>40,232</u>	<u>4.36</u>
	General Retailers 8.20% (31 July 2019 5.10%)		
482,001	Next	26,587	2.88
16,695,081	Pets at Home	49,117	5.32
		<u>75,704</u>	<u>8.20</u>
	Health Care Equipment & Services 3.02% (31 July 2019 3.49%)		
1,786,450	Smith & Nephew	27,913	3.02
		<u>27,913</u>	<u>3.02</u>
	Household Goods & Home Construction 2.54% (31 July 2019 0.00%)		
19,342,522	Taylor Wimpey	23,424	2.54
		<u>23,424</u>	<u>2.54</u>
	Industrial Engineering 3.26% (31 July 2019 0.00%)		
2,450,956	Weir	30,085	3.26
		<u>30,085</u>	<u>3.26</u>
	Life Insurance 6.67% (31 July 2019 9.00%)		
2,635,553	Prudential	29,650	3.21
3,356,398	St James's Place	31,933	3.46
		<u>61,583</u>	<u>6.67</u>
	Mining 4.54% (31 July 2019 3.71%)		
906,863	Rio Tinto (UK Listing)	41,979	4.54
		<u>41,979</u>	<u>4.54</u>

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Mobile Telecommunications 1.39% (31 July 2019 1.91%)			
10,968,139	Vodafone	12,881	1.39
		12,881	1.39
Oil & Gas Producers 3.27% (31 July 2019 4.76%)			
10,755,826	BP	30,197	3.27
		30,197	3.27
Personal Goods 1.98% (31 July 2019 2.34%)			
1,431,880	Burberry	18,271	1.98
		18,271	1.98
Pharmaceuticals & Biotechnology 10.87% (31 July 2019 8.23%)			
596,438	AstraZeneca (UK Listing)	52,272	5.66
3,142,937	GlaxoSmithKline	48,093	5.21
		100,365	10.87
Software & Computer Services 5.88% (31 July 2019 5.74%)			
3,565,118	Micro Focus International	9,986	1.08
6,100,011	Sage	44,335	4.80
		54,321	5.88
Travel & Leisure 11.18% (31 July 2019 12.71%)			
5,648,627	GVC	37,880	4.10
5,481,339	International Consolidated Airlines (UK Listing)	9,315	1.01
9,850,007	SSP	21,217	2.30
1,552,041	Whitbread	34,843	3.77
		103,255	11.18
Overseas 15.71% (31 July 2019 17.95%)			
Europe 11.42% (31 July 2019 12.74%)			
Ireland Equities 6.50% (31 July 2019 5.54%)			
Construction & Materials 2.20% (31 July 2019 2.33%)			
722,745	CRH (UK Listing)	20,367	2.20
		20,367	2.20
Support Services 4.30% (31 July 2019 3.21%)			
1,462,985	Experian	39,720	4.30
		39,720	4.30
Netherlands Equities 2.38% (31 July 2019 4.17%)			
Oil & Gas Producers 2.38% (31 July 2019 4.17%)			
1,975,960	Royal Dutch Shell 'B'	21,965	2.38
		21,965	2.38
Switzerland Equities 2.54% (31 July 2019 3.03%)			
Mining 2.54% (31 July 2019 3.03%)			
13,224,968	Glencore	23,498	2.54
		23,498	2.54

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United States Equities 4.29% (31 July 2019 5.21%)		
	Support Services 4.29% (31 July 2019 5.21%)		
358,172	Fidelity National Information Services	39,593	4.29
		39,593	4.29
	Investment assets	930,040	100.70
	Net other liabilities	(6,438)	(0.70)
	Total net assets	923,602	100.00

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are ordinary shares.

Statement of total return

for the year from 1 August 2019 to 31 July 2020

		01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
	Note				
Income					
Net capital losses	2		(373,187)		(48,776)
Revenue	3	49,064		74,420	
Expenses	4	(12,193)		(14,813)	
Interest payable and similar charges	5	(2)		(4)	
Net revenue before taxation		36,869		59,603	
Taxation	6	(242)		(294)	
Net revenue after taxation			36,627		59,309
Total return before distributions			(336,560)		10,533
Distributions	7		(47,316)		(72,242)
Change in net assets attributable to shareholders from investment activities			(383,876)		(61,709)

Statement of change in net assets attributable to shareholders

for the year from 1 August 2019 to 31 July 2020

	01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
Opening net assets attributable to shareholders		1,747,495		2,128,678
Amounts transferred from Merian UK Equity Fund	-		119,883	
Amounts received on issue of shares	180,875		113,048	
Amounts paid on cancellation of shares	(650,942)		(593,324)	
		(470,067)		(360,393)
Dilution adjustment		37		3
Change in net assets attributable to shareholders from investment activities		(383,876)		(61,709)
Retained distribution on accumulation shares		30,013		40,916
Closing net assets attributable to shareholders		923,602		1,747,495

The notes on pages 99 to 106 form an integral part of these financial statements.

Balance sheet

as at 31 July 2020

	Note	31.07.20 £'000	31.07.19 £'000
Assets			
Fixed assets			
Investments		930,040	1,728,939
Current assets			
Debtors	8	10,636	3,280
Cash and bank balances	9	27,041	37,623
Total assets		967,717	1,769,842
Liabilities			
Creditors			
Distribution payable		(3,036)	(14,301)
Other creditors	10	(41,079)	(8,046)
Total liabilities		(44,115)	(22,347)
Net assets attributable to shareholders		923,602	1,747,495

The notes on pages 99 to 106 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 August 2019 to 31 July 2020

1 Accounting policies

The applicable accounting policies adopted by the Merian UK Alpha Fund are included on pages 200 to 201.

2 Net capital losses

The net capital losses on investments comprise:

Losses on non-derivative securities

Losses on currency contracts

Net capital losses on investments

01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
(372,911)	(48,736)
(276)	(40)
(373,187)	(48,776)

3 Revenue

Bank Interest

UK dividends

Non-taxable overseas dividends

Total revenue

01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
19	4
43,693	63,863
5,352	10,553
49,064	74,420

4 Expenses

Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

Fixed Ongoing Charge*

Total expenses

01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
12,193	14,813
12,193	14,813

* These figures represent the Fixed Ongoing Charge, which covers all fees payable by the sub-fund to the Authorised Corporate Director, Investment adviser, Depositary (including associates etc.) and other expenses. The Audit fee for the year, excluding VAT, was £6,700 (31 July 2019: £6,500).

5 Interest payable & similar charges

Interest

Total Interest payable & similar charges

01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
2	4
2	4

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

6 Taxation

a) Analysis of tax charge in the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Overseas tax suffered	242	294
Total current tax charge for the year	242	294
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	242	294

b) Factors affecting current tax charge for the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:		
Net revenue before taxation	36,869	59,603
Corporation tax at 20% (31 July 2019: 20%)	7,374	11,920
Effects of:		
Excess management expenses for which no relief is taken	2,435	2,963
Revenue not subject to taxation – UK	(8,739)	(12,772)
Non-taxable overseas dividends	(1,070)	(2,111)
Overseas tax suffered	242	294
Total tax charge for the year (see note 6(a))	242	294

OEICs are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 31 July 2020 the sub-fund had surplus management expenses of 31 July 2020: £29,104,338 (31 July 2019: £16,928,393) which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

7 Distributions

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

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Interim – Accumulation shares (31 January)	18,275	15,222
Interim – Income shares (31 January)	8,847	12,237
Final – Accumulation shares (31 July)	11,738	25,694
Final – Income shares (31 July)	3,036	14,301
	<u>41,896</u>	<u>67,454</u>
Revenue deducted on cancellation of shares	7,573	8,740
Revenue received on issue of shares	(2,153)	(3,952)
Distributions	<u>47,316</u>	<u>72,242</u>
Reconciliation of distributions:		
Net revenue after taxation	36,627	59,309
Capitalised fees	10,709	12,934
Equalisation on conversion	(20)	-
Undistributed revenue carried forward	-	(1)
Distributions	<u>47,316</u>	<u>72,242</u>

Details of the interim and final distributions per share are set out in the tables on pages 107 to 108.

8 Debtors

	31.07.20 £'000	31.07.19 £'000
Accrued revenue	746	2,143
Sales awaiting settlement	9,790	464
Amounts receivable on issue of shares	100	673
Total debtors	<u>10,636</u>	<u>3,280</u>

9 Cash and bank balances

	31.07.20 £'000	31.07.19 £'000
Cash and bank balances	27,041	37,623
Total cash and bank balances	<u>27,041</u>	<u>37,623</u>

10 Other creditors

	31.07.20 £'000	31.07.19 £'000
Accrued expenses	629	1,241
Amounts payable for cancellation of shares	40,450	6,805
Total other creditors	<u>41,079</u>	<u>8,046</u>

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

11 Related party transactions

Merian Investment Management Limited, as ACD, is related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net asset attributable to shareholders on page 97. Any amounts due to or from Merian Investment Management Limited at the end of the accounting year in respect of transactions of shares in each sub-fund are disclosed in notes 8 and 10. Other amounts paid to the ACD are disclosed in note 4 and amounts due to it at the year end are disclosed in note 10.

12 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives for investment purposes and the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

The Investment Adviser is responsible for monitoring the portfolio of the sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The ACD has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) Foreign currency risk

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Adviser may seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 31 July 2020 (31 July 2019) was as follows:

Currency	Net foreign currency assets			Net foreign currency assets		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures*	exposures		exposures*	exposures	
	31.07.20	31.07.20	31.07.20	31.07.19	31.07.19	31.07.19
	£'000	£'000	£'000	£'000	£'000	£'000
Euro	809	-	809	1,017	-	1,017
US Dollar	1,382	39,593	40,975	102	91,108	91,210
Total	2,191	39,593	41,784	1,119	91,108	92,227

* For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

Currency sensitivity

A 5% increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets as at 31 July 2020 by £2,089,224 or 0.23% (31 July 2019: £4,611,363 or 0.26%). A 5% decrease would have an equal and opposite effect.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

12 Derivatives and other financial instruments (continued)

c) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 July 2020 (31 July 2019) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.07.20				
Euro	63	-	746	809
Sterling	26,019	-	899,914	925,933
US Dollar	959	-	40,016	40,975
Total	27,041	-	940,676	967,717

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.07.19				
Euro	65	-	952	1,017
Sterling	37,456	-	1,640,159	1,677,615
US Dollar	102	-	91,108	91,210
Total	37,623	-	1,732,219	1,769,842

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.20			
Sterling	-	(44,115)	(44,115)
Total	-	(44,115)	(44,115)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.19			
Sterling	-	(22,347)	(22,347)
Total	-	(22,347)	(22,347)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. The risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

12 Derivatives and other financial instruments (continued)

e) Counterparty risk

Certain transactions in financial instruments that the sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the ACD and Investment Adviser as an acceptable counterparty. This is overseen by the Depositary to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

The sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation to shareholders to meet any cancellation of shares. Assets from the sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the ACD regularly monitors the liquidity levels held on the sub-fund (cash and underlying securities) to ensure any redemption can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The ACD adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the ACD monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

Market price risk sensitivity

A 5% market movement in the price of investments held by the sub-fund, with all other variables remaining constant, would result in an increase or decrease on net asset value of the sub-fund by approximately £46,501,987 or 5.03% (31 July 2019: £86,446,961 or 4.95%).

h) Fair value of financial assets and liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

Basis of valuation	31.07.20		31.07.19	
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Level 1: Quoted prices	930,040	-	1,728,939	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
Total	930,040	-	1,728,939	-

i) Global exposure

The Investment Adviser assesses the market risk of the Merian UK Alpha Fund, including any derivative exposures, using a commitment approach. All exposure arising through the investment in financial derivative instruments will be covered by the underlying assets of the sub-fund. The sub-fund will use the commitment approach methodology to measure, monitor and manage the "leverage" effect produced by the use of financial derivative instruments and for the calculation of global exposure. As the sub-fund uses the commitment approach it must ensure that its global exposure does not exceed its total net asset value and the sub-fund may not therefore be leveraged in excess of 100% of its net asset value. In using the commitment approach for the calculation of global exposure, the sub-fund will convert each derivative position into the market value of an equivalent position in the underlying asset of that derivative. Using the commitment approach the global exposure is 0.00% (31 July 2019: 0.00%).

13 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 July 2019: £Nil).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

14 Portfolio transaction costs

Analysis of total purchase costs

31.07.20

Equities

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000		Other costs £'000	%
195,452	54	0.03%	663	0.34%
9,475	-	-	-	-
204,927	54		663	
205,644				

Analysis of total purchase costs

31.07.19

Equities

In specie transactions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
88,295	22	0.02%	234	0.27%
113,985	-	-	-	-
202,280	22		234	
202,536				

Analysis of total sale costs

31.07.20

Equities

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
631,800	165	0.03%	1	-
631,800	165		1	
631,634				

Analysis of total sale costs

31.07.19

Equities

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
527,601	288	0.05%	-	-
11,750	-	-	-	-
539,351	288		-	
539,063				

Transaction costs as a percentage of average Net Assets

	31.07.20	31.07.19
Commissions:	0.02%	0.02%
Taxes:	0.04%	0.01%

In the case of shares, transaction costs are paid by the sub-fund on each transaction. Commissions relate to those paid to agents, advisers, brokers and dealers in the buying and selling of securities. Other costs include any additional fees that may be paid to agents, advisers, brokers and dealers as well as levies by regulatory agencies and security exchanges and any transfer taxes or duties. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike share, other types of investments have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads may vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 31 July 2020: 0.11% (31 July 2019: 0.05%).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

15 Shareholders' funds

The sub-fund currently has ten share classes; Accumulation 'A', Income 'A', Accumulation 'P', Income 'P', Accumulation 'R', Income 'R', Accumulation 'U1', Income 'U1', Accumulation 'U2' and Income 'U2'. The net asset value of each share class, net asset value per share and the number of shares in issue are given in the information pages for each sub-fund.

The share classes currently in issue and the Fixed Ongoing Charge of each share class are shown below.

	31.07.20	31.07.19
- Accumulation 'A'	1.60%	1.60%
- Income 'A'	1.60%	1.60%
- Accumulation 'P'	1.10%	1.10%
- Income 'P'	1.10%	1.10%
- Accumulation 'R'	0.85%	0.85%
- Income 'R'	0.85%	0.85%
- Accumulation 'U1'	0.775%	0.775%
- Income 'U1'	0.775%	0.775%
- Accumulation 'U2'	0.70%	0.70%
- Income 'U2'	0.70%	0.70%

Share class movement reconciliation	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	71,794,896	1,679,717	(12,032,806)	(4,883,966)	56,557,841
- Income 'A'	6,698,382	286,898	(759,673)	(2,387,737)	3,837,870
- Accumulation 'P'	45,803	8,687	-	3,441,094	3,495,584
- Income 'P'	8,379	-	(31,570)	2,638,184	2,614,993
- Accumulation 'R'	206,210,724	16,940,913	(33,549,035)	13,604,299	203,206,901
- Income 'R'	28,837,420	2,641,541	(7,823,244)	(449,848)	23,205,869
- Accumulation 'U1'	324,251,771	73,547,848	(153,568,604)	(9,816,945)	234,414,070
- Income 'U1'	190,917,074	9,433,006	(64,631,757)	(53,556,833)	82,161,490
- Accumulation 'U2'	133,398,889	24,517,359	(55,872,139)	3,050,588	105,094,697
- Income 'U2'	284,956,360	3,659,055	(246,144,115)	47,750,084	90,221,384

16 Post balance sheet date events

Since the year-end, markets have continued to be disrupted by the COVID-19 pandemic. Since the year-end, the NAV per share of share class Accumulation 'R' has increased by 13.44% to 13 November 2020. The other share classes in the Fund have moved by a similar magnitude. Contingency plans at the ACD and key service providers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Distribution tables

Final distribution

Group 1: Shares purchased prior to 1 February 2020
 Group 2: Shares purchased from 1 February 2020 to 31 July 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.09.20 pence per share	Distribution paid 30.09.19 pence per share
Accumulation 'A' Shares				
Group 1	1.7612	-	1.7612	3.1996
Group 2	0.6636	1.0976	1.7612	3.1996
Income 'A' Shares				
Group 1	1.4628	-	1.4628	2.7636
Group 2	0.7028	0.7600	1.4628	2.7636
Accumulation 'P' Shares†				
Group 1	1.2756	-	1.2756	0.1911
Group 2	0.0226	1.2530	1.2756	0.1911
Income 'P' Shares†				
Group 1	1.2520	-	1.2520	0.1913
Group 2	0.0222	1.2298	1.2520	0.1913
Accumulation 'R' Shares				
Group 1	2.1342	-	2.1342	3.8489
Group 2	0.8640	1.2702	2.1342	3.8489
Income 'R' Shares				
Group 1	1.5462	-	1.5462	2.8994
Group 2	0.5073	1.0389	1.5462	2.8994
Accumulation 'U1' Shares				
Group 1	1.8981	-	1.8981	3.4202
Group 2	0.6750	1.2231	1.8981	3.4202
Income 'U1' Shares				
Group 1	1.5153	-	1.5153	2.8397
Group 2	0.4602	1.0551	1.5153	2.8397
Accumulation 'U2' Shares				
Group 1	1.8186	-	1.8186	3.2753
Group 2	0.1402	1.6784	1.8186	3.2753
Income 'U2' Shares				
Group 1	1.4885	-	1.4885	2.7576
Group 2	0.0000	1.4885	1.4885	2.7576

Distribution tables (continued)

First interim distribution

Group 1: Shares purchased prior to 1 August 2019
 Group 2: Shares purchased from 1 August 2019 to 31 January 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.03.20 pence per share	Distribution paid 31.03.19 pence per share
Accumulation 'A' Shares				
Group 1	2.2499	-	2.2499	1.8952
Group 2	0.5297	1.7202	2.2499	1.8952
Income 'A' Shares				
Group 1	1.8985	-	1.8985	1.6618
Group 2	0.4995	1.3990	1.8985	1.6618
Accumulation 'P' Shares†				
Group 1	1.6250	-	1.6250	-
Group 2	0.3739	1.2511	1.6250	-
Income 'P' Shares†				
Group 1	1.6262	-	1.6262	-
Group 2	1.6262	0.0000	1.6262	-
Accumulation 'R' Shares				
Group 1	2.7154	-	2.7154	2.2704
Group 2	0.8334	1.8820	2.7154	2.2704
Income 'R' Shares				
Group 1	1.9986	-	1.9986	1.7361
Group 2	0.5951	1.4035	1.9986	1.7361
Accumulation 'U1' Shares				
Group 1	2.4136	-	2.4136	2.0167
Group 2	0.3651	2.0485	2.4136	2.0167
Income 'U1' Shares				
Group 1	1.9582	-	1.9582	1.6996
Group 2	0.4087	1.5495	1.9582	1.6996
Accumulation 'U2' Shares				
Group 1	2.3124	-	2.3124	1.9304
Group 2	1.0693	1.2431	2.3124	1.9304
Income 'U2' Shares				
Group 1	1.9057	-	1.9057	1.6499
Group 2	0.5414	1.3643	1.9057	1.6499

† From 28 June 2019.

* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Merian UK Equity Income Fund

Launch date	30 September 1975
IA Sector	UK Equity Income
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£52,525,665

Investment Objective and Policy

To achieve income and capital growth. In seeking to achieve its investment objective the sub-fund will aim to deliver an income, net of fees, greater than the yield of the FTSE All-Share Index and a total return (i.e. a combination of income and capital growth), net of fees, greater than the average return of the IA UK Equity Income sector over rolling 3 year periods.

The sub-fund primarily invests (at least 70%) in a portfolio of UK equities. UK equities are equities of companies domiciled or incorporated in the UK, or that conduct a significant part of their business in the UK.

The sub-fund may also invest in other transferable securities, units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives, and may hold cash.

The sub-fund may use derivatives for investment purposes or Efficient Portfolio Management purposes. The use of derivatives for investment purposes may affect the volatility or risk profile of the sub-fund although this is not the ACD's intention.

Investment Manager's review

The first half of the fund's year was dominated by the 'trade war' between the US and China, with markets rising and falling in response to progress or setbacks in agreeing a trade deal. The US central bank lowered interest rates and it looked as though the two-year deceleration in global manufacturing was levelling out, with the prospects of an upturn into 2020. Meanwhile the Conservative party's strong general election victory in December banished fears of a hard Left, anti-business government and raised hopes of increased public spending on infrastructure and 'levelling up' regional imbalances in the UK.

Unfortunately, the outbreak in China of a virus akin to others experienced in Asia over recent years was to change the outlook radically early in 2020. Unlike other such viruses, it spread beyond Asia into first Italy, then the rest of Europe including the UK, the US, India, South America, Australia and New Zealand. Stock markets plunged over 30% in five weeks as governments sought to control the spread of the coronavirus by shutting down their economies via 'lockdown' stay-at-home policies, with travel and all societal interaction stopped.

Whilst stock markets fell heavily, central banks led by the US Federal Reserve responded with aggressive interest rate cuts and provision of liquidity through expansion of their balance sheets through acquisitions of a growing range of assets – eventually including even low grade corporate bonds. This stopped the rot in equity markets, whilst a series of policy initiatives by governments to protect their economies during lockdown – from paying private sector wages, sending cheques to those laid off, suspending business rates or guaranteeing bank loans to the private sector – raised hopes that whilst economic growth would collapse, maybe both future demand and future supply could be sufficiently protected as to ensure a reasonably swift recovery once lockdowns eased.

Having outperformed the broader market during the first half of the fund's year, the downturn in equity markets from mid-February to late March exacted a heavy toll on the fund's performance, so its return for the twelve months to end-July 2020

was below the benchmark. Positioned for a gentle reacceleration in economic activity both globally and in the UK, the fund was ill-equipped for the economic heart attack caused by the pandemic.

Moreover, the fund had exposure to travel-related companies such as National Express, airports and railways caterer SSP Group and Premier Inn owner Whitbread. These all fell heavily, with all three raising additional equity capital to protect their balance sheets during the lockdown and enable them to emerge in a stronger competitive position in recovery. Financial stocks fell as banks increased provisions against possible bad debts significantly.

More positively, Pets at Home, which had underperformed in the previous two years as it addressed issues in both its retail and vets businesses, rebounded very strongly. Gaming group GVC also bounced sharply after a difficult year – in share price terms – the previous year. Drax, the biomass power generator, whilst suffering significantly in February, actually recovered so quickly it became a strong contributor for the year.

We are long term investors prepared to back companies and management teams through difficult times if we believe they will emerge strongly in the long run – as paid off with backing Pets at Home and GVC, the largest positive contributors to returns this year. It is clear that some sectors will recover sooner than others, but we are encouraged by our conversations with management teams in cyclical areas like engineering or travel that they can reduce costs and capacity in order to regain suitable margins in time even with much lower revenues.

Dividends will take time to come back but we are attempting to position the fund for a strong and growing income stream in tandem with capital return as per our total shareholder return (TSR) framework.

The outlook is clearly highly uncertain. Fears of 'second wave' virus outbreaks will persist until an effective vaccine is created. Despite all the efforts of government, unemployment will rise, impacting consumer behaviour. Relations between the US and China continue to worsen, with ramifications for global trade and international supply chains. The UK may have left the EU, but the end of 2020 sees the end of the transitional period operating still under EU rules, and it remains to be seen if agreement can be reached on future trade relations or the UK ends up on basic World Trade Organisation terms of trade, with potential costs and tariffs.

The US presidential election could see a resurgent Trump defy his critics and pursue more aggressively his America First agenda, or a Democratic sweep usher in higher corporate taxes, healthcare reform and a massive investment programme around a green agenda.

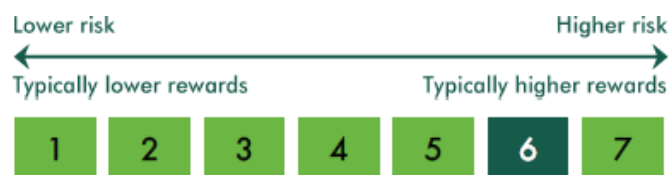
What is clear is that both US and UK governments have no appetite for austerity. Interest rates will remain negligible and bond yields low, yet governments will borrow and spend heavily. Were inflation to pick up in due course, financial repression would penalise savers over borrowers. 'Growth' stocks have continued to outperform 'value' stocks for over a decade, with the relative valuation differential at record levels. The fund remains invested in both 'growth' and 'value' stocks, more stable and more cyclical companies, domestically oriented and international businesses. We see many interesting investment opportunities for the patient investor capable of riding out shorter-term volatility.

Value assessment for the year ended 31 July 2020

For further details on the value assessment report please refer to pages 7 to 16.

Merian UK Equity Income Fund

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-funds in category 6 have in the past shown relatively high volatility. With a sub-fund of category 6, you have a relatively high risk of losing money but your chance for gains is also relatively high.

Investment risk - there is no guarantee that the sub-fund will achieve its objective. A capital loss of some or all of the amount invested may occur.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

Company shares (i.e. equities) risk - the value of Company shares and similar investments may go down as well as up in response to the performance of individual companies and can be affected by daily stock market movements and general market conditions.

Concentration risk (number of investments) - the sub-fund may at times hold a smaller number of investments, and therefore a fall in the value of a single investment may have a greater impact on the sub-fund's value than if it held a larger number of investments.

Currency risk - the sub-fund is denominated in British Pounds but may hold assets denominated in, or with exposure to, other currencies. The value of your shares may rise and fall as a result of exchange rate movements.

Derivative risk - the sub-fund may use derivatives to generate returns (i.e. for investment purposes) as well as to reduce costs and/or the overall risk of the sub-fund. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet their contractual obligations.

Capital erosion risk - the sub-fund takes its charges from capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'A'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	3,165.95	3,331.77	3,128.97
Return before operating charges*	(612.61)	(114.72)	256.03
Operating charges**	(48.47)	(51.10)	(53.23)
Return after operating charges*	(661.08)	(165.82)	202.80
Distributions	(118.75)	(152.37)	(134.31)
Retained distributions	118.75	152.37	134.31
Closing net asset value per share	2,504.87	3,165.95	3,331.77
* after direct transaction costs of***	8.97	2.99	4.46
Performance			
Return after charges	(20.88)%	(4.98)%	6.48%
Other information			
Closing net asset value (£)	3,015,362	5,205,112	7,153,017
Closing number of shares	120,380	164,409	214,691
Operating charges****	1.65%	1.65%	1.65%
Direct transaction costs***	0.31%	0.10%	0.14%
Prices	pence per share	pence per share	pence per share
Highest share price	3,443.00	3,334.00	3,402.00
Lowest share price	2,003.00	2,772.00	3,014.00
Income 'A'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	791.07	874.42	855.74
Return before operating charges*	(149.88)	(30.89)	69.23
Operating charges**	(11.69)	(13.18)	(14.36)
Return after operating charges*	(161.57)	(44.07)	54.87
Distributions	(29.25)	(39.28)	(36.19)
Retained distributions	-	-	-
Closing net asset value per share	600.25	791.07	874.42
* after direct transaction costs of***	2.16	0.77	1.20
Performance			
Return after charges	(20.42)%	(5.04)%	6.41%
Other information			
Closing net asset value (£)	21,072,443	19,207,455	27,061,984
Closing number of shares	3,510,627	2,428,025	3,094,850
Operating charges****	1.65%	1.65%	1.65%
Direct transaction costs***	0.31%	0.10%	0.14%
Prices	pence per share	pence per share	pence per share
Highest share price	846.70	874.60	915.80
Lowest share price	489.80	717.10	811.30

Comparative Tables (continued)

Accumulation 'P'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	185.70	194.31	181.57
Return before operating charges*	(36.09)	(6.52)	14.89
Operating charges**	(1.92)	(2.09)	(2.15)
Return after operating charges*	(38.01)	(8.61)	12.74
Distributions	(6.98)	(8.96)	(7.81)
Retained distributions	6.98	8.96	7.81
Closing net asset value per share	147.69	185.70	194.31
* after direct transaction costs of***	0.51	0.18	0.26
Performance			
Return after charges	(20.47)%	(4.43)%	7.02%
Other information			
Closing net asset value (£)	587,794	182,726	448,278
Closing number of shares	397,982	98,398	230,700
Operating charges****	1.15%	1.15%	1.15%
Direct transaction costs***	0.31%	0.10%	0.14%
Prices	pence per share	pence per share	pence per share
Highest share price	202.40	194.50	198.20
Lowest share price	117.90	162.10	175.50
Income 'P'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	115.35	126.87	123.53
Return before operating charges*	(22.02)	(4.48)	10.03
Operating charges**	(1.08)	(1.33)	(1.45)
Return after operating charges*	(23.10)	(5.81)	8.58
Distributions	(4.28)	(5.71)	(5.24)
Retained distributions	-	-	-
Closing net asset value per share	87.97	115.35	126.87
* after direct transaction costs of***	0.29	0.11	0.17
Performance			
Return after charges	(20.03)%	(4.58)%	6.95%
Other information			
Closing net asset value (£)	3,335,924	125,776	138,334
Closing number of shares	3,792,014	109,035	109,035
Operating charges****	1.15%	1.15%	1.15%
Direct transaction costs***	0.31%	0.10%	0.14%
Prices	pence per share	pence per share	pence per share
Highest share price	123.70	126.90	132.50
Lowest share price	71.64	104.20	117.50

Comparative Tables (continued)

Accumulation 'R'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	167.39	174.85	162.98
Return before operating charges*	(32.54)	(5.99)	13.39
Operating charges**	(1.41)	(1.47)	(1.52)
Return after operating charges*	(33.95)	(7.46)	11.87
Distributions	(6.30)	(8.03)	(7.02)
Retained distributions	6.30	8.03	7.02
Closing net asset value per share	133.44	167.39	174.85
* after direct transaction costs of***	0.48	0.16	0.23
Performance			
Return after charges	(20.28)%	(4.27)%	7.28%
Other information			
Closing net asset value (£)	6,695,654	12,028,103	14,386,772
Closing number of shares	5,017,764	7,185,553	8,228,199
Operating charges****	0.90%	0.90%	0.90%
Direct transaction costs***	0.31%	0.10%	0.14%
Prices	pence per share	pence per share	pence per share
Highest share price	182.60	175.00	178.30
Lowest share price	106.40	145.90	157.80
Income 'R'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	127.75	140.15	136.12
Return before operating charges*	(24.29)	(4.92)	11.06
Operating charges**	(1.05)	(1.16)	(1.25)
Return after operating charges*	(25.34)	(6.08)	9.81
Distributions	(4.74)	(6.32)	(5.78)
Retained distributions	-	-	-
Closing net asset value per share	97.67	127.75	140.15
* after direct transaction costs of***	0.36	0.12	0.19
Performance			
Return after charges	(19.84)%	(4.34)%	7.21%
Other information			
Closing net asset value (£)	11,971,645	16,848,097	21,177,320
Closing number of shares	12,256,676	13,188,199	15,110,896
Operating charges****	0.90%	0.90%	0.90%
Direct transaction costs***	0.31%	0.10%	0.14%
Prices	pence per share	pence per share	pence per share
Highest share price	137.10	140.20	146.20
Lowest share price	79.47	115.30	129.70

Comparative Tables (continued)

Accumulation 'U1'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	125.75	131.25	122.25
Return before operating charges*	(24.46)	(4.49)	10.04
Operating charges**	(0.97)	(1.01)	(1.04)
Return after operating charges*	(25.43)	(5.50)	9.00
Distributions	(4.73)	(6.03)	(5.27)
Retained distributions	4.73	6.03	5.27
Closing net asset value per share	100.32	125.75	131.25
* after direct transaction costs of***	0.36	0.12	0.17
Performance			
Return after charges	(20.22)%	(4.19)%	7.36%
Other information			
Closing net asset value (£)	3,144,850	5,264,163	8,331,489
Closing number of shares	3,134,837	4,186,206	6,347,655
Operating charges****	0.825%	0.825%	0.825%
Direct transaction costs***	0.31%	0.10%	0.14%
Prices	pence per share	pence per share	pence per share
Highest share price	137.20	131.40	133.80
Lowest share price	79.98	109.60	118.40
Income 'U1'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	101.22	110.96	107.69
Return before operating charges*	(19.25)	(3.89)	8.75
Operating charges**	(0.76)	(0.84)	(0.91)
Return after operating charges*	(20.01)	(4.73)	7.84
Distributions	(3.76)	(5.01)	(4.57)
Retained distributions	-	-	-
Closing net asset value per share	77.45	101.22	110.96
* after direct transaction costs of***	0.28	0.10	0.15
Performance			
Return after charges	(19.77)%	(4.26)%	7.28%
Other information			
Closing net asset value (£)	2,418,756	3,747,537	4,595,278
Closing number of shares	3,122,855	3,702,203	4,141,334
Operating charges****	0.825%	0.825%	0.825%
Direct transaction costs***	0.31%	0.10%	0.14%
Prices	pence per share	pence per share	pence per share
Highest share price	108.70	111.00	115.70
Lowest share price	63.00	91.30	102.60

Comparative Tables (continued)

Accumulation 'U2'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	126.92	132.36	122.58
Return before operating charges*	(24.69)	(4.50)	10.72
Operating charges**	(0.90)	(0.94)	(0.94)
Return after operating charges*	(25.59)	(5.44)	9.78
Distributions	(4.78)	(6.08)	(5.30)
Retained distributions	4.78	6.08	5.30
Closing net asset value per share	101.33	126.92	132.36
* after direct transaction costs of***	0.36	0.12	0.17
Performance			
Return after charges	(20.16)%	(4.11)%	7.98%
Other information			
Closing net asset value (£)	117,860	193,472	18,099
Closing number of shares	116,316	152,440	13,674
Operating charges****	0.75%	0.75%	0.75%
Direct transaction costs***	0.31%	0.10%	0.14%
Prices	pence per share	pence per share	pence per share
Highest share price	138.50	132.50	134.30
Lowest share price	80.76	110.50	118.80
Income 'U2'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	99.90	109.40	106.11
Return before operating charges*	(19.02)	(3.81)	8.61
Operating charges**	(0.69)	(0.75)	(0.81)
Return after operating charges*	(19.71)	(4.56)	7.80
Distributions	(3.73)	(4.94)	(4.51)
Retained distributions	-	-	-
Closing net asset value per share	76.46	99.90	109.40
* after direct transaction costs of***	0.28	0.10	0.15
Performance			
Return after charges	(19.73)%	(4.17)%	7.35%
Other information			
Closing net asset value (£)	165,377	267,853	21,867,438
Closing number of shares	216,293	268,110	19,988,045
Operating charges****	0.75%	0.75%	0.75%
Direct transaction costs***	0.31%	0.10%	0.14%
Prices	pence per share	pence per share	pence per share
Highest share price	107.30	109.40	114.00
Lowest share price	62.23	90.04	101.20

** The operating charges are based on the fixed ongoing charge as detailed in the prospectus.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. They do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. These costs arise as a result of transactions undertaken both for efficient portfolio management and the meeting of the sub-fund's objectives. These costs exclude any effect of dilution adjustments used to offset the costs.

**** The operating charges percentage is the ratio of the sub-fund's ongoing charges (excluding interest on borrowings) to the average net assets of the sub-fund.

Performance

	6 months to 31 July 2020	1 year to 31 July 2020	3 years to 31 July 2020	5 years to 31 July 2020
Merian UK Equity Income Fund*	(22.95)%	(20.24)%	(17.95)%	(10.41)%
FTSE All Share (benchmark)	(17.80)%	(17.76)%	(9.08)%	8.45%
IA UK Equity Income (sector average)	(20.69)%	(17.37)%	(13.78)%	(0.13)%
Quartile ranking	3	3	3	4

* Accumulation 'R' shares

Data Source – Factset. Figures are calculated on a total return and single price basis, with net income reinvested into the sub-fund.

The yield of the FTSE All-Share Index is a representation of the income paid out by companies in the fund's investment universe. The IA UK Equity Income sector consists of funds with similar investment objectives and policies to the Fund. The average return of funds in the IA UK Equity Income sector is an appropriate benchmark for the fund to seek to outperform and may also be used as a point of reference against which the fund's performance may be measured.

Portfolio allocation		Major holdings	Percentage of portfolio
Oil & Gas Producers	11.26%	Drax	5.09%
Travel & Leisure	9.71%	GlaxoSmithKline	5.01%
Pharmaceuticals & Biotechnology	8.22%	Diversified Gas & Oil	4.75%
Electricity	8.14%	Royal Dutch Shell 'B'	3.32%
Life Insurance	7.31%	AstraZeneca (UK Listing)	3.21%
Banks	6.87%	BP	3.19%
Mining	6.47%	Tesco	3.12%
Tobacco	5.45%	SSE	3.05%
General Retailers	5.45%	Glencore	2.98%
Industrial Engineering	3.73%	Whitbread	2.96%
Construction & Materials	3.27%		
Software & Computer Services	3.22%	Number of holdings	50
Food & Drug Retailers	3.12%		
Real Estate Investment Trusts	2.84%		
Mobile Telecommunications	2.84%		
Nonlife Insurance	2.45%		
General Industrials	2.44%		
Household Goods & Home Construction	2.10%		
Food Producers	1.27%		
Chemicals	1.18%		
Financial Services	0.90%		
Gas, Water & Multiutilities	0.74%		
Support Services	0.71%		
Real Estate Investment & Services	0.49%		
Net other liabilities	(0.18)%		
Total	100.00%		
Asset allocation			
Equities	100.18%		
Net other liabilities	(0.18)%		
Total	100.00%		

Portfolio statement

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 86.53% (31 July 2019 84.68%)		
	United Kingdom Equities 86.53% (31 July 2019 84.68%)		
	Banks 6.87% (31 July 2019 11.30%)		
1,417,442	Barclays	1,464	2.79
233,744	HSBC (UK Listing)	803	1.53
194,470	Standard Chartered (UK Listing)	768	1.46
631,068	Virgin Money UK	576	1.09
		<u>3,611</u>	<u>6.87</u>
	Chemicals 1.18% (31 July 2019 0.00%)		
212,929	Synthomer	620	1.18
		<u>620</u>	<u>1.18</u>
	Construction & Materials 1.16% (31 July 2019 0.00%)		
372,446	lbrostock	609	1.16
		<u>609</u>	<u>1.16</u>
	Electricity 8.14% (31 July 2019 4.22%)		
942,441	Drax	2,673	5.09
121,488	SSE	1,603	3.05
		<u>4,276</u>	<u>8.14</u>
	Financial Services 0.90% (31 July 2019 1.00%)		
198,212	OneSavings Bank	475	0.90
		<u>475</u>	<u>0.90</u>
	Food & Drug Retailers 3.12% (31 July 2019 2.99%)		
752,751	Tesco	1,637	3.12
		<u>1,637</u>	<u>3.12</u>
	Food Producers 1.27% (31 July 2019 1.16%)		
100,361	Tate & Lyle	665	1.27
		<u>665</u>	<u>1.27</u>
	Gas, Water & Multiutilities 0.74% (31 July 2019 0.00%)		
779,401	Centrica	389	0.74
		<u>389</u>	<u>0.74</u>
	General Industrials 2.44% (31 July 2019 3.15%)		
475,741	DS Smith	1,281	2.44
		<u>1,281</u>	<u>2.44</u>
	General Retailers 5.45% (31 July 2019 4.27%)		
65,862	Dunelm	809	1.54
489,723	Pets at Home	1,441	2.75
62,581	WH Smith	611	1.16
		<u>2,861</u>	<u>5.45</u>
	Health Care Equipment & Services 0.00% (31 July 2019 0.90%)		
	Household Goods & Home Construction 2.10% (31 July 2019 1.23%)		
912,800	Taylor Wimpey	1,105	2.10
		<u>1,105</u>	<u>2.10</u>

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Industrial Engineering 3.73% (31 July 2019 2.91%)		
39,258	IMI	412	0.79
253,439	Rotork	714	1.36
67,715	Weir	831	1.58
		<u>1,957</u>	<u>3.73</u>
	Life Insurance 7.31% (31 July 2019 7.57%)		
200,031	Aviva	541	1.03
107,839	Phoenix	726	1.38
114,530	Prudential	1,288	2.45
135,285	St James's Place	1,287	2.45
		<u>3,842</u>	<u>7.31</u>
	Mining 3.49% (31 July 2019 1.86%)		
367,743	Central Asia Metals	605	1.15
26,475	Rio Tinto (UK Listing)	1,226	2.34
		<u>1,831</u>	<u>3.49</u>
	Mobile Telecommunications 2.84% (31 July 2019 3.20%)		
1,268,305	Vodafone	1,490	2.84
		<u>1,490</u>	<u>2.84</u>
	Nonlife Insurance 2.45% (31 July 2019 2.40%)		
238,506	Hastings	494	0.94
183,717	RSA Insurance	792	1.51
		<u>1,286</u>	<u>2.45</u>
	Oil & Gas Producers 3.19% (31 July 2019 4.06%)		
596,086	BP	1,674	3.19
		<u>1,674</u>	<u>3.19</u>
	Oil Equipment, Services & Distribution 0.00% (31 July 2019 1.10%)		
	Personal Goods 0.00% (31 July 2019 0.46%)		
	Pharmaceuticals & Biotechnology 8.22% (31 July 2019 7.26%)		
19,221	AstraZeneca (UK Listing)	1,685	3.21
172,078	GlaxoSmithKline	2,633	5.01
		<u>4,318</u>	<u>8.22</u>
	Real Estate Investment Trusts 2.84% (31 July 2019 1.07%)		
55,253	Big Yellow	564	1.07
148,816	Secure Income REIT	392	0.75
489,165	Supermarket Income REIT	538	1.02
		<u>1,494</u>	<u>2.84</u>
	Software & Computer Services 3.22% (31 July 2019 4.70%)		
109,717	Micro Focus International	307	0.59
190,301	Sage	1,383	2.63
		<u>1,690</u>	<u>3.22</u>
	Support Services 0.71% (31 July 2019 1.24%)		
183,515	Biffa	375	0.71
		<u>375</u>	<u>0.71</u>

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Tobacco 5.45% (31 July 2019 6.49%)		
53,329	British American Tobacco	1,409	2.68
110,360	Imperial Brands	1,453	2.77
		<u>2,862</u>	<u>5.45</u>
	Travel & Leisure 9.71% (31 July 2019 10.14%)		
172,235	GVC	1,155	2.20
145,508	International Consolidated Airlines (UK Listing)	247	0.47
874,536	National Express	1,341	2.55
374,686	SSP	807	1.53
69,192	Whitbread	1,553	2.96
		<u>5,103</u>	<u>9.71</u>
	Overseas 13.65% (31 July 2019 15.02%)		
	Asia Pacific (excluding Japan) 0.49% (31 July 2019 0.84%)		
	Mauritius Equities 0.49% (31 July 2019 0.84%)		
	Real Estate Investment & Services 0.49% (31 July 2019 0.84%)		
411,885	Grit Real Estate Income	257	0.49
		<u>257</u>	<u>0.49</u>
	Europe 8.41% (31 July 2019 11.23%)		
	Ireland Equities 2.11% (31 July 2019 3.24%)		
	Construction & Materials 2.11% (31 July 2019 2.19%)		
39,264	CRH (UK Listing)	1,106	2.11
		<u>1,106</u>	<u>2.11</u>
	Equity Investment Instruments 0.00% (31 July 2019 1.05%)		
	Netherlands Equities 3.32% (31 July 2019 4.62%)		
	Oil & Gas Producers 3.32% (31 July 2019 4.62%)		
157,099	Royal Dutch Shell 'B'	1,746	3.32
		<u>1,746</u>	<u>3.32</u>
	Switzerland Equities 2.98% (31 July 2019 3.37%)		
	Mining 2.98% (31 July 2019 3.37%)		
882,550	Glencore	1,568	2.98
		<u>1,568</u>	<u>2.98</u>

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	North America 4.75% (31 July 2019 2.95%)		
	United States Equities 4.75% (31 July 2019 2.95%)		
	Oil & Gas Producers 4.75% (31 July 2019 2.95%)		
2,569,895	Diversified Gas & Oil	2,493	4.75
		2,493	4.75
	Investment assets	52,621	100.18
	Net other liabilities	(95)	(0.18)
	Total net assets	52,526	100.00

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are ordinary shares.

Statement of total return

for the year from 1 August 2019 to 31 July 2020

		01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
	Note				
Income					
Net capital losses	2		(17,786)		(8,506)
Revenue	3	2,688		4,087	
Expenses	4	(765)		(899)	
Interest payable and similar charges	5	(3)		(1)	
Net revenue before taxation		1,920		3,187	
Taxation	6	(84)		(29)	
Net revenue after taxation			1,836		3,158
Total return before distributions			(15,950)		(5,348)
Distributions	7		(2,511)		(3,939)
Change in net assets attributable to shareholders from investment activities			(18,461)		(9,287)

Statement of change in net assets attributable to shareholders

for the year from 1 August 2019 to 31 July 2020

	01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
Opening net assets attributable to shareholders		63,070		105,178
Amounts received on issue of shares	22,928		2,973	
Amounts paid on cancellation of shares	(15,829)		(37,020)	
		7,099		(34,047)
Dilution adjustment		51		17
Change in net assets attributable to shareholders from investment activities		(18,461)		(9,287)
Retained distribution on accumulation shares		732		1,199
Unclaimed distributions		35		10
Closing net assets attributable to shareholders		52,526		63,070

The notes on pages 123 to 131 form an integral part of these financial statements.

Balance sheet

as at 31 July 2020

	Note	31.07.20 £'000	31.07.19 £'000
Assets			
Fixed assets			
Investments		52,621	62,879
Current assets			
Debtors	8	330	597
Cash and bank balances	9	92	425
Total assets		53,043	63,901
Liabilities			
Creditors			
Distribution payable		(307)	(425)
Other creditors	10	(210)	(406)
Total liabilities		(517)	(831)
Net assets attributable to shareholders		52,526	63,070

The notes on pages 123 to 131 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 August 2019 to 31 July 2020

1 Accounting policies

The applicable accounting policies adopted by the Merian UK Equity Income Fund are included on pages 200 to 201.

2 Net capital losses

The net capital losses on investments comprise:

Losses on non-derivative securities

(Losses)/gains on currency contracts

Handling charges

Net capital losses on investments

01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
(17,771)	(8,506)
(13)	2
(2)	(2)
(17,786)	(8,506)

3 Revenue

Bank interest

Non-taxable overseas dividends

UK dividends

UK REIT dividends

Total revenue

01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
1	1
501	616
2,120	3,443
66	27
2,688	4,087

4 Expenses

Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

Fixed Ongoing Charge*

Total expenses

01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
765	899
765	899

* These figures represent the Fixed Ongoing Charge, which covers all fees payable by the sub-fund to the Authorised Corporate Director, Investment adviser, Depositary (including associates etc.) and other expenses. The Audit fee for the year, excluding VAT, was £7,700 (31 July 2019: £7,500).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

5 Interest payable and similar charges

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Bank overdraft interest	3	1
Total interest payable and similar charges	3	1

6 Taxation

a) Analysis of tax charge in the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Overseas tax suffered	84	29
Total current tax charge for the year	84	29
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	84	29

b) Factors affecting current tax charge for the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:		
Net revenue before taxation	1,920	3,187
Corporation tax at 20% (31 July 2019: 20%)	384	637
Effects of:		
Excess management expenses for which no relief is taken	140	174
Revenue not subject to taxation – UK	(424)	(688)
Non-taxable overseas dividends	(100)	(123)
Overseas tax suffered	84	29
Total tax charge for the year (see note 6(a))	84	29

OEICs are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

6 Taxation (continued)

c) Movement in deferred tax liability

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 31 July 2020 the sub-fund had surplus management expenses of £18,424,993 (31 July 2019: £17,723,118) which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

7 Distribution

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

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
First Interim – Accumulation shares (31 October)	340	373
First Interim – Income shares (31 October)	656	930
Second Interim – Accumulation shares (31 January)	116	140
Second Interim – Income shares (31 January)	334	348
Third Interim – Accumulation shares (30 April)	170	447
Third Interim – Income shares (30 April)	485	782
Final – Accumulation shares (31 July)	106	239
Final – Income shares (31 July)	307	425
	2,514	3,684
Revenue deducted on cancellation of shares	121	278
Revenue received on issue of shares	(124)	(23)
Distributions	2,511	3,939
Reconciliation of distributions:		
Net revenue after taxation	1,836	3,158
Capitalised fees	675	781
Distributions	2,511	3,939

Details of the interim and final distributions per share are set out in the tables on pages 132 to 135.

8 Debtors

	31.07.20 £'000	31.07.19 £'000
Accrued revenue	172	174
Amounts receivable for issue of shares	-	292
Overseas tax recoverable	-	6
Sales awaiting settlement	158	125
Total debtors	330	597

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

9 Cash and bank balances

	31.07.20 £'000	31.07.19 £'000
Cash and bank balances	92	425
Total cash and bank balances	92	425

10 Other creditors

	31.07.20 £'000	31.07.19 £'000
Accrued expenses	46	64
Amounts payable for cancellation of shares	31	260
Purchases awaiting settlement	133	82
Total other creditors	210	406

11 Related party transactions

Merian Investment Management Limited, as ACD, is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders on page 121. Any amounts due to or from Merian Investment Management Limited at the end of the accounting year in respect of transactions of shares in each sub-fund are disclosed in notes 8 and 10. Other amounts paid to the ACD are disclosed in note 4 and amounts due to it at the year end are disclosed in note 10.

12 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives for investment purposes and the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

The Investment Adviser is responsible for monitoring the portfolio of the sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The ACD has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) Foreign currency risk

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Adviser does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 31 July 2020 (31 July 2019) was as follows:

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

12 Derivatives and other financial instruments (continued)

b) Foreign currency risk (continued)

Currency	Net foreign currency assets			Net foreign currency assets		
	Monetary exposures*	Non-monetary exposures	Total	Monetary exposures*	Non-monetary exposures	Total
	31.07.20 £'000	31.07.20 £'000	31.07.20 £'000	31.07.19 £'000	31.07.19 £'000	31.07.19 £'000
Euro	77	-	77	83	660	743
US Dollar	-	257	257	-	531	531
Total	77	257	334	83	1,191	1,274

* For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

Currency sensitivity

A 5% increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets as at 31 July 2020 by £16,669 or 0.03% (31 July 2019: £63,687 or 0.10%). A 5% decrease would have an equal and opposite effect.

c) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 July 2020 (31 July 2019) was as follows:

Currency	Variable rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
31.07.20	£'000	£'000	£'000	£'000
Euro	25	-	52	77
Sterling	67	-	52,642	52,709
US Dollar	-	-	257	257
Total	92	-	52,951	53,043

Currency	Variable rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
31.07.19	£'000	£'000	£'000	£'000
Euro	25	-	718	743
Sterling	400	-	62,227	62,627
US Dollar	-	-	531	531
Total	425	-	63,476	63,901

Currency	Variable rate financial liabilities	Financial liabilities not carrying interest	Total
31.07.20	£'000	£'000	£'000
Sterling	-	(517)	(517)
Total	-	(517)	(517)

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

12 Derivatives and other financial instruments (continued)

c) Interest rate risk (continued)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.19			
Sterling	-	(831)	(831)
Total	-	(831)	(831)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. The risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

e) Counterparty risk

Certain transactions in financial instruments that the sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the ACD and Investment Adviser as an acceptable counterparty. This is overseen by the Depositary to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

The sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation to shareholders to meet any cancellation of shares. Assets from the sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the ACD regularly monitors the liquidity levels held on the sub-fund (cash and underlying securities) to ensure any redemption can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The ACD adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the ACD monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

Market price risk sensitivity

A 5% market movement in the price of investments held by the sub-fund, with all other variables remaining constant, would result in an increase or decrease on net asset value of the sub-fund by approximately £2,631,046 or 5.01% (31 July 2019: £3,143,932 or 4.98%).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

12 Derivatives and other financial instruments (continued)

h) Fair value of financial assets and liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

Basis of valuation	31.07.20		31.07.19	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	52,621	-	62,879	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
Total	52,621	-	62,879	-

i) Global exposure

The Investment Adviser assesses the market risk of the Merian UK Equity Income Fund, including any derivative exposures, using a commitment approach. All exposure arising through the investment in financial derivative instruments will be covered by the underlying assets of the sub-fund. The sub-fund will use the commitment approach methodology to measure, monitor and manage the "leverage" effect produced by the use of financial derivative instruments and for the calculation of global exposure. As the sub-fund uses the commitment approach it must ensure that its global exposure does not exceed its total net asset value and the sub-fund may not therefore be leveraged in excess of 100% of its net asset value. In using the commitment approach for the calculation of global exposure, the sub-fund will convert each derivative position into the market value of an equivalent position in the underlying asset of that derivative. Using the commitment approach the global exposure is 0.00% (31 July 2019: 0.00%).

13 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 July 2019: £Nil).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

14 Portfolio transaction costs

Analysis of total purchase costs

31.07.20

Equities

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
38,953	12	0.03%	164	0.42%
278	-	-	-	-
39,231	12		164	

31.07.19

Equities

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
16,187	6	0.04%	51	0.31%
16,187	6		51	

Analysis of total sale costs

31.07.20

Equities

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
31,906	11	0.04%	-	-
31,906	11		-	

31.07.19

Equities

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
49,548	20	0.04%	-	-
490	-	-	-	-
50,038	20		-	

Transaction costs as a percentage of average Net Assets

Commissions:

Other costs:

31.07.20	31.07.19
0.04%	0.03%
0.27%	0.06%

In the case of shares, transaction costs are paid by the sub-fund on each transaction. Commissions relate to those paid to agents, advisers, brokers and dealers in the buying and selling of securities. Other costs include any additional fees that may be paid to agents, advisers, brokers and dealers as well as levies by regulatory agencies and security exchanges and any transfer taxes or duties. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, other types of investments have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads may vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 0.19% (31 July 2019: 0.09%).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

15 Shareholders' funds

The sub-fund currently has ten share classes; Accumulation 'A', Income 'A', Accumulation 'P', Income 'P', Accumulation 'R', Income 'R', Accumulation 'U1', Income 'U1', Accumulation 'U2', and Income 'U2'. The net asset value of each share class, net asset value per share and the number of shares in issue are given in the information pages for each sub-fund.

The share classes currently in issue and the Fixed Ongoing Charge of each share class are shown below.

	31.07.20	31.07.19
- Accumulation 'A'	1.65%	1.65%
- Income 'A'	1.65%	1.65%
- Accumulation 'P'	1.15%	1.15%
- Income 'P'	1.15%	1.15%
- Accumulation 'R'	0.90%	0.90%
- Income 'R'	0.90%	0.90%
- Accumulation 'U1'	0.825%	0.825%
- Income 'U1'	0.825%	0.825%
- Accumulation 'U2'	0.75%	0.75%
- Income 'U2'	0.75%	0.75%

Share class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	164,409	4,194	(26,427)	(21,796)	120,380
- Income 'A'	2,428,025	2,556,531	(922,094)	(551,835)	3,510,627
- Accumulation 'P'	98,398	1,268	(57,753)	356,069	397,982
- Income 'P'	109,035	10,012	(21,815)	3,694,782	3,792,014
- Accumulation 'R'	7,185,553	187,196	(2,355,090)	105	5,017,764
- Income 'R'	13,188,199	1,220,526	(2,180,395)	28,346	12,256,676
- Accumulation 'U1'	4,186,206	74,446	(1,174,743)	48,928	3,134,837
- Income 'U1'	3,702,203	178,614	(768,548)	10,586	3,122,855
- Accumulation 'U2'	152,440	8,609	(44,733)	-	116,316
- Income 'U2'	268,110	338	(52,155)	-	216,293

16 Post balance sheet date events

Since the year-end, markets have continued to be disrupted by the COVID-19 pandemic. Since the year-end, the NAV per share of share class Accumulation 'R' has increased by 14.06% to 13 November 2020. The other share classes in the Fund have moved by a similar magnitude. Contingency plans at the ACD and key service providers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Distribution tables

Final distribution

Group 1: Shares purchased prior to 1 May 2020
 Group 2: Shares purchased from 1 May 2020 to 31 July 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.09.20 pence per share	Distribution paid 30.09.19 pence per share
Accumulation 'A' Shares				
Group 1	19.6365	-	19.6365	33.1100
Group 2	13.3833	6.2532	19.6365	33.1100
Income 'A' Shares				
Group 1	4.7311	-	4.7311	8.3605
Group 2	1.0464	3.6847	4.7311	8.3605
Accumulation 'P' Shares				
Group 1	1.1571	-	1.1571	1.9407
Group 2	0.2538	0.9033	1.1571	1.9407
Income 'P' Shares				
Group 1	0.6934	-	0.6934	1.2183
Group 2	0.1523	0.5411	0.6934	1.2183
Accumulation 'R' Shares				
Group 1	1.0450	-	1.0450	1.7488
Group 2	0.5764	0.4686	1.0450	1.7488
Income 'R' Shares				
Group 1	0.7700	-	0.7700	1.3491
Group 2	0.4367	0.3333	0.7700	1.3491
Accumulation 'U1' Shares				
Group 1	0.7857	-	0.7857	1.3135
Group 2	0.3506	0.4351	0.7857	1.3135
Income 'U1' Shares				
Group 1	0.6104	-	0.6104	1.0690
Group 2	0.1772	0.4332	0.6104	1.0690
Accumulation 'U2' Shares				
Group 1	0.7934	-	0.7934	1.3258
Group 2	0.7934	0.0000	0.7934	1.3258
Income 'U2' Shares				
Group 1	0.6068	-	0.6068	1.0584
Group 2	0.1971	0.4097	0.6068	1.0584

Distribution tables (continued)

Third interim distribution

Group 1: Shares purchased prior to 1 February 2020
 Group 2: Shares purchased from 1 February 2020 to 30 April 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.06.20 pence per share	Distribution paid 30.06.19 pence per share
Accumulation 'A' Shares				
Group 1	29.9908	-	29.9908	58.4916
Group 2	2.8194	27.1714	29.9908	58.4916
Income 'A' Shares				
Group 1	7.3335	-	7.3335	15.0440
Group 2	3.5482	3.7853	7.3335	15.0440
Accumulation 'P' Shares				
Group 1	1.7645	-	1.7645	3.4245
Group 2	1.7645	0.0000	1.7645	3.4245
Income 'P' Shares				
Group 1	1.0721	-	1.0721	2.1897
Group 2	0.0000	1.0721	1.0721	2.1897
Accumulation 'R' Shares				
Group 1	1.5927	-	1.5927	3.0840
Group 2	0.3996	1.1931	1.5927	3.0840
Income 'R' Shares				
Group 1	1.1897	-	1.1897	2.4230
Group 2	0.1388	1.0509	1.1897	2.4230
Accumulation 'U1' Shares				
Group 1	1.1970	-	1.1970	2.3161
Group 2	0.2930	0.9040	1.1970	2.3161
Income 'U1' Shares				
Group 1	0.9432	-	0.9432	1.9193
Group 2	0.2363	0.7069	0.9432	1.9193
Accumulation 'U2' Shares				
Group 1	1.2086	-	1.2086	2.3361
Group 2	0.0860	1.1226	1.2086	2.3361
Income 'U2' Shares				
Group 1	0.9347	-	0.9347	1.8938
Group 2	0.1455	0.7892	0.9347	1.8938

Distribution tables (continued)

Second interim distribution

Group 1: Shares purchased prior to 1 November 2019
 Group 2: Shares purchased from 1 November 2019 to 31 January 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.03.20 pence per share	Distribution paid 31.03.19 pence per share
Accumulation 'A' Shares				
Group 1	18.7944	-	18.7944	17.3416
Group 2	7.3488	11.4456	18.7944	17.3416
Income 'A' Shares				
Group 1	4.6062	-	4.6062	4.4880
Group 2	0.5410	4.0652	4.6062	4.4880
Accumulation 'P' Shares				
Group 1	1.1041	-	1.1041	1.1597
Group 2	0.9884	0.1157	1.1041	1.1597
Income 'P' Shares				
Group 1	0.6750	-	0.6750	0.6520
Group 2	0.6750	0.0000	0.6750	0.6520
Accumulation 'R' Shares				
Group 1	0.9961	-	0.9961	0.9116
Group 2	0.3032	0.6929	0.9961	0.9116
Income 'R' Shares				
Group 1	0.7487	-	0.7487	0.7226
Group 2	0.5520	0.1967	0.7487	0.7226
Accumulation 'U1' Shares				
Group 1	0.7485	-	0.7485	0.6857
Group 2	0.1039	0.6446	0.7485	0.6857
Income 'U1' Shares				
Group 1	0.5934	-	0.5934	0.5711
Group 2	0.0950	0.4984	0.5934	0.5711
Accumulation 'U2' Shares				
Group 1	0.7557	-	0.7557	0.6899
Group 2	0.0000	0.7557	0.7557	0.6899
Income 'U2' Shares				
Group 1	0.5896	-	0.5896	0.5629
Group 2	0.1357	0.4539	0.5896	0.5629

Distribution tables (continued)

First interim distribution

Group 1: Shares purchased prior to 1 August 2019
 Group 2: Shares purchased from 1 August 2019 to 31 October 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 31.12.19 pence per share	Distribution paid 31.12.18 pence per share
Accumulation 'A' Shares				
Group 1	50.3312	-	50.3312	43.4228
Group 2	19.0098	31.3214	50.3312	43.4228
Income 'A' Shares				
Group 1	12.5742	-	12.5742	11.3874
Group 2	3.5003	9.0739	12.5742	11.3874
Accumulation 'P' Shares				
Group 1	2.9535	-	2.9535	2.4351
Group 2	1.1773	1.7762	2.9535	2.4351
Income 'P' Shares				
Group 1	1.8349	-	1.8349	1.6532
Group 2	1.8349	0.0000	1.8349	1.6532
Accumulation 'R' Shares				
Group 1	2.6630	-	2.6630	2.2809
Group 2	1.1328	1.5302	2.6630	2.2809
Income 'R' Shares				
Group 1	2.0332	-	2.0332	1.8255
Group 2	0.8447	1.1885	2.0332	1.8255
Accumulation 'U1' Shares				
Group 1	2.0006	-	2.0006	1.7112
Group 2	0.9197	1.0809	2.0006	1.7112
Income 'U1' Shares				
Group 1	1.6112	-	1.6112	1.4467
Group 2	0.2083	1.4029	1.6112	1.4467
Accumulation 'U2' Shares				
Group 1	2.0195	-	2.0195	1.7262
Group 2	2.0195	0.0000	2.0195	1.7262
Income 'U2' Shares				
Group 1	1.5939	-	1.5939	1.4261
Group 2	0.6854	0.9085	1.5939	1.4261

* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Merian UK Mid Cap Fund

Launch date	22 February 2002
IA Sector	UK All Companies
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£2,729,452,974

Investment Objective and Policy

To achieve capital growth. In seeking to achieve its investment objective the sub-fund will aim to deliver a return, net of fees, greater than that of the FTSE 250 ex Investment Trust Index over rolling 3 year periods.

The sub-fund primarily invests in a portfolio of medium sized UK companies.

UK companies are those that are domiciled or incorporated in the UK, or that conduct a significant part of their business in the UK. Medium sized companies are defined for this purpose as those companies that are members of the FTSE 250 Index and those UK listed companies that have a market capitalisation consistent with inclusion in the FTSE 250 Index but are not included in the FTSE 250 Index. Typically at least 75% of the invested assets will be held in companies meeting this definition.

The sub-fund may also invest in other transferable securities, units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives, and may hold cash.

The sub-fund may use derivatives for Efficient Portfolio Management purposes. The ACD considers that the use of derivatives for this purpose is not likely to affect the volatility or risk profile of the sub-fund. The sub-fund may use derivatives for purposes other than Efficient Portfolio Management, provided it has given shareholders 60 days' notice of such change. If the sub-fund did use derivatives for investment purposes this might, at times, increase the volatility of the sub-fund's NAV and change the risk profile of the sub-fund.

Investment Manager's review

The period was one of considerable volatility. Its initial months were dominated domestically by the election of Boris Johnson as the new leader of the Conservative Party following the failure of Theresa May's administration to obtain a version of the Withdrawal Agreement that could secure the support of Parliament, and, internationally by an escalating trade war between China and the US.

UK Mid and Small Cap markets reacted positively to the unexpectedly wide margin of victory by the Conservatives in December's election, which suggested renewed vigour in reaching a deal with the EU covering future trading arrangements. The promise of 'levelling up' the UK regionally (by pursuing the un-Conservative policy of borrowing and spending) was also received positively by markets, given the improvement in the UK Public Finances suggesting that this largesse was increasingly affordable following the austerity of the post-Global Financial Crisis period.

These events were overshadowed by the emergence in February of coronavirus clusters in Italy, South Korea and Japan, when it had been assumed that the original outbreak had been contained in China. Markets fell sharply in response to the imposition of lockdown measures designed to reduce the extent of the spread of the virus, but began to recover from late March as visibility grew around the likely lifting of at least some of these measures and in response to the savage nature of earlier share price falls.

Against this backdrop, the fund fell less than its benchmark, placing it in the top quartile of its peer group over the review period. The fund's outperformance was driven entirely by positive stock selection, while its underweight to the utility and mining sectors meant that allocation detracted from performance during the period.

The fund's overweight to online retail, gained through holdings including ASOS, Boohoo and The Hut Group, helped deliver material outperformance in the second half of the period as it became increasingly apparent that the COVID-19 crisis has been helping to accelerate the spending shift away from physical stores to online. Other strong performances included Ashted, where cash flow dynamics and trading have surprised positively, and media company S4 Capital, which has traded well owing to a combination of a relatively defensive customer base and a focus on delivering solutions digitally.

The nature of the COVID-19 crisis has meant travel-exposed stocks have tended to underperform during the period. Both Ascential and SSP were exposed to that theme, and hence detracted from performance, with the position in SSP now exited so as to balance travel exposure. Other notable detractors included not holding Pennon, now out-of-index, and One Savings Bank, where concerns over future macroeconomic trends have weighed on investor sentiment.

Over the course of the period new positions have been commenced in stocks including Trainline, Wizz Air, S4 Capital, Games Workshop, Gamma Communications, ASOS and Dunelm with positions in Transferwise (unlisted), Burford, Fever-Tree, Meggitt, Smart Metering, SSP and St James's Place amongst those exited. In aggregate the fund has looked to take advantage of the dislocation in the market created by COVID-19 to add stocks in both the structural growth and cyclical baskets which appear attractively valued given perceived medium-term growth prospects.

Currently there is a two-way pull on the market, with rising infections in certain US states and some countries seeing a "second wave" raising concerns over how long economic activity could be suppressed, and the concurrent launch of further stimulus packages across the globe creating optimism over the pace of recovery. In that context, we have sought to balance structural growth and cyclicity.

Notwithstanding that we think COVID-19 is accelerating the structural shift in certain instances and that the range of outcomes for more cyclically exposed stocks is increasingly wide. As a result of this, and the recent outperformance of structural growth plays, we have a tilt towards structural growth within the portfolio and think that is likely to remain for the rest of the year.

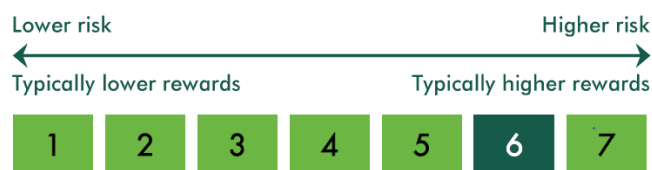
From a UK perspective, we think it is likely that Brexit discussions come more into focus as we move through the year. At the start of the year, in the belief that the UK was likely to exit 2020 as one of the fastest growing economies in the G7, we had added to our UK exposure. Self-evidently since then COVID-19 has overshadowed Brexit and we think that makes sense when thinking about the likely impact of Brexit on GDP forecasts relative to the impact of the virus. From a portfolio perspective we continue to see value in some UK cyclicals, for example the housebuilders, but think geographic exposure is a somewhat less important driver of cyclical exposure than was the case earlier in the year.

Value assessment for the year ended 31 July 2020

For further details on the value assessment report please refer to pages 7 to 16.

Merian UK Mid Cap Fund

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-funds in category 6 have in the past shown relatively high volatility. With a sub-fund of category 6, you have a relatively high risk of losing money but your chance for gains is also relatively high.

Investment risk - there is no guarantee that the sub-fund will achieve its objective. A capital loss of some or all of the amount invested may occur.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

Company Shares (i.e. equities) risk - the value of Company shares and similar investments may go down as well as up in response to the performance of individual companies and can be affected by daily stock market movements and general market conditions.

Concentration risk (number of investments) - the sub-fund may at times hold a smaller number of investments, and therefore a fall in the value of a single investment may have a greater impact on the sub-fund's value than if it held a larger number of investments.

Liquidity risk - some investments including those in unlisted companies may be hard to value or sell at a desired time and price. In extreme circumstances this may affect the sub-fund's ability to meet redemption requests upon demand.

Currency risk - the sub-fund is denominated in British Pounds but may hold assets denominated in, or with exposure to, other currencies. The value of your shares may rise and fall as a result of exchange rate movements.

Derivative risk - the sub-fund may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. Efficient Portfolio Management (EPM)). Derivatives involve a level of risk, however, for EPM they should not increase the overall riskiness of the sub-fund. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet their contractual obligations.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'A'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	433.23	497.78	463.73
Return before operating charges*	(19.72)	(57.64)	41.65
Operating charges**	(6.80)	(6.91)	(7.60)
Return after operating charges*	(26.52)	(64.55)	34.05
Distributions	-	(1.85)	(2.98)
Retained distributions	-	1.85	2.98
Closing net asset value per share	406.71	433.23	497.78
* after direct transaction costs of***	0.76	0.29	0.57
Performance			
Return after charges	(6.12)%	(12.97)%	7.34%
Other information			
Closing net asset value (£)	333,718,799	412,165,241	578,764,585
Closing number of shares	82,053,870	95,136,679	116,270,135
Operating charges****	1.60%	1.60%	1.60%
Direct transaction costs***	0.18%	0.07%	0.12%
Prices	pence per share	pence per share	pence per share
Highest share price	510.00	498.00	510.10
Lowest share price	250.10	368.70	445.20
Income 'A'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	380.84	439.46	411.87
Return before operating charges*	(17.36)	(50.88)	36.99
Operating charges**	(5.97)	(6.10)	(6.75)
Return after operating charges*	(23.33)	(56.98)	30.24
Distributions	-	(1.64)	(2.65)
Retained distributions	-	-	-
Closing net asset value per share	357.51	380.84	439.46
* after direct transaction costs of***	0.67	0.26	0.50
Performance			
Return after charges	(6.13)%	(12.97)%	7.34%
Other information			
Closing net asset value (£)	115,642,126	143,341,882	190,480,191
Closing number of shares	32,346,225	37,638,348	43,343,858
Operating charges****	1.60%	1.60%	1.60%
Direct transaction costs***	0.18%	0.07%	0.12%
Prices	pence per share	pence per share	pence per share
Highest share price	448.30	439.60	453.10
Lowest share price	219.90	325.50	395.40

Comparative Tables (continued)

Accumulation 'P'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	373.07	426.51	395.35
Return before operating charges*	(17.05)	(49.35)	35.63
Operating charges**	(4.03)	(4.09)	(4.47)
Return after operating charges*	(21.08)	(53.44)	31.16
Distributions	(0.58)	(3.45)	(4.59)
Retained distributions	0.58	3.45	4.59
Closing net asset value per share	351.99	373.07	426.51
* after direct transaction costs of***	0.66	0.25	0.48
Performance			
Return after charges	(5.65)%	(12.53)%	7.88%
Other information			
Closing net asset value (£)	13,371,273	12,469,492	18,533,146
Closing number of shares	3,798,743	3,342,405	4,345,326
Operating charges****	1.10%	1.10%	1.10%
Direct transaction costs***	0.18%	0.07%	0.12%
Prices	pence per share	pence per share	pence per share
Highest share price	440.30	426.70	436.80
Lowest share price	216.10	316.60	380.90
Income 'P'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	226.19	261.01	244.58
Return before operating charges*	(10.35)	(30.20)	22.04
Operating charges**	(2.45)	(2.51)	(2.77)
Return after operating charges*	(12.80)	(32.71)	19.27
Distributions	(0.35)	(2.11)	(2.84)
Retained distributions	-	-	-
Closing net asset value per share	213.04	226.19	261.01
* after direct transaction costs of***	0.40	0.15	0.30
Performance			
Return after charges	(5.66)%	(12.53)%	7.88%
Other information			
Closing net asset value (£)	2,849,229	3,118,091	5,249,603
Closing number of shares	1,337,438	1,378,552	2,011,227
Operating charges****	1.10%	1.10%	1.10%
Direct transaction costs***	0.18%	0.07%	0.12%
Prices	pence per share	pence per share	pence per share
Highest share price	266.90	261.10	270.20
Lowest share price	131.00	193.70	235.60

Comparative Tables (continued)

Accumulation 'R'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	291.41	332.32	307.28
Return before operating charges*	(13.33)	(38.45)	27.73
Operating charges**	(2.44)	(2.46)	(2.69)
Return after operating charges*	(15.77)	(40.91)	25.04
Distributions	(1.18)	(3.42)	(4.36)
Retained distributions	1.18	3.42	4.36
Closing net asset value per share	275.64	291.41	332.32
* after direct transaction costs of***	0.52	0.20	0.38
Performance			
Return after charges	(5.41)%	(12.31)%	8.15%
Other information			
Closing net asset value (£)	695,914,208	866,709,035	1,090,037,406
Closing number of shares	252,471,712	297,414,705	328,005,588
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.18%	0.07%	0.12%
Prices	pence per share	pence per share	pence per share
Highest share price	344.40	332.50	340.20
Lowest share price	169.00	246.90	296.50
Income 'R'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	228.11	263.23	246.63
Return before operating charges*	(10.46)	(30.46)	22.26
Operating charges**	(1.91)	(1.95)	(2.16)
Return after operating charges*	(12.37)	(32.41)	20.10
Distributions	(0.91)	(2.71)	(3.50)
Retained distributions	-	-	-
Closing net asset value per share	214.83	228.11	263.23
* after direct transaction costs of***	0.40	0.16	0.30
Performance			
Return after charges	(5.42)%	(12.31)%	8.15%
Other information			
Closing net asset value (£)	230,120,249	257,874,597	317,394,438
Closing number of shares	107,116,171	113,048,238	120,576,780
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.18%	0.07%	0.12%
Prices	pence per share	pence per share	pence per share
Highest share price	269.60	263.40	273.10
Lowest share price	132.20	195.60	238.00

Comparative Tables (continued)

Accumulation 'U1'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	161.50	184.04	170.04
Return before operating charges*	(7.40)	(21.30)	15.36
Operating charges**	(1.23)	(1.24)	(1.36)
Return after operating charges*	(8.63)	(22.54)	14.00
Distributions	(0.77)	(2.01)	(2.54)
Retained distributions	0.77	2.01	2.54
Closing net asset value per share	152.87	161.50	184.04
* after direct transaction costs of***	0.29	0.11	0.21
Performance			
Return after charges	(5.34)%	(12.25)%	8.23%
Other information			
Closing net asset value (£)	541,732,601	645,147,229	838,133,870
Closing number of shares	354,364,557	399,464,049	455,415,982
Operating charges****	0.775%	0.775%	0.775%
Direct transaction costs***	0.18%	0.07%	0.12%
Prices	pence per share	pence per share	pence per share
Highest share price	190.90	184.10	188.40
Lowest share price	93.73	136.80	164.20
Income 'U1'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	152.70	176.21	165.09
Return before operating charges*	(7.02)	(20.40)	14.91
Operating charges**	(1.16)	(1.18)	(1.32)
Return after operating charges*	(8.18)	(21.58)	13.59
Distributions	(0.73)	(1.93)	(2.47)
Retained distributions	-	-	-
Closing net asset value per share	143.79	152.70	176.21
* after direct transaction costs of***	0.27	0.10	0.20
Performance			
Return after charges	(5.36)%	(12.25)%	8.23%
Other information			
Closing net asset value (£)	625,228,091	628,503,665	545,864,739
Closing number of shares	434,810,196	411,601,951	309,775,625
Operating charges****	0.775%	0.775%	0.775%
Direct transaction costs***	0.18%	0.07%	0.12%
Prices	pence per share	pence per share	pence per share
Highest share price	180.50	176.30	182.90
Lowest share price	88.61	131.00	159.40

Comparative Tables (continued)

Accumulation 'U2'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	165.00	187.87	173.45
Return before operating charges*	(7.56)	(21.73)	15.67
Operating charges**	(1.14)	(1.14)	(1.25)
Return after operating charges*	(8.70)	(22.87)	14.42
Distributions	(0.91)	(2.18)	(2.73)
Retained distributions	0.91	2.18	2.73
Closing net asset value per share	156.30	165.00	187.87
* after direct transaction costs of***	0.29	0.11	0.21
Performance			
Return after charges	(5.27)%	(12.17)%	8.31%
Other information			
Closing net asset value (£)	13,333,055	18,936,219	16,950,540
Closing number of shares	8,530,629	11,476,610	9,022,299
Operating charges****	0.70%	0.70%	0.70%
Direct transaction costs***	0.18%	0.07%	0.12%
Prices	pence per share	pence per share	pence per share
Highest share price	195.20	188.00	192.30
Lowest share price	95.80	139.70	167.50
Income 'U2'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	141.56	163.38	153.07
Return before operating charges*	(6.50)	(18.95)	13.82
Operating charges**	(0.98)	(0.98)	(1.10)
Return after operating charges*	(7.48)	(19.93)	12.72
Distributions	(0.78)	(1.89)	(2.41)
Retained distributions	-	-	-
Closing net asset value per share	133.30	141.56	163.38
* after direct transaction costs of***	0.25	0.10	0.19
Performance			
Return after charges	(5.28)%	(12.20)%	8.31%
Other information			
Closing net asset value (£)	157,543,343	183,104,578	87,074,401
Closing number of shares	118,182,760	129,343,119	53,294,284
Operating charges****	0.70%	0.70%	0.70%
Direct transaction costs***	0.18%	0.07%	0.12%
Prices	pence per share	pence per share	pence per share
Highest share price	167.40	163.50	169.70
Lowest share price	82.19	121.40	147.90

** The operating charges are based on the fixed ongoing charge as detailed in the prospectus.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. They do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. These costs arise as a result of transactions undertaken both for efficient portfolio management and the meeting of the sub-fund's objectives. These costs exclude any effect of dilution adjustments used to offset the costs.

**** The operating charges percentage is the ratio of the sub-fund's ongoing charges (excluding interest on borrowings) to the average net assets of the sub-fund.

Performance

	6 months to 31 July 2020	1 year to 31 July 2020	3 years to 31 July 2020	5 years to 31 July 2020
Merian UK Mid Cap Fund*	(17.17)%	(6.28)%	(11.09)%	26.72%
FTSE 250 ex-IT (benchmark)	(23.22)%	(15.10)%	(12.56)%	1.65%
IA UK All Companies (sector average)	(17.65)%	(14.47)%	(8.20)%	8.08%
Quartile ranking	2	1	3	1

* Accumulation 'R' shares

Data Source – Factset. Figures are calculated on a total return and single price basis, with net income reinvested into the sub-fund.

The benchmark is a broad representation of the fund's investment universe and as such is an appropriate benchmark for the fund to seek to outperform and may also be used as a point of reference against which the fund's performance may be measured. The fund's performance may also be compared to the IA sector, which consists of funds with similar investment objectives and policies.

Portfolio allocation		Major holdings	Percentage of portfolio
General Retailers	20.62%	boohoo	8.46%
Support Services	14.77%	The Hut Group	4.91%
Media	9.81%	Ascential	4.81%
Financial Services	9.23%	ASOS	4.62%
Real Estate Investment Trusts	8.41%	HomeServe	4.21%
Travel & Leisure	6.73%	Ashtead	3.67%
Household Goods & Home Construction	5.84%	OneSavings Bank	3.38%
Retail	4.91%	Trainline	3.25%
Software & Computer Services	3.50%	Wizz Air	3.14%
Nonlife Insurance	3.03%	Pets at Home	3.08%
Equity Investment Instruments	2.29%		
Real Estate Investment & Services	2.13%	Number of holdings	45
Construction & Materials	1.61%		
Chemicals	1.46%		
Leisure Goods	1.39%		
Mobile Telecommunications	1.21%		
Industrial Engineering	0.89%		
Gas, Water & Multiutilities	0.69%		
Food & Drug Retailers	0.67%		
Net other assets	0.81%		
Total	100.00%		
Asset allocation			
Equities	99.19%		
Net other assets	0.81%		
Total	100.00%		

Portfolio statement

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 93.76% (31 July 2019 94.37%)		
	United Kingdom Equities 93.76% (31 July 2019 94.37%)		
	Aerospace & Defence 0.00% (31 July 2019 0.73%)		
	Automobiles & Parts 0.00% (31 July 2019 0.10%)		
	Beverages 0.00% (31 July 2019 0.71%)		
	Chemicals 1.46% (31 July 2019 1.68%)		
13,678,389	Synthomer	39,859	1.46
		39,859	1.46
	Construction & Materials 1.61% (31 July 2019 1.12%)		
57,360,114	Breedon	43,823	1.61
		43,823	1.61
	Financial Services 9.23% (31 July 2019 9.59%)		
5,220,357	Draper Esprit	27,459	1.01
5,079,749	IntegraFin	27,583	1.01
3,994,667	Intermediate Capital	54,527	2.00
38,506,782	OneSavings Bank	92,340	3.38
69,085,680	Starling Bank*	50,050	1.83
		251,959	9.23
	Food & Drug Retailers 0.67% (31 July 2019 1.57%)		
1,481,068	Greggs	18,276	0.67
		18,276	0.67
	Gas, Water & Multiutilities 0.69% (31 July 2019 0.00%)		
37,602,612	Centrica	18,749	0.69
		18,749	0.69
	General Retailers 20.62% (31 July 2019 14.65%)		
3,717,491	ASOS	126,023	4.62
88,590,730	Boohoo	231,045	8.46
2,655,912	Dunelm	32,614	1.20
8,671,539	JD Sports Fashion	53,833	1.97
28,611,837	Pets at Home	84,176	3.08
3,614,495	WH Smith	35,295	1.29
		562,986	20.62
	Household Goods & Home Construction 5.84% (31 July 2019 3.96%)		
12,254,600	Barratt Developments	64,141	2.35
1,946,534	Bellway	50,454	1.85
37,086,642	Taylor Wimpey	44,912	1.64
		159,507	5.84
	Industrial Engineering 0.89% (31 July 2019 2.17%)		
4,146,420	Bodycote	24,422	0.89
		24,422	0.89

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Leisure Goods 1.39% (31 July 2019 0.00%)			
427,000	Games Workshop	37,875	1.39
		<u>37,875</u>	<u>1.39</u>
Life Insurance 0.00% (31 July 2019 1.87%)			
Media 9.81% (31 July 2019 8.05%)			
48,432,421	Ascential	131,252	4.81
10,692,074	Auto Trader	56,924	2.08
23,786,571	S4 Capital	79,685	2.92
		<u>267,861</u>	<u>9.81</u>
Mobile Telecommunications 1.21% (31 July 2019 0.00%)			
2,099,000	Gamma Communications	33,059	1.21
		<u>33,059</u>	<u>1.21</u>
Nonlife Insurance 3.03% (31 July 2019 1.46%)			
6,812,596	Direct Line Insurance	20,458	0.75
8,044,740	Lancashire	62,186	2.28
		<u>82,644</u>	<u>3.03</u>
Real Estate Investment & Services 2.13% (31 July 2019 3.86%)			
41,169,944	Purplebricks	18,506	0.68
5,197,325	Savills	39,604	1.45
		<u>58,110</u>	<u>2.13</u>
Real Estate Investment Trusts 8.41% (31 July 2019 7.61%)			
7,520,693	Big Yellow	76,711	2.81
8,803,980	Unite	83,198	3.05
11,496,096	Workspace	69,551	2.55
		<u>229,460</u>	<u>8.41</u>
Retail 4.91% (31 July 2019 2.84%)			
168,404	The Hut Group*†	133,954	4.91
		<u>133,954</u>	<u>4.91</u>
Software & Computer Services 3.50% (31 July 2019 4.24%)			
4,084,720	Blue Prism	47,669	1.75
15,832,041	Funding Circle	14,597	0.53
25,314,358	Learning Technologies	33,288	1.22
		<u>95,554</u>	<u>3.50</u>
Support Services 14.77% (31 July 2019 17.86%)			
4,052,226	Ashtead	100,252	3.67
12,468,749	Electrocomponents	82,481	3.02
8,525,586	HomeServe	114,925	4.21
8,397,826	Rentokil Initial	45,281	1.67
37,595,716	Serco	60,153	2.20
		<u>403,092</u>	<u>14.77</u>
Travel & Leisure 3.59% (31 July 2019 10.30%)			
53,006	Secret Escapes (Series E Preference)*	2,897	0.11
117,275	Secret Escapes*	6,276	0.23
21,514,806	Trainline	88,813	3.25
		<u>97,986</u>	<u>3.59</u>

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Overseas 5.43% (31 July 2019 2.64%)		
	Europe 5.43% (31 July 2019 2.64%)		
	Guernsey Equities 2.29% (31 July 2019 2.64%)		
	Equity Investment Instruments 2.29% (31 July 2019 1.00%)		
51,451,305	Merian Chrysalis Investment Company**	62,513	2.29
		62,513	2.29
	Financial Services 0.00% (31 July 2019 1.64%)		
	Switzerland Equities 3.14% (31 July 2019 0.00%)		
	Travel & Leisure 3.14% (31 July 2019 0.00%)		
2,670,684	Wizz Air	85,676	3.14
		85,676	3.14
	Investment assets	2,707,365	99.19
	Net other assets	22,088	0.81
	Total net assets	2,729,453	100.00

* Unlisted, suspended and delisted securities within the meaning of the COLL.

** Investment Adviser is Merian Global Investors (UK) Ltd.

† Subsequent to the year end, the valuation of this unlisted security was revised based on a more recent review of the fair value. This change is reflected in the financial statements presented for the sub-fund however was not reflected in the NAV struck on the year end date for pricing purposes.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are ordinary shares.

Statement of total return

for the year from 1 August 2019 to 31 July 2020

		01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
	Note				
Income					
Net capital losses	2		(185,616)		(506,452)
Revenue	3	37,753		66,687	
Expenses	4	(27,913)		(31,247)	
Interest payable and similar charges	5	-		(11)	
Net revenue before taxation		9,840		35,429	
Taxation	6	-		-	
Net revenue after taxation			9,840		35,429
Total return before distributions			(175,776)		(471,023)
Distributions	7		(11,540)		(35,519)
Change in net assets attributable to shareholders from investment activities			(187,316)		(506,542)

Statement of change in net assets attributable to shareholders

for the year from 1 August 2019 to 31 July 2020

	01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
Opening net assets attributable to shareholders		3,171,370		3,688,483
Amounts received on issue of shares	213,483		523,844	
Amounts paid on cancellation of shares	(473,889)		(555,512)	
		(260,406)		(31,668)
Dilution adjustment		-		771
Change in net assets attributable to shareholders from investment activities		(187,316)		(506,542)
Retained distribution on accumulation shares		5,805		20,326
Closing net assets attributable to shareholders		2,729,453		3,171,370

The notes on pages 149 to 156 form an integral part of these financial statements.

Balance sheet

as at 31 July 2020

	Note	31.07.20 £'000	31.07.19 £'000
Assets			
Fixed assets			
Investments		2,707,365	3,076,552
Current assets			
Debtors	8	16,710	22,468
Cash and bank balances	9	48,323	112,872
Total assets		2,772,398	3,211,892
Liabilities			
Creditors			
Distribution payable		(5,063)	(14,087)
Other creditors	10	(37,882)	(26,435)
Total liabilities		(42,945)	(40,522)
Net assets attributable to shareholders		2,729,453	3,171,370

The notes on pages 149 to 156 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 August 2019 to 31 July 2020

1 Accounting policies

The applicable accounting policies adopted by the Merian UK Mid Cap Fund are included on pages 200 to 201.

2 Net capital losses

The net capital losses on investments comprise:

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Losses on non-derivative securities	(185,864)	(506,437)
Gains/(losses) on currency contracts	254	(9)
Handling charges	(6)	(6)
Net capital losses on investments	(185,616)	(506,452)

3 Revenue

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Authorised corporate director fee rebate	276	-
Bank interest	88	122
Non-taxable overseas dividends	3,397	4,846
UK dividends	26,639	54,475
UK REIT dividends	7,353	7,244
Total revenue	37,753	66,687

4 Expenses

Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Fixed Ongoing Charge*	27,913	31,247
Total expenses	27,913	31,247

* These figures represent the Fixed Ongoing Charge, which covers all fees payable by the sub-fund to the Authorised Corporate Director, Investment adviser, Depositary (including associates etc.) and other expenses. The Audit fee for the year, excluding VAT, was £6,700 (31 July 2019: £6,500).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

5 Interest payable and similar charges

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Bank overdraft interest	-	11
Total interest payable and similar charges	-	11

6 Taxation

a) Analysis of tax charge in the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Overseas tax suffered	-	-
Total current tax charge for the year	-	-
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	-	-

b) Factors affecting current tax charge for the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:		
Net revenue before taxation	9,840	35,429
Corporation tax at 20% (31 July 2019: 20%)	1,968	7,086
Effects of:		
Excess management expenses for which no relief is taken	4,039	4,778
Revenue not subject to taxation – UK	(5,328)	(10,895)
Non-taxable overseas dividends	(679)	(969)
Total tax charge for the year (see note 6(a))	-	-

OEICs are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

6 Taxation (continued)

c) Movement in deferred tax liability

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 31 July 2020 the sub-fund had surplus management expenses of £236,063,004 (31 July 2019: £215,867,750) which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

7 Distributions

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

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Final – Accumulation shares (31 July)	5,805	20,325
Final – Income shares (31 July)	5,063	14,087
	10,868	34,412
Revenue deducted on cancellation of shares	1,440	2,975
Revenue received on issue of shares	(768)	(1,868)
Distributions	11,540	35,519
Reconciliation of distributions:		
Net revenue after taxation	9,840	35,429
Equalisation on conversion	13	91
Revenue deficit reimbursed from capital	1,687	-
Undistributed revenue brought forward	1	-
Undistributed revenue carried forward	(1)	(1)
Distributions	11,540	35,519

Details of the final distributions per share are set out in the table on page 157.

8 Debtors

	31.07.20 £'000	31.07.19 £'000
Accrued Authorised Corporate Director's fee rebates	92	-
Accrued revenue	7,531	5,871
Amounts receivable for issue of shares	142	16,019
Sales awaiting settlement	8,945	578
Total debtors	16,710	22,468

9 Cash and bank balances

	31.07.20 £'000	31.07.19 £'000
Cash and bank balances	48,323	112,872
Total cash and bank balances	48,323	112,872

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

10 Other creditors

	31.07.20	31.07.19
	£'000	£'000
Accrued expenses	1,987	2,549
Amounts payable for cancellation of shares	9,013	23,871
Purchases awaiting settlement	26,882	15
Total other creditors	37,882	26,435

11 Related party transactions

Merian Investment Management Limited, as ACD, is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders on page 147. Any amounts due to or from Merian Investment Management Limited at the end of the accounting year in respect of transactions of shares in each sub-fund are disclosed in notes 8 and 10. Other amounts paid to the ACD are disclosed in note 4 and amounts due to it at the year end are disclosed in note 10.

The authorised corporate director's fee rebates received by the sub-fund are from investment funds managed by Merian Global Investors Limited. During the year £276,000 (2019: £Nil) has been recognised and is included in the total rebate amounts disclosed in note 3. The balance due to the sub-fund at the year end in respect of this amounted to £92,000 (2019: £Nil) and is included in the total rebate amount disclosed in note 8.

The sub-fund held the following security at 31 July 2020 and received nil income in related funds throughout the year to 31 July 2020.

Shares	Security Name	Market Value £'000	Gross Income Earned £'000
51,451,305	Merian Chrysalis Investment Company	62,513	-

12 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives for investment purposes and the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

The Investment Adviser is responsible for monitoring the portfolio of the sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The ACD has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) Foreign currency risk

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Adviser does seek to reduce some of this risk by using forward currency contracts.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

12 Derivatives and other financial instruments (continued)

b) Foreign currency risk (continued)

The direct foreign currency exposure of the sub-fund as at 31 July 2020 (31 July 2019) was as follows:

Currency	Net foreign currency assets			Net foreign currency assets		
	Monetary exposures*	Non-monetary exposures	Total	Monetary exposures*	Non-monetary exposures	Total
	31.07.20 £'000	31.07.20 £'000	31.07.20 £'000	31.07.19 £'000	31.07.19 £'000	31.07.19 £'000
US Dollar	-	-	-	-	82,228	82,228
Total	-	-	-	-	82,228	82,228

* For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

Currency sensitivity

A 5% increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets as at 31 July 2020 by £Nil or 0.00% (31 July 2019: £4,111,407 or 0.13%). A 5% decrease would have an equal and opposite effect.

c) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 July 2020 (31 July 2019) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.07.20				
Sterling	48,323	-	2,724,075	2,772,398
Total	48,323	-	2,724,075	2,772,398

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.07.19				
Sterling	112,872	-	3,016,792	3,129,664
US Dollar	-	-	82,228	82,228
Total	112,872	-	3,099,020	3,211,892

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.20			
Sterling	-	(42,945)	(42,945)
Total	-	(42,945)	(42,945)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.19			
Sterling	-	(40,522)	(40,522)
Total	-	(40,522)	(40,522)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

12 Derivatives and other financial instruments (continued)

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. The risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

e) Counterparty risk

Certain transactions in financial instruments that the sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the ACD and Investment Adviser as an acceptable counterparty. This is overseen by the Depositary to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

The sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation to shareholders to meet any cancellation of shares. Assets from the sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the ACD regularly monitors the liquidity levels held on the sub-fund (cash and underlying securities) to ensure any redemption can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The ACD adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the ACD monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

Market price risk sensitivity

A 5% market movement in the price of investments held by the sub-fund, with all other variables remaining constant, would result in an increase or decrease on net asset value of the sub-fund by approximately £135,368,216 or 4.96% (31 July 2019: £153,827,618 or 4.85%).

h) Fair value of financial assets and liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

Basis of valuation	31.07.20		31.07.19	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	2,514,188	-	2,860,176	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data*	193,177	-	216,376	-
Total	2,707,365	-	3,076,552	-

* This figure is made up of 4 securities (2019: 5). For the level 3 assets, the valuation bases used are last transaction price (2020: 3 of 4 (2019: 4 of 5)) and an earnings multiple-based model (2020: 1 of 4 (2019: 1 of 5)). Where a last transaction price was used to ascribe value, the ACD validated this using alternative valuation methods and assessed the nature of the transactions. Within the earnings model valuations, the earnings figure and multiples based on comparable quoted companies reflect inputs which are estimates and impact the resultant valuations. The ACD engages a third party to provide professional oversight in this area.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

12 Derivatives and other financial instruments (continued)

i) Global exposure

The Investment Adviser assesses the market risk of the Merian UK Mid Cap Fund, including any derivative exposures, using a commitment approach. All exposure arising through the investment in financial derivative instruments will be covered by the underlying assets of the sub-fund. The sub-fund will use the commitment approach methodology to measure, monitor and manage the "leverage" effect produced by the use of financial derivative instruments and for the calculation of global exposure. As the sub-fund uses the commitment approach it must ensure that its global exposure does not exceed its total net asset value and the sub-fund may not therefore be leveraged in excess of 100% of its net asset value. In using the commitment approach for the calculation of global exposure, the sub-fund will convert each derivative position into the market value of an equivalent position in the underlying asset of that derivative. Using the commitment approach the global exposure is 0.00% (31 July 2019: 0.00%).

13 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 July 2019: £Nil).

14 Portfolio transaction costs

Analysis of total purchase costs

31.07.20

Equities

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
1,194,721	475	0.04%	3,783	0.32%
1,194,721	475		3,783	
1,198,979				

31.07.19

Equities

Corporate actions

Total

Total purchases including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
842,254	310	0.04%	1,529	0.18%
8,342	-	-	-	-
850,596	310		1,529	
852,435				

Analysis of total sale costs

31.07.20

Equities

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
1,383,561	507	0.04%	564	0.04%
1,383,561	507		564	
1,382,490				

31.07.19

Equities

Corporate actions

Total

Total sales including transaction costs

Value £'000	Commissions £'000	%	Other costs £'000	%
894,582	375	0.04%	-	-
7,590	-	-	-	-
902,172	375		-	
901,797				

Transaction costs as a percentage of average Net Assets

	31.07.20	31.07.19
Commissions:	0.03%	0.02%
Other costs:	0.15%	0.05%

In the case of shares, transaction costs are paid by the sub-fund on each transaction. Commissions relate to those paid to agents, advisers, brokers and dealers in the buying and selling of securities. Other costs include any additional fees that may be paid to agents, advisers, brokers and dealers as well as levies by regulatory agencies and security exchanges and any transfer taxes or duties. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike Share, other types of investments have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads may vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 0.47% (31 July 2019: 0.21%).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

15 Shareholders' funds

The sub-fund currently has ten share classes; Accumulation 'A', Income 'A', Accumulation 'P', Income 'P', Accumulation 'R', Income 'R', Accumulation 'U1', Income 'U1', Accumulation 'U2' and Income 'U2'. The net asset value of each share class, net asset value per share and the number of shares in issue are given in the information pages for each sub-fund.

The share classes currently in issue and the Fixed Ongoing Charge of each share class are shown below.

	31.07.20	31.07.19
- Accumulation 'A'	1.60%	1.60%
- Income 'A'	1.60%	1.60%
- Accumulation 'P'	1.10%	1.10%
- Income 'P'	1.10%	1.10%
- Accumulation 'R'	0.85%	0.85%
- Income 'R'	0.85%	0.85%
- Accumulation 'U1'	0.775%	0.775%
- Income 'U1'	0.775%	0.775%
- Accumulation 'U2'	0.70%	0.70%
- Income 'U2'	0.70%	0.70%

Share class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	95,136,679	1,761,910	(13,391,585)	(1,453,134)	82,053,870
- Income 'A'	37,638,348	1,582,939	(6,643,694)	(231,368)	32,346,225
- Accumulation 'P'	3,342,405	479,010	(721,220)	698,548	3,798,743
- Income 'P'	1,378,552	21,697	(344,629)	281,818	1,337,438
- Accumulation 'R'	297,414,705	6,361,908	(52,222,827)	917,926	252,471,712
- Income 'R'	113,048,238	7,394,015	(13,510,107)	184,025	107,116,171
- Accumulation 'U1'	399,464,049	30,380,675	(75,317,303)	(162,864)	354,364,557
- Income 'U1'	411,601,951	64,528,231	(42,015,096)	695,110	434,810,196
- Accumulation 'U2'	11,476,610	2,643,875	(5,554,583)	(35,273)	8,530,629
- Income 'U2'	129,343,119	10,503,164	(21,712,676)	49,153	118,182,760

16 Post balance sheet date events

Since the year-end, markets have continued to be disrupted by the COVID-19 pandemic. Since the year-end, the NAV per share of share class Accumulation 'R' has increased by 18.42% to 13 November 2020. The other share classes in the Fund have moved by a similar magnitude. Contingency plans at the ACD and key service providers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Distribution table

Final distribution

Group 1: Shares purchased prior to 1 August 2019
 Group 2: Shares purchased from 1 August 2019 to 31 July 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.09.20 pence per share	Distribution paid 30.09.19 pence per share
Accumulation 'A' Shares				
Group 1	0.0000	-	0.0000	1.8495
Group 2	0.0000	0.0000	0.0000	1.8495
Income 'A' Shares				
Group 1	0.0000	-	0.0000	1.6372
Group 2	0.0000	0.0000	0.0000	1.6372
Accumulation 'P' Shares				
Group 1	0.5840	-	0.5840	3.4527
Group 2	0.0000	0.5840	0.5840	3.4527
Income 'P' Shares				
Group 1	0.3539	-	0.3539	2.1126
Group 2	0.0000	0.3539	0.3539	2.1126
Accumulation 'R' Shares				
Group 1	1.1804	-	1.1804	3.4163
Group 2	0.2641	0.9163	1.1804	3.4163
Income 'R' Shares				
Group 1	0.9117	-	0.9117	2.7062
Group 2	0.0028	0.9089	0.9117	2.7062
Accumulation 'U1' Shares				
Group 1	0.7691	-	0.7691	2.0127
Group 2	0.0999	0.6692	0.7691	2.0127
Income 'U1' Shares				
Group 1	0.7270	-	0.7270	1.9272
Group 2	0.1783	0.5487	0.7270	1.9272
Accumulation 'U2' Shares				
Group 1	0.9077	-	0.9077	2.1782
Group 2	0.1947	0.7130	0.9077	2.1782
Income 'U2' Shares				
Group 1	0.7789	-	0.7789	1.8941
Group 2	0.1074	0.6715	0.7789	1.8941

* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Merian UK Opportunities Fund

Launch date	2 August 2013
IA Sector	Targeted Absolute Return
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£9,799,803

Investment Objective and Policy

To deliver an absolute return (above zero performance, irrespective of market conditions) over rolling 3 year periods. In seeking to achieve its investment objective the sub-fund will aim to deliver a return, net of fees, in excess of the Bank of England Base Rate over rolling 3 years.

There is no guarantee that such return will be generated over that specific time period or any other period, and any capital invested is at risk.

The sub-fund will obtain exposure, either directly or through derivatives, primarily (at least 70%) to UK equities and convertible bonds. UK equities are equities of companies domiciled or incorporated in the UK, or that conduct a significant part of their business in the UK. Such investments will be across the market capitalisation spectrum, with the majority of these being companies included in the FTSE 100 and FTSE 250 indices. Up to 15% of the sub-fund's NAV may be exposed to non-UK equities and non-UK convertible bonds.

The sub-fund will use derivatives for investment purposes, principally by taking long and short positions in order to gain exposure to particular companies, industries or sectors. The use of derivatives for this purpose may affect the volatility or risk profile of the sub-fund although this is not the ACD's intention.

The sub-fund may also invest in transferable securities, units in collective investment schemes (including those managed or operated by the ACD), warrants, money market instruments and deposits. Where the sub-fund gains exposure through derivatives, its physical assets will consist of cash deposits or short term investment grade money market instruments to provide cover for this exposure.

Investment Manager's review

The fund returned more in the first than in the second half of the year. The drivers of the return varied very significantly through the year. The fund has three key components of return – the long book, the stock short book and the index short (hedging) book which is used to limit the net exposure of the fund. In the first half, all three books contributed positively to returns. However, the global coronavirus pandemic then caused very significant moves in markets. During the period as a whole, the FTSE 100 index fell 22% including a fall of around a third from mid-February to mid-March as the virus began to spread throughout the West. This means that the long book has suffered and contributed a negative return during the period. We aim to drive consistent returns that are uncorrelated from markets however, and the short and hedge books both contributed positively to drive a positive return overall.

In terms of single stock contribution, which is where we aim to drive performance, the largest positive contributors were shorts in Rolls-Royce and Marks & Spencer. These businesses have had a tough time recently even before the pandemic and they have both found themselves in position where underlying cash generation is struggling to support their balance sheet structures. We also had positive contributions from long positions in AstraZeneca and Ocado – two of the best growth stories in the FTSE100 in our view. Other notable positive stock contributors came from long positions in Rentokil, HomeServe and Rio Tinto as well as from shorts in more cyclical businesses with large balance sheets.

Negative stock contribution came from some longs in businesses that have been hit hard by the pandemic. SSP Group, Taylor Wimpey and Burberry for example have all been negatively affected by travel restrictions and a weaker environment for consumer spending. Another negative contributor was Micro Focus, which we exited after revising our view. In the short book we were short Greene King – a pub company – which was suddenly acquired for a large premium. Other than that, no individual shorts cost more than -0.2% in terms of performance to the fund.

The hedge book is an important component of the fund as it allows us to largely eliminate our market exposure to drive the uncorrelated returns we are looking for. We use the FTSE100 index contract, as the vast majority of exposure on the combined long and stock short books are in the large cap index and this contract is highly liquid. The hedge book will then be a mirror of the underlying stock market performance hence its large positive contribution as the index sold off heavily.

As we have said previously, we are aiming to drive returns that are uncorrelated with markets and driven mainly by stock-specific rather than macroeconomic factors. However, top-down factors invariably come into play, and recent history has shown this inevitability in an extraordinary way. In a very short space of time, picking stocks has largely become a call on the directional impact this virus will have on our societies and economies. The other big macro events – US/China tensions, UK domestic politics, UK/Europe Brexit politics, US elections etc – are still important but right now COVID-19 is of outsized influence. We moved quickly to exit positions in some businesses that had large balance sheets as well as cyclical business models and we would set a relatively high bar in reintroducing these stocks given the risk and uncertainty about the future.

On the short book we have taken profits in some very successful positions in businesses on the wrong side of structural change and also with too much debt and too little cash generation. We see potential to add to these positions in due course but currently the extraordinary support afforded to these businesses near term and the potential for economic recovery can create risky shorts. What has often become a thin slice of equity can rally very significantly on a small change in the outlook for a business in an unusually volatile situation. As a result, the fund now sits with a stock short book that is too small for the medium-term goals of the fund and we will be looking to add to this in the near future.

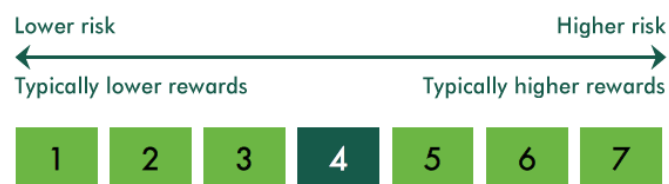
We have managed the fund to deliver consistent, positive and uncorrelated returns that are attractive on a risk adjusted basis. This has led to a relatively low gross exposure of the fund recently and a short book that is skewed to hedging rather than stock shorts. But the current environment is unlikely to persist for long. There are reasons to be both optimistic and cautious on the economic impacts of the virus and we are beginning to learn towards the optimistic side. There remains uncertainty of course but opportunities are likely to emerge and we can take advantage of these without taking significant exposure to equity markets or certain market factors.

Value assessment for the year ended 31 July 2020

For further details on the value assessment report please refer to pages 7 to 16.

Merian UK Opportunities Fund

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-funds in category 4 have in the past shown moderate volatility. With a sub-fund of category 4, you have a moderate risk of losing money but your chance for gains is also moderate.

Investment risk - whilst the sub-fund aims to deliver above zero performance irrespective of market conditions, there can be no guarantee this aim will be achieved. A capital loss of some or all of the amount invested may occur.

Geographic concentration risk - a rise or fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

Company shares (i.e. equities) risk - the value of Company shares and similar investments may go down as well as up in response to the performance of individual companies and can be affected by daily stock market movements and general market conditions.

Currency risk - the sub-fund is denominated in British Pounds but may hold assets denominated in, or with exposure to, other currencies. The value of your shares may rise and fall as a result of exchange rate movements.

Derivative risk - the sub-fund uses derivatives to generate returns (i.e. for investment purposes) and/or to reduce costs and the overall risk of the sub-fund. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet their contractual obligations.

For a more detailed explanation of risks, please refer to the **"Risks"** section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'A'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	106.25	109.31	115.37
Return before operating charges*	4.94	(1.30)	(4.18)
Operating charges**	(1.79)	(1.76)	(1.88)
Return after operating charges*	3.15	(3.06)	(6.06)
Distributions	-	-	-
Retained distributions	-	-	-
Closing net asset value per share	109.40	106.25	109.31
* after direct transaction costs of***	0.06	0.17	0.19
Performance			
Return after charges	2.96%	(2.80)%	(5.25)%
Other information			
Closing net asset value (£)	6,888,463	7,708,732	9,610,147
Closing number of shares	6,296,869	7,255,553	8,791,719
Operating charges****	1.65%	1.65%	1.65%
Direct transaction costs***	0.06%	0.16%	0.16%
Prices	pence per share	pence per share	pence per share
Highest share price	111.80	110.00	118.10
Lowest share price	105.50	104.40	108.90
Accumulation 'R'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	112.25	114.63	120.08
Return before operating charges*	5.24	(1.37)	(4.37)
Operating charges**	(1.04)	(1.01)	(1.08)
Return after operating charges*	4.20	(2.38)	(5.45)
Distributions	-	-	-
Retained distributions	-	-	-
Closing net asset value per share	116.45	112.25	114.63
* after direct transaction costs of***	0.07	0.18	0.19
Performance			
Return after charges	3.74%	(2.08)%	(4.54)%
Other information			
Closing net asset value (£)	1,819,101	2,042,508	2,373,362
Closing number of shares	1,562,068	1,819,531	2,070,466
Operating charges****	0.90%	0.90%	0.90%
Direct transaction costs***	0.06%	0.16%	0.16%
Prices	pence per share	pence per share	pence per share
Highest share price	118.90	115.50	123.00
Lowest share price	112.00	109.90	114.20

Comparative Tables (continued)

Accumulation 'U1'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	87.06	88.83	92.91
Return before operating charges*	4.06	(1.05)	(3.32)
Operating charges**	(0.74)	(0.72)	(0.76)
Return after operating charges*	3.32	(1.77)	(4.08)
Distributions	-	(0.04)	-
Retained distributions	-	0.04	-
Closing net asset value per share	90.38	87.06	88.83
* after direct transaction costs of***	0.05	0.14	0.15
Performance			
Return after charges	3.81%	(1.99)%	(4.39)%
Other information			
Closing net asset value (£)	1,092,239	1,308,026	1,674,820
Closing number of shares	1,208,500	1,502,499	1,885,443
Operating charges****	0.825%	0.825%	0.825%
Direct transaction costs***	0.06%	0.16%	0.16%
Prices	pence per share	pence per share	pence per share
Highest share price	92.26	89.48	95.21
Lowest share price	86.91	85.23	88.49
Accumulation 'U2'†	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	-	90.50	94.54
Return before operating charges*	-	0.00	(3.33)
Operating charges**	-	(0.68)	(0.71)
Return after operating charges*	-	(0.68)	(4.04)
Distributions	-	-	-
Retained distributions	-	-	-
Closing net asset value per share	-	89.82	90.50
* after direct transaction costs of***	-	0.14	0.15
Performance			
Return after charges	-	-	(4.27)%
Other information			
Closing net asset value (£)	-	-	15,045
Closing number of shares	-	-	16,624
Operating charges****	-	0.75%	0.75%
Direct transaction costs***	-	0.16%	0.16%
Prices	pence per share	pence per share	pence per share
Highest share price	-	91.13	96.85
Lowest share price	-	90.57	90.16

† Share class closed on 4 September 2018.

** The operating charges are based on the fixed ongoing charge as detailed in the prospectus.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. They do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. These costs arise as a result of transactions undertaken both for efficient portfolio management and the meeting of the sub-fund's objectives. These costs exclude any effect of dilution adjustments used to offset the costs.

**** The operating charges percentage is the ratio of the sub-fund's ongoing charges (excluding interest on borrowings) to the average net assets of the sub-fund.

Performance

	6 months to 31 July 2020	1 year to 31 July 2020	3 years to 31 July 2020	5 years to 31 July 2020
Merian UK Opportunities Fund*	0.87%	3.74%	(2.92)%	(10.78)%
Bank of England base rate (benchmark)	0.12%	0.50%	1.70%	2.46%
Quartile ranking	2	1	4	4

* Accumulation 'R' shares

Data Source – Factset. Figures are calculated on a total return and single price basis, with net income reinvested into the sub-fund.

The Bank of England Base Rate is a proxy for short term UK interest rates. It is a representation of the return which might be achieved on cash held in a deposit account rather than invested in the stock market. As such it is an appropriate benchmark for a fund seeking to deliver above zero performance, irrespective of market conditions.

Portfolio allocation		Major holdings		Percentage of portfolio
United Kingdom	87.47%	United Kingdom Gilt 0% 05/10/2020		15.31%
Europe	4.54%	United Kingdom Gilt 0% 01/09/2020		10.21%
United Kingdom Derivatives	0.74%	United Kingdom Gilt 0% 07/09/2020		10.21%
		United Kingdom Gilt 0% 14/09/2020		10.20%
Net other assets	7.25%	United Kingdom Gilt 0% 21/09/2020		10.20%
		United Kingdom Gilt 0% 10/08/2020		6.12%
Total	100.00%	Phoenix		2.43%
		CRH (UK Listing)		2.40%
Asset allocation		HomeServe		2.35%
Sterling Denominated Fixed Rate		Ocado		2.26%
Government Bonds	62.25%			
United Kingdom Equities	25.22%	Number of holdings		52
Ireland Equities	4.54%			
United Kingdom Derivatives	0.74%			
Net other assets	7.25%			
Total	100.00%			

Portfolio statement

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
United Kingdom 88.21% (31 July 2019 89.76%)			
Sterling Denominated Fixed Rate Government Bonds 62.25% (31 July 2019 61.37%)			
£600,000	United Kingdom Gilt 0% 10/08/2020	600	6.12
£1,000,000	United Kingdom Gilt 0% 01/09/2020	1,000	10.21
£1,000,000	United Kingdom Gilt 0% 07/09/2020	1,000	10.21
£1,000,000	United Kingdom Gilt 0% 14/09/2020	1,000	10.20
£1,000,000	United Kingdom Gilt 0% 21/09/2020	1,000	10.20
£1,500,000	United Kingdom Gilt 0% 05/10/2020	1,500	15.31
		6,100	62.25
United Kingdom Equities 25.22% (31 July 2019 27.93%)			
7,567	Ashtead	187	1.91
40,235	Biffa	82	0.84
77,551	boohoo	202	2.06
125,132	Centrica	62	0.64
47,829	Chemring	117	1.19
9,921	Dunelm	122	1.25
15,646	GVC	105	1.07
17,094	HomeServe	231	2.35
80,355	Melrose Industries	72	0.74
2,810	Next	155	1.58
10,870	Ocado	222	2.26
40,083	OneSavings Bank	96	0.98
35,443	Phoenix	239	2.43
2,214	Reckitt Benckiser	171	1.76
15,146	Sage	110	1.12
167,012	Taylor Wimpey	202	2.06
81,967	Vodafone	96	0.98
		2,471	25.22
Sterling Denominated Contracts For Difference 0.74% (31 July 2019 0.46%)			
(12,785)	A.G. BARR	1	0.01
(155,772)	AA	(2)	(0.02)
(118,574)	Airtel Africa	10	0.10
4,200	AstraZeneca (UK Listing)	(24)	(0.25)
23,898	Barratt Developments	(6)	(0.06)
23,482	BP	(5)	(0.05)
3,093	British American Tobacco	(2)	(0.02)
(1,652)	Compass	1	0.01
(1,009)	Croda International	(1)	(0.01)
(18,269)	Dignity	(17)	(0.17)
(19,135)	Essentra	6	0.06
(556)	FTSE 100 Index Futures January 2100	152	1.55
15,405	GlaxoSmithKline	(18)	(0.19)
10,708	HSBC (UK Listing)	(3)	(0.03)
(91,772)	ITV	7	0.07
(3,101)	Johnson Matthey	1	0.01
(41,569)	Marks & Spencer	1	0.01
(69,419)	Mitie	2	0.02
(12,409)	Pearson	2	0.02
40,217	Rentokil Initial	(6)	(0.06)
6,458	Rio Tinto (UK Listing)	(21)	(0.22)
(10,291)	Rolls-Royce	2	0.02
9,403	Royal Dutch Shell 'B'	(10)	(0.10)

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Sterling Denominated Contracts For Difference (continued)			
55,128	Tesco	2	0.02
2,278	Unilever (UK Listing)	-	-
(5,517)	Victrex	3	0.04
(48,715)	WM Morrison Supermarkets	(2)	(0.02)
		73	0.74
Overseas 4.54% (31 July 2019 5.08%)			
Europe 4.54% (31 July 2019 4.51%)			
Ireland Equities 4.54% (31 July 2019 4.51%)			
8,350	CRH (UK Listing)	235	2.40
7,724	Experian	210	2.14
		445	4.54
North America 0.00% (31 July 2019 0.57%)			
United States Equities 0.00% (31 July 2019 0.57%)			
Investment assets*		9,089	92.75
Net other assets		711	7.25
Total net assets		9,800	100.00

* Including investment liabilities.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Statement of total return

for the year from 1 August 2019 to 31 July 2020

		01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
	Note				
Income					
Net capital gains/(losses)	2		462		(278)
Revenue	3	208		434	
Expenses	4	(147)		(172)	
Interest payable and similar charges	5	(184)		(327)	
Net expense before taxation		(123)		(65)	
Taxation	6	(1)		-	
Net expense after taxation			(124)		(65)
Total return before distributions			338		(343)
Distributions	7		-		(1)
Change in net assets attributable to shareholders from investment activities			338		(344)

Statement of change in net assets attributable to shareholders

for the year from 1 August 2019 to 31 July 2020

	01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
Opening net assets attributable to shareholders		11,059		13,673
Amounts received on issue of shares	574		289	
Amounts paid on cancellation of shares	(2,171)		(2,560)	
		(1,597)		(2,271)
Change in net assets attributable to shareholders from investment activities		338		(344)
Retained Earnings on accumulation shares		-		1
Closing net assets attributable to shareholders		9,800		11,059

The notes on pages 167 to 175 form an integral part of these financial statements.

Balance sheet

as at 31 July 2020

	Note	31.07.20 £'000	31.07.19 £'000
Assets			
Fixed assets			
Investments		9,206	10,597
Current assets			
Debtors	8	7	13
Cash and bank balances	9	732	644
Total assets		9,945	11,254
Liabilities			
Investment liabilities		(117)	(109)
Creditors			
Bank overdrafts	10	(3)	(23)
Other creditors	11	(25)	(63)
Total liabilities		(145)	(195)
Net assets attributable to shareholders		9,800	11,059

The notes on pages 167 to 175 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 August 2019 to 31 July 2020

1 Accounting policies

The applicable accounting policies adopted by the Merian UK Opportunities Fund are included on pages 200 to 201.

2 Net capital gains/(losses)

The net capital gains/(losses) on investments comprise:

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Losses on non-derivative securities	(457)	(1,302)
Gains on derivative securities	921	1,024
(Losses)/gains on currency contracts	(1)	1
Handling charges	(1)	(1)
Net capital gains/(losses) on investments	462	(278)

3 Revenue

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Bank interest	1	1
Derivative revenue	62	176
Interest on debt securities	36	38
Interest on short term investments	-	7
Non-taxable overseas dividends	16	51
UK dividends	93	155
UK REIT dividends	-	6
Total revenue	208	434

4 Expenses

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Fixed Ongoing Charge*	147	172
Total expenses	147	172

* These figures represent the Fixed Ongoing Charge, which covers all fees payable by the sub-fund to the Authorised Corporate Director, Investment adviser, Depositary (including associates etc.) and other expenses. The Audit fee for the year, excluding VAT, was £6,700 (31 July 2019: £6,500).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

5 Interest payable and similar charges

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Dividends payable on short positions	184	326
Interest	-	1
Total interest payable and similar charges	184	327

6 Taxation

a) Analysis of tax charge in the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Overseas tax suffered	1	-
Total current tax charge for the year	1	-
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	1	-

b) Factors affecting current tax charge for the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:		
Net expense before taxation	(123)	(65)
Corporation tax at 20% (31 July 2019: 20%)	(25)	(13)
Effects of:		
Excess management expenses for which no relief is taken	47	54
Revenue not subject to taxation – UK	(19)	(31)
Non-taxable overseas dividends	(3)	(10)
Overseas tax suffered	1	-
Total tax charge for the year (see note 6(a))	1	-

OEICs are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

6 Taxation (continued)

c) Movement in deferred tax liability

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 31 July 2020 the sub-fund had surplus management expenses of £4,575,557 (31 July 2019: £4,342,786) which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

7 Distributions

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

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Final – Accumulation shares (31 July)	-	1
Final – Income shares (31 July)	-	-
	-	1
Revenue deducted on cancellation of shares	-	-
Revenue received on issue of shares	-	-
Distributions	-	1
Reconciliation of distributions:		
Net expense after taxation	(124)	(65)
Revenue deficit reimbursed from capital	124	66
Distributions	-	1

Details of the final distributions per share are set out in the table on page 176.

8 Debtors

	31.07.20 £'000	31.07.19 £'000
Accrued revenue	6	10
Amounts receivable on issue of shares	1	-
Sales awaiting settlement	-	3
Total debtors	7	13

9 Cash and bank balances

	31.07.20 £'000	31.07.19 £'000
Amounts held at derivatives clearing houses and brokers	3	-
Cash and bank balances	729	644
Total cash and bank balances	732	644

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

10 Bank overdrafts

	31.07.20 £'000	31.07.19 £'000
Amounts held at derivatives clearing houses and brokers	3	23
Total overdrafts	3	23

11 Other creditors

	31.07.20 £'000	31.07.19 £'000
Accrued expenses	6	13
Amounts payable for cancellation of shares	10	17
Amounts payable on Contracts for Difference	9	33
Total other creditors	25	63

12 Related party transactions

Merian Investment Management Limited, as ACD, is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders on page 165. Any amounts due to or from Merian Investment Management Limited at the end of the accounting year in respect of transactions of shares in each sub-fund are disclosed in notes 8 and 11. Other amounts paid to the ACD are disclosed in note 4 and amounts due to it at the year end are disclosed in note 11.

13 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Bonds and derivatives.

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives for investment purposes and the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

The Investment Adviser is responsible for monitoring the portfolio of the sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The ACD has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

13 Derivatives and other financial instruments (continued)

b) Foreign currency risk

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Adviser does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 31 July 2020 (31 July 2019) was as follows:

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets		
	Monetary exposures*	Non-monetary exposures	Total	Monetary exposures*	Non-monetary exposures	Total
	31.07.20 £'000	31.07.20 £'000	31.07.20 £'000	31.07.19 £'000	31.07.19 £'000	31.07.19 £'000
Euro	18	-	18	17	-	17
US Dollar	(3)	-	(3)	2	-	2
Total	15	-	15	19	-	19

* For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

c) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 July 2020 (31 July 2019) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.07.20				
Euro	15	-	3	18
Sterling	717	6,100	3,110	9,927
Total	732	6,100	3,113	9,945

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.07.19				
Euro	15	-	2	17
Sterling	627	6,789	3,819	11,235
US Dollar	2	-	-	2
Total	644	6,789	3,821	11,254

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.20			
Sterling	-	(142)	(142)
US Dollar	(3)	-	(3)
Total	(3)	(142)	(145)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.19			
Sterling	(23)	(172)	(195)
Total	(23)	(172)	(195)

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

13 Derivatives and other financial instruments (continued)

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. The risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

As at 31 July 2020 the sub-fund's exposure to investment grade rated bonds was 62.25%.

Analysis of bonds	£'000	%
Investment Grade	6,100	62.25
Below Investment Grade	-	-
Unrated	-	-
	6,100	62.25

As at 31 July 2019 the sub-fund's exposure to investment grade rated bonds was 61.37%.

Analysis of bonds	£'000	%
Investment Grade	6,789	61.37
Below Investment Grade	-	-
Unrated	-	-
	6,789	61.37

e) Counterparty risk

Certain transactions in financial instruments that the sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the ACD and Investment Adviser as an acceptable counterparty. This is overseen by the Depositary to ensure that the exposure to any counterparty remains appropriate for investors.

	CFD and options exposure	Forward foreign exchange contracts exposure	Collateral held
Exposure Table 31.07.20	£'000	£'000	£'000
Counterparty			
Citi	73	-	-

	£'000	£'000	£'000
Exposure Table 31.07.19			
Counterparty			
Citi	48	-	-

Positive exposure represents the sub-fund's exposure to that counterparty and not the sub-fund's holdings with that counterparty.

For CFD contracts, variation margin in the form of cash is pledged by the counterparty to mitigate the credit risk arising from positive balances. Where the sub-fund is in a liability position, the sub-fund pledges variation margin in the form of cash.

Collateral arrangements with counterparties require assets of an agreed type and quality to be pledged where exposures are above a certain magnitude. At the year end, collateral of £Nil was held for the sub-fund on behalf of counterparties (2019: £Nil). Collateral of £Nil was pledged by the sub-fund to counterparties (2019: £Nil).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

13 Derivatives and other financial instruments (continued)

f) Liquidity risk

The sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation to shareholders to meet any cancellation of shares. Assets from the sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the ACD regularly monitors the liquidity levels held on the sub-fund (cash and underlying securities) to ensure any redemption can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The ACD adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the ACD monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

h) Fair value of financial assets and liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

Basis of valuation	31.07.20		31.07.19	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	9,206	(117)	10,597	(109)
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data	-	-	-	-
Total	9,206	(117)	10,597	(109)

i) Sensitivity analysis

The Investment Adviser assesses the market risk of the Merian UK Opportunities Fund, including any derivative exposures, using an Absolute Value at Risk ('VaR') methodology. VaR is a process that provides the Investment Adviser with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. As the sub-fund adopts an absolute VaR Model to measure the global market risk, the daily VaR limit for the sub-fund cannot be greater than 20 per cent of the Net Asset Value of the sub-fund. The VaR is calculated using a one-tailed 99 per cent confidence level, a one month holding period and the historical period of one year (250 Business Days). Derivatives are used to efficiently manage the tactical asset allocation positioning of the sub-fund, Merian UK Opportunities Fund. The sub-fund uses absolute methodology to measure Value at Risk (VaR). The VaR for the fund at 31 July 2020 was 3.40% (31 July 2019: 2.30%).

The minimum, average and maximum VaR of the sub-fund over the year was 1.30%, 2.60% and 4.90% (31 July 2019: 1.30%, 2.10% and 2.70%).

The Gross sum of notionals (GSON) leverage figures are prepared with no hedging or netting of any asset class. Across the range of asset classes exposures are treated differently. For instance currency forwards are treated by valuing both legs of the underlying and expressing them as a percentage of the NAV. Physical assets are excluded to get the incremental exposure resulting from derivatives.

The sub-fund is limited to 200% gross leverage, and this limit has not been exceeded over the year. Using the "gross sum of notionals" methodology, the average leverage for the year ended 31 July 2020 was 71.3% (31 July 2019: 81.0%).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

14 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 July 2019: £Nil).

15 Portfolio transaction costs

Analysis of total purchase costs

31.07.20

	Value £'000	Commissions £'000	%	Other costs £'000	%
Bonds	22,024	-	-	-	-
Equities	1,126	-	0.04%	5	0.44%
Total	23,150	-		5	
Total purchases including transaction costs	23,155				

31.07.19

	Value £'000	Commissions £'000	%	Other costs £'000	%
Bonds	21,854	-	-	-	-
Equities	3,348	2	0.07%	13	0.38%
Total	25,202	2		13	
Total purchases including transaction costs	25,217				

Analysis of total sale costs

31.07.20

	Value £'000	Commissions £'000	%	Other costs £'000	%
Bonds	22,750	-	-	-	-
Equities	1,410	1	0.05%	-	-
Total	24,160	1		-	
Total sales excluding transaction costs	24,159				

31.07.19

	Value £'000	Commissions £'000	%	Other costs £'000	%
Bonds	19,999	-	-	-	-
Equities	5,085	4	0.08%	-	-
Corporate actions	12	-	-	-	-
Total	25,096	4		-	
Total sales excluding transaction costs	25,092				

Transaction costs as a percentage of average Net Assets

	31.07.20	31.07.19
Commissions:	0.01%	0.05%
Other costs:	0.05%	0.11%

Commissions on derivative transactions of £Nil (31 July 2019: £Nil). There were no taxes on derivative transactions (31 July 2019: £Nil).

In the case of shares, transaction costs are paid by the sub-fund on each transaction. Commissions relate to those paid to agents, advisers, brokers and dealers in the buying and selling of securities. Other costs include any additional fees that may be paid to agents, advisers, brokers and dealers as well as levies by regulatory agencies and security exchanges and any transfer taxes or duties. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike shares, other types of investments have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads may vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 0.06% (31 July 2019: 0.05%).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

16 Shareholders' funds

The sub-fund currently has three share classes; Accumulation 'A', Accumulation 'R' and Accumulation 'U1'. The net asset value of each share class, net asset value per share and the number of shares in issue are given in the information pages for each sub-fund.

The share classes currently in issue and the Fixed Ongoing Charge of each share class are shown below.

	31.07.20	31.07.19
- Accumulation 'A'	1.65%	1.65%
- Accumulation 'R'	0.90%	0.90%
- Accumulation 'U1'	0.825%	0.825%

Share class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	7,255,553	235,020	(1,110,347)	(83,357)	6,296,869
- Accumulation 'R'	1,819,531	138,410	(474,428)	78,555	1,562,068
- Accumulation 'U1'	1,502,499	177,643	(471,642)	-	1,208,500

17 Post balance sheet date events

Since the year-end, markets have continued to be disrupted by the COVID-19 pandemic. Since the year-end, the NAV per share of share class Accumulation 'R' has increased by 0.99% to 13 November 2020. The other share classes in the Fund have moved by a similar magnitude. Contingency plans at the ACD and key service providers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Distribution table

Final distribution

Group 1: Shares purchased prior to 1 August 2019
 Group 2: Shares purchased from 1 August 2019 to 31 July 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.09.20 pence per share	Distribution paid 30.09.19 pence per share
Accumulation 'A' Shares				
Group 1	0.0000	-	0.0000	0.0000
Group 2	0.0000	0.0000	0.0000	0.0000
Accumulation 'R' Shares				
Group 1	0.0000	-	0.0000	0.0000
Group 2	0.0000	0.0000	0.0000	0.0000
Accumulation 'U1' Shares				
Group 1	0.0000	-	0.0000	0.0443
Group 2	0.0000	0.0000	0.0000	0.0443

* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Merian UK Smaller Companies Fund

Launch date	9 February 2001
IA Sector	UK Smaller Companies
Investment adviser	Merian Global Investors (UK) Limited
Net asset value	£1,089,503,716

Investment Objective and Policy

To achieve capital growth. In seeking to achieve its investment objective the sub-fund will aim to deliver a return, net of fees, greater than that of the Numis Smaller Companies Index excluding Investment Companies over rolling 3 year periods.

The sub-fund primarily invests in a portfolio of UK smaller companies.

UK companies are those that are domiciled or incorporated in the UK, or that conduct a significant part of their business in the UK. Smaller companies are defined for this purpose as those companies which are quoted on a regulated market and which have market capitalisations no greater than the largest company in the Numis Smaller Companies Index at the time of the initial investment. Typically, at least 80% of the portfolio will be invested in smaller companies.

The sub-fund may also invest in other transferable securities, units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives, and may hold cash.

The sub-fund may use derivatives for Efficient Portfolio Management purposes. The ACD considers that the use of derivatives for this purpose is not likely to affect the volatility or risk profile of the sub-fund. The sub-fund may use derivatives for purposes other than Efficient Portfolio Management, provided it has given shareholders 60 days' notice of such change. If the sub-fund did use derivatives for investment purposes this might, at times, increase the volatility of the sub-fund's NAV and change the risk profile of the sub-fund.

Investment Manager's review

The review period was one of considerable volatility. Its initial months were dominated domestically by the election of Boris Johnson as the new leader of the Conservative Party following the failure of Theresa May's administration to obtain a version of the Withdrawal Agreement that could secure the support of Parliament, and, internationally, by an escalating trade war between China and the US.

UK Mid and Small Cap markets reacted positively to the unexpectedly wide margin of victory by the Conservatives in December's election, which suggested renewed vigour in reaching a deal with the EU covering future trading arrangements. The promise of 'levelling up' the UK regionally (by pursuing the un-Conservative policy of borrowing and spending) was also received positively by markets, given the improvement in the UK Public Finances suggesting that this largesse was increasingly affordable following the austerity of the post-Global Financial Crisis period.

These events were overshadowed by the emergence in February of coronavirus clusters in Italy, South Korea and Japan, when it had been assumed that the original outbreak had been contained in China. Markets fell sharply in response to the imposition of lockdown measures designed to reduce the extent of the spread of the virus, but began to recover from late March as visibility grew around the likely lifting of at least some of these measures and in response to the savage nature of earlier share price falls.

Against this backdrop, the fund fell less than its benchmark, leaving it placed in the second quartile of its peer group over the review period. Both sector allocation and stock selection added value. At a sector level, overweights to telecoms and software added value as did underweights to oils and to travel & leisure; by contrast, the overweight to support services and underweight to mining detracted.

At a stock level, holdings in boohoo Group, Liontrust Asset Management, Gamma Communications and S4 Capital performed strongly, while positions in Dart Group (the operator of the Jet2 Airline and package holiday business) and One Savings Bank performed less well. The failure to own gold miners Centamin and Petropavlosk, both of which performed well in an environment of historically low real yields and a strong gold price also detracted from the fund's performance relative to its reference index.

Over the course of the review period positions have either been opened or augmented inter alia in Dunelm, DFS, Dart Group, Liontrust, Avon, Chemring and Team17, while disposals have been effected in Burford, accesso, FDM, Fever-Tree Drinks and two unlisted positions, Transferwise and Graphcore. The aggregate effect of fund activity has been to augment modestly the fund's exposure to cheaper, more economically sensitive stocks and to reduce exposure to more expensively rated structural growth, while still maintaining an overall bias to the latter.

With equity markets having retraced much of their lockdown-driven lows, progress from here will be a function of the extent to which any second wave of coronavirus infection is avoided, how quickly economies can return to pre-lockdown levels of activity, and how effectively government and central bank interventions have cushioned - and continue to cushion - economies against the removal of demand caused by the temporary shutting down of areas of economic activity.

From a sector perspective, it seems likely that the lockdown experience will accelerate some of the trends already evident in society such as the shift to online retail, and a greater propensity to work from home. It is not yet clear whether those areas of activity that depend on social interaction and larger gatherings such as attending pubs and restaurants and undertaking air travel will return to normal or whether the ongoing need for social distancing will diminish them more permanently.

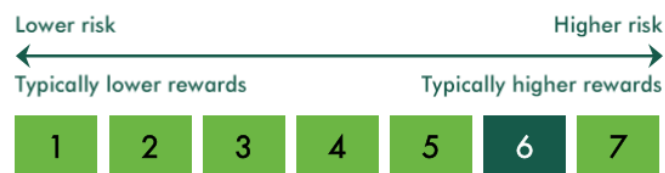
Globally, interest rates stand at historic lows and with central banks highly likely to remain as accommodative as possible and with the pandemic, it would seem, a disinflationary event, longer-duration growth stocks are liable to continue to trade at elevated levels. In the growth versus value battle, structural leadership looks likely to stay with the growth theme, albeit given historically high levels of valuation polarisation, countertrend value rallies, when they arrive, are likely to be savage. While we are therefore happy to run with a growth bias to portfolios, we continue to complement these positions with relatively resilient, more economically sensitive holdings that we believe are not structurally challenged. Sector stances are also therefore relatively balanced, meaning that the chief risk to the fund's performance compared to the benchmark is that of stock selection.

Value assessment for the year ended 31 July 2020

For further details on the value assessment report please refer to pages 7 to 16.

Merian UK Smaller Companies Fund

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-funds in category 6 have in the past shown relatively high volatility. With a sub-fund of category 6, you have a relatively high risk of losing money but your chance for gains is also relatively high.

Investment risk - there is no guarantee that the sub-fund will achieve its objective. A capital loss of some or all of the amount invested may occur.

Geographic concentration risk - a fall in the UK market may have a significant impact on the value of the sub-fund because it primarily invests in this market.

Company shares (i.e. equities) risk - the value of Company shares and similar investments may go down as well as up in response to the performance of individual companies and can be affected by daily stock market movements and general market conditions.

Smaller companies risk - smaller companies are subject to greater risk and reward potential. Investments may be volatile or difficult to buy or sell.

Liquidity risk - some investments including those in unlisted companies may be hard to value or sell at a desired time and price. In extreme circumstances this may affect the sub-fund's ability to meet redemption requests upon demand.

Currency risk - the sub-fund is denominated in British Pounds but may hold assets denominated in, or with exposure to, other currencies. The value of your shares may rise and fall as a result of exchange rate movements.

Derivative risk - the sub-fund may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. Efficient Portfolio Management (EPM)). Derivatives involve a level of risk, however, for EPM they should not increase the overall riskiness of the sub-fund. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet their contractual obligations.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Performance Records

Comparative Tables

Accumulation 'A'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	509.16	555.79	507.53
Return before operating charges*	(14.54)	(37.04)	58.43
Operating charges**	(9.53)	(9.59)	(10.17)
Return after operating charges*	(24.07)	(46.63)	48.26
Distributions	-	-	-
Retained distributions	-	-	-
Closing net asset value per share	485.09	509.16	555.79
* after direct transaction costs of***	0.49	0.40	0.45
Performance			
Return after charges	(4.73)%	(8.39)%	9.51%
Other information			
Closing net asset value (£)	173,498,289	222,179,942	289,768,109
Closing number of shares	35,765,952	43,636,167	52,136,322
Operating charges****	1.90%	1.90%	1.90%
Direct transaction costs***	0.10%	0.08%	0.08%
Prices	pence per share	pence per share	pence per share
Highest share price	597.00	564.60	565.40
Lowest share price	343.10	440.80	504.00
Income 'A'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	487.87	532.55	486.31
Return before operating charges*	(13.94)	(35.49)	55.98
Operating charges**	(9.14)	(9.19)	(9.74)
Return after operating charges*	(23.08)	(44.68)	46.24
Distributions	-	-	-
Retained distributions	-	-	-
Closing net asset value per share	464.79	487.87	532.55
* after direct transaction costs of***	0.47	0.38	0.43
Performance			
Return after charges	(4.73)%	(8.39)%	9.51%
Other information			
Closing net asset value (£)	14,240,839	25,963,513	33,450,944
Closing number of shares	3,063,937	5,321,788	6,281,238
Operating charges****	1.90%	1.90%	1.90%
Direct transaction costs***	0.10%	0.08%	0.08%
Prices	pence per share	pence per share	pence per share
Highest share price	572.10	541.00	541.70
Lowest share price	328.80	422.40	482.90

Comparative Tables (continued)

Accumulation 'P'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	383.85	416.91	378.81
Return before operating charges*	(10.93)	(27.74)	43.71
Operating charges**	(5.34)	(5.32)	(5.61)
Return after operating charges*	(16.27)	(33.06)	38.10
Distributions	-	(1.54)	(0.63)
Retained distributions	-	1.54	0.63
Closing net asset value per share	367.58	383.85	416.91
* after direct transaction costs of***	0.38	0.30	0.34
Performance			
Return after charges	(4.24)%	(7.93)%	10.06%
Other information			
Closing net asset value (£)	6,786,864	2,160,356	3,127,107
Closing number of shares	1,846,369	562,805	750,063
Operating charges****	1.40%	1.40%	1.40%
Direct transaction costs***	0.10%	0.08%	0.08%
Prices	pence per share	pence per share	pence per share
Highest share price	451.30	423.70	423.80
Lowest share price	259.50	331.30	376.20
Income 'P'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	222.58	242.76	220.97
Return before operating charges*	(6.30)	(16.17)	25.52
Operating charges**	(3.14)	(3.09)	(3.28)
Return after operating charges*	(9.44)	(19.26)	22.24
Distributions	(0.01)	(0.92)	(0.45)
Retained distributions	-	-	-
Closing net asset value per share	213.13	222.58	242.76
* after direct transaction costs of***	0.22	0.18	0.20
Performance			
Return after charges	(4.24)%	(7.93)%	10.06%
Other information			
Closing net asset value (£)	7,742,755	939,387	811,400
Closing number of shares	3,632,841	422,040	334,246
Operating charges****	1.40%	1.40%	1.40%
Direct transaction costs***	0.10%	0.08%	0.08%
Prices	pence per share	pence per share	pence per share
Highest share price	261.70	246.70	247.20
Lowest share price	150.50	192.90	219.50

Comparative Tables (continued)

Accumulation 'R'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	272.84	295.24	267.25
Return before operating charges*	(7.85)	(19.64)	30.89
Operating charges**	(2.76)	(2.76)	(2.90)
Return after operating charges*	(10.61)	(22.40)	27.99
Distributions	(0.68)	(2.11)	(1.51)
Retained distributions	0.68	2.11	1.51
Closing net asset value per share	262.23	272.84	295.24
* after direct transaction costs of***	0.27	0.21	0.24
Performance			
Return after charges	(3.89)%	(7.59)%	10.47%
Other information			
Closing net asset value (£)	388,689,290	451,271,631	547,184,307
Closing number of shares	148,223,067	165,397,656	185,336,909
Operating charges****	1.025%	1.025%	1.025%
Direct transaction costs***	0.10%	0.08%	0.08%
Prices	pence per share	pence per share	pence per share
Highest share price	321.50	300.20	300.00
Lowest share price	184.90	235.00	265.50
Income 'R'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	247.54	269.92	245.58
Return before operating charges*	(7.14)	(17.93)	28.40
Operating charges**	(2.51)	(2.52)	(2.67)
Return after operating charges*	(9.65)	(20.45)	25.73
Distributions	(0.61)	(1.93)	(1.39)
Retained distributions	-	-	-
Closing net asset value per share	237.28	247.54	269.92
* after direct transaction costs of***	0.24	0.20	0.22
Performance			
Return after charges	(3.90)%	(7.58)%	10.48%
Other information			
Closing net asset value (£)	121,334,427	142,082,744	188,525,849
Closing number of shares	51,135,924	57,397,778	69,845,301
Operating charges****	1.025%	1.025%	1.025%
Direct transaction costs***	0.10%	0.08%	0.08%
Prices	pence per share	pence per share	pence per share
Highest share price	291.60	274.40	275.70
Lowest share price	167.70	214.80	243.90

Comparative Tables (continued)

Accumulation 'U1'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	171.94	185.90	168.13
Return before operating charges*	(4.95)	(12.37)	19.44
Operating charges**	(1.59)	(1.59)	(1.67)
Return after operating charges*	(6.54)	(13.96)	17.77
Distributions	(0.58)	(1.48)	(1.11)
Retained distributions	0.58	1.48	1.11
Closing net asset value per share	165.40	171.94	185.90
* after direct transaction costs of***	0.17	0.13	0.15
Performance			
Return after charges	(3.80)%	(7.51)%	10.57%
Other information			
Closing net asset value (£)	240,921,522	258,447,093	266,790,653
Closing number of shares	145,657,629	150,308,329	143,516,044
Operating charges****	0.9375%	0.9375%	0.9375%
Direct transaction costs***	0.10%	0.08%	0.08%
Prices	pence per share	pence per share	pence per share
Highest share price	202.70	189.00	188.90
Lowest share price	116.60	148.00	167.00
Income 'U1'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	170.71	186.14	169.35
Return before operating charges*	(4.92)	(12.36)	19.59
Operating charges**	(1.58)	(1.59)	(1.68)
Return after operating charges*	(6.50)	(13.95)	17.91
Distributions	(0.57)	(1.48)	(1.12)
Retained distributions	-	-	-
Closing net asset value per share	163.64	170.71	186.14
* after direct transaction costs of***	0.17	0.13	0.15
Performance			
Return after charges	(3.81)%	(7.49)%	10.58%
Other information			
Closing net asset value (£)	97,334,983	103,499,333	53,818,047
Closing number of shares	59,481,872	60,630,460	28,912,206
Operating charges****	0.9375%	0.9375%	0.9375%
Direct transaction costs***	0.10%	0.08%	0.08%
Prices	pence per share	pence per share	pence per share
Highest share price	201.20	189.30	190.30
Lowest share price	115.70	148.20	168.20

Comparative Tables (continued)

Accumulation 'U2'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	171.33	185.06	167.23
Return before operating charges*	(4.93)	(12.30)	19.35
Operating charges**	(1.44)	(1.43)	(1.52)
Return after operating charges*	(6.37)	(13.73)	17.83
Distributions	(0.72)	(1.62)	(1.26)
Retained distributions	0.72	1.62	1.26
Closing net asset value per share	164.96	171.33	185.06
* after direct transaction costs of***	0.17	0.13	0.15
Performance			
Return after charges	(3.72)%	(7.42)%	10.66%
Other information			
Closing net asset value (£)	20,180,371	10,969,039	12,257,879
Closing number of shares	12,233,488	6,402,428	6,623,763
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.10%	0.08%	0.08%
Prices	pence per share	pence per share	pence per share
Highest share price	202.10	188.20	188.00
Lowest share price	116.20	147.40	166.10
Income 'U2'	1 August 2019 to 31 July 2020 pence per share	1 August 2018 to 31 July 2019 pence per share	1 August 2017 to 31 July 2018 pence per share
Change in net assets per share			
Opening net asset value per share	162.06	176.72	160.77
Return before operating charges*	(4.67)	(11.75)	18.61
Operating charges**	(1.36)	(1.37)	(1.45)
Return after operating charges*	(6.03)	(13.12)	17.16
Distributions	(0.68)	(1.54)	(1.21)
Retained distributions	-	-	-
Closing net asset value per share	155.35	162.06	176.72
* after direct transaction costs of***	0.16	0.13	0.14
Performance			
Return after charges	(3.72)%	(7.42)%	10.67%
Other information			
Closing net asset value (£)	18,774,376	31,566,422	38,504,698
Closing number of shares	12,085,184	19,478,639	21,788,838
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.10%	0.08%	0.08%
Prices	pence per share	pence per share	pence per share
Highest share price	191.10	179.70	180.80
Lowest share price	109.90	140.80	159.70

** The operating charges are based on the fixed ongoing charge as detailed in the prospectus.

*** The direct transaction costs are made up of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. They do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. These costs arise as a result of transactions undertaken both for efficient portfolio management and the meeting of the sub-fund's objectives. These costs exclude any effect of dilution adjustments used to offset the costs.

**** The operating charges percentage is the ratio of the sub-fund's ongoing charges (excluding interest on borrowings) to the average net assets of the sub-fund.

Performance

	6 months to 31 July 2020	1 year to 31 July 2020	3 years to 31 July 2020	5 years to 31 July 2020
Merian UK Smaller Companies Fund*	(16.49)%	(4.43)%	(2.13)%	47.39%
Numis Smaller Companies Index excluding Investment Companies (benchmark)	(21.24)%	(13.56)%	(14.84)%	4.12%
IA UK Smaller Companies (sector average)	(16.22)%	(5.76)%	0.25%	30.71%
Quartile ranking	2	2	3	2

* Accumulation 'R' shares

Data Source – Factset. Figures are calculated on a total return and single price basis, with net income reinvested into the sub-fund.

The benchmark is a broad representation of the fund's investment universe and as such is an appropriate benchmark for the fund to seek to outperform and may also be used as a point of reference against which the fund's performance may be measured. The fund's performance may also be compared to the IA sector, which consists of funds with similar investment objectives and policies.

Portfolio allocation		Major holdings	Percentage of Portfolio
Support Services	13.61%	The Hut Group	3.89%
Financial Services	12.29%	boohoo.com	3.40%
General Retailers	8.88%	Liontrust Asset Management	3.23%
Media	7.62%	Gamma Communications	3.11%
Software & Computer Services	6.91%	S4 Capital	2.53%
Real Estate Investment Trusts	4.58%	OneSavings Bank	2.48%
Retail	3.89%	Ascential	2.37%
Construction & Materials	3.86%	Clinigen	2.35%
Aerospace & Defence	3.83%	Smart Metering Systems	2.15%
Real Estate Investment & Services	3.41%	Chemring	2.11%
Mobile Telecommunications	3.11%		
Nonlife Insurance	2.89%	Number of holdings	86
Electronic & Electrical Equipment	2.88%		
Food Producers	2.87%		
Pharmaceuticals & Biotechnology	2.85%		
Travel & Leisure	2.68%		
Equity Investment Instruments	1.63%		
Technology Hardware & Equipment	1.58%		
General Industrials	1.55%		
Household Goods & Home Construction	1.40%		
Leisure Goods	1.34%		
Mining	1.31%		
Chemicals	1.29%		
Industrial Engineering	0.99%		
Oil & Gas Producers	0.93%		
Net other assets	1.82%		
Total	100.00%		
Asset Allocation			
Equities	98.18%		
Net other assets	1.82%		
Total	100.00%		

Portfolio statement

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 96.09% (31 July 2019 92.11%)		
	United Kingdom Equities 96.09% (31 July 2019 92.11%)		
	Aerospace & Defence 3.83% (31 July 2019 0.00%)		
561,772	Avon Rubber	18,763	1.72
9,411,000	Chemring	22,963	2.11
		<u>41,726</u>	<u>3.83</u>
	Beverages 0.00% (31 July 2019 1.71%)		
	Chemicals 1.29% (31 July 2019 1.18%)		
4,831,250	Synthomer	14,078	1.29
		<u>14,078</u>	<u>1.29</u>
	Construction & Materials 3.86% (31 July 2019 3.21%)		
22,491,795	Breedon	17,184	1.58
2,496,561	Marshall's	15,029	1.38
2,996,000	Melrose Industries	2,682	0.24
688,000	Morgan Sindall	7,155	0.66
		<u>42,050</u>	<u>3.86</u>
	Electronic & Electrical Equipment 1.63% (31 July 2019 1.38%)		
1,290,945	Oxford Instruments	17,712	1.63
		<u>17,712</u>	<u>1.63</u>
	Equity Investment Instruments 1.63% (31 July 2019 0.89%)		
14,601,552	Merian Chrysalis Investment Company*	17,741	1.63
		<u>17,741</u>	<u>1.63</u>
	Financial Services 12.29% (31 July 2019 13.19%)		
1,996,708	AJ Bell	8,586	0.79
628,068	Alpha	5,024	0.46
3,250,204	Draper Esprit	17,096	1.57
2,680,744	IntegraFin	14,556	1.34
2,397,413	JTC	11,484	1.05
2,840,000	Liontrust Asset Management	35,216	3.23
873,552	Mortgage Advice Bureau	5,067	0.46
11,277,579	OneSavings Bank	27,044	2.48
13,631,000	Starling Bank**†	9,875	0.91
		<u>133,948</u>	<u>12.29</u>
	Food Producers 2.87% (31 July 2019 1.59%)		
1,758,846	Hilton Food	19,699	1.81
13,356,000	Premier Foods	11,553	1.06
		<u>31,252</u>	<u>2.87</u>
	General Industrials 1.55% (31 July 2019 1.47%)		
4,164,000	Vesuvius	16,873	1.55
		<u>16,873</u>	<u>1.55</u>

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
General Retailers 8.88% (31 July 2019 4.94%)			
491,340	ASOS	16,656	1.53
14,204,456	boohoo.com	37,045	3.40
6,327,471	DFS Furniture	9,795	0.90
1,628,475	Dunelm	19,998	1.84
4,494,496	Pets at Home	13,223	1.21
		96,717	8.88
Health Care Equipment & Services 0.00% (31 July 2019 1.02%)			
Household Goods & Home Construction 1.40% (31 July 2019 2.24%)			
3,263,236	Crest Nicholson	6,203	0.57
1,425,433	Vistry	9,016	0.83
		15,219	1.40
Industrial Engineering 0.99% (31 July 2019 1.55%)			
1,263,619	Bodycote	7,443	0.68
5,619,680	Severfield	3,304	0.31
		10,747	0.99
Leisure Goods 1.34% (31 July 2019 0.00%)			
1,793,000	Sumo	3,147	0.29
1,901,212	Team17	11,407	1.05
		14,554	1.34
Media 7.62% (31 July 2019 7.28%)			
9,534,226	Ascential	25,838	2.37
1,219,000	Future	17,359	1.59
2,792,128	Hyve	2,295	0.21
1,443,000	Ocean Outdoor	6,370	0.59
3,434,800	Pebble	3,606	0.33
8,240,032	S4 Capital	27,604	2.53
		83,072	7.62
Mining 0.47% (31 July 2019 0.00%)			
2,566,000	Centamin	5,165	0.47
		5,165	0.47
Mobile Telecommunications 3.11% (31 July 2019 1.27%)			
2,154,610	Gamma Communications	33,935	3.11
		33,935	3.11
Nonlife Insurance 2.89% (31 July 2019 2.24%)			
2,502,330	Lancashire	19,343	1.78
4,200,000	Sabre Insurance	12,138	1.11
		31,481	2.89
Oil & Gas Producers 0.93% (31 July 2019 1.43%)			
5,769,000	Cairn Energy	7,194	0.66
8,532,000	Premier Oil	2,943	0.27
		10,137	0.93
Oil Equipment, Services & Distribution 0.00% (31 July 2019 1.07%)			

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
Pharmaceuticals & Biotechnology 2.85% (31 July 2019 2.99%)			
3,497,168	Clinigen	25,634	2.35
3,932,000	Indivior	5,411	0.50
		<u>31,045</u>	<u>2.85</u>
Real Estate Investment & Services 3.41% (31 July 2019 4.28%)			
5,563,560	Helical Bar	17,275	1.58
5,361,766	Purplebricks	2,410	0.22
2,297,848	Savills	17,510	1.61
		<u>37,195</u>	<u>3.41</u>
Real Estate Investment Trusts 4.58% (31 July 2019 4.43%)			
1,515,146	Big Yellow	15,454	1.42
1,844,000	Unite	17,426	1.60
2,810,000	Workspace	17,001	1.56
		<u>49,881</u>	<u>4.58</u>
Retail 3.89% (31 July 2019 1.94%)			
53,264	The Hut Group**†	42,368	3.89
		<u>42,368</u>	<u>3.89</u>
Software & Computer Services 6.91% (31 July 2019 10.24%)			
2,646,739	Aptitude Software	10,614	0.97
140,639	AVEVA	5,862	0.54
1,521,237	Blanco Technology	2,738	0.25
1,559,969	Blue Prism	18,205	1.67
378,000	First Derivatives	10,319	0.95
2,375,357	Funding Circle	2,190	0.20
2,464,789	Ideagen	4,264	0.39
3,748,000	SDL	17,353	1.59
660,893	Tracsis	3,767	0.35
		<u>75,312</u>	<u>6.91</u>
Support Services 13.61% (31 July 2019 17.39%)			
720,737	De La Rue	949	0.09
1,954,669	Electrocomponents	12,930	1.19
4,393,212	Johnson Service	4,086	0.37
7,735,780	Kin & Carta	3,883	0.36
3,087,378	Knights	11,887	1.09
11,020,540	Learning Technologies	14,492	1.33
3,256,747	Mind Gym	2,768	0.25
3,905,000	Robert Walters	15,815	1.45
3,642,190	RWS	21,635	1.99
2,591,457	Sanne	17,000	1.56
1,814,380	Simplybiz	2,522	0.23
3,860,292	Smart Metering Systems	23,432	2.15
34,154,000	Speedy Hire	16,940	1.55
		<u>148,339</u>	<u>13.61</u>
Technology Hardware & Equipment 1.58% (31 July 2019 0.66%)			
6,368,000	Spirent Communications	17,257	1.58
		<u>17,257</u>	<u>1.58</u>

Portfolio statement (continued)

as at 31 July 2020

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Travel & Leisure 2.68% (31 July 2019 2.52%)		
1,687,134	Dart	11,321	1.04
2,671,751	Loungers	2,859	0.26
1,030,094	On the Beach	2,879	0.26
4,097,845	Restaurant	1,812	0.17
45,854	Secret Escapes**	2,453	0.23
20,725	Secret Escapes (Series E Preference)**	1,133	0.10
116,000	Young & Co's Brewery 'A'	1,065	0.10
855,000	Young & Co's Brewery 'A' (non-voting)	5,643	0.52
		29,165	2.68
	Overseas 2.09% (31 July 2019 2.80%)		
	Asia Pacific (excluding Japan) 1.25% (31 July 2019 0.58%)		
	Singapore Equities 1.25% (31 July 2019 0.58%)		
	Electronic & Electrical Equipment 1.25% (31 July 2019 0.58%)		
358,000	XP Power (UK Listing)	13,568	1.25
		13,568	1.25
	South America 0.84% (31 July 2019 0.57%)		
	Peru Equities 0.84% (31 July 2019 0.57%)		
	Mining 0.84% (31 July 2019 0.57%)		
3,428,000	Hochschild Mining	9,180	0.84
		9,180	0.84
	North America 0.00% (31 July 2019 1.65%)		
	United States Equities 0.00% (31 July 2019 1.65%)		
	Financial Services 0.00% (31 July 2019 1.13%)		
	Industrial Engineering 0.00% (31 July 2019 0.32%)		
	Support Services 0.00% (31 July 2019 0.20%)		
	Investment assets	1,069,717	98.18
	Net other assets	19,787	1.82
	Total net assets	1,089,504	100.00

* Investment Adviser is Merian Global Investors (UK) Ltd.

** Unlisted, suspended and delisted securities within the meaning of the COLL.

† Subsequent to the year end, the valuation of this unlisted security was revised based on a more recent review of the fair value. This change is reflected in the financial statements presented for the sub-fund however was not reflected in the NAV struck on the year end date for pricing purposes.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

All investments are ordinary shares.

Statement of total return

for the year from 1 August 2019 to 31 July 2020

		01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
	Note				
Income					
Net capital losses	2		(57,020)		(117,706)
Revenue	3	15,859		23,861	
Expenses	4	(13,580)		(15,550)	
Interest payable and similar charges	5	-		(1)	
Net revenue before taxation		2,279		8,310	
Taxation	6	(11)		(80)	
Net revenue after taxation			2,268		8,230
Total return before distributions			(54,752)		(109,476)
Distributions	7		(2,789)		(8,676)
Change in net assets attributable to shareholders from investment activities			(57,541)		(118,152)

Statement of change in net assets attributable to shareholders

for the year from 1 August 2019 to 31 July 2020

	01.08.19 to 31.07.20 £'000	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000	01.08.18 to 31.07.19 £'000
Opening net assets attributable to shareholders		1,249,079		1,434,239
Amounts received on issue of shares	98,511		150,439	
Amounts paid on cancellation of shares	(202,487)		(223,387)	
		(103,976)		(72,948)
Dilution adjustment		-		128
Change in net assets attributable to shareholders from investment activities		(57,541)		(118,152)
Retained distribution on accumulation shares		1,941		5,812
Unclaimed distributions		1		-
Closing net assets attributable to shareholders		1,089,504		1,249,079

The notes on pages 191 to 198 form an integral part of these financial statements.

Balance sheet

as at 31 July 2020

	Note	31.07.20 £'000	31.07.19 £'000
Assets			
Fixed assets			
Investments		1,069,717	1,185,505
Current assets			
Debtors	8	5,699	4,522
Cash and bank balances	9	20,187	85,903
Total assets		1,095,603	1,275,930
Liabilities			
Creditors			
Distribution payable		(739)	(2,306)
Other creditors	10	(5,360)	(24,545)
Total liabilities		(6,099)	(26,851)
Net assets attributable to shareholders		1,089,504	1,249,079

The notes on pages 191 to 198 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 August 2019 to 31 July 2020

1 Accounting policies

The applicable accounting policies adopted by the Merian UK Smaller Companies Fund are included on pages 200 to 201.

2 Net capital losses

The net capital losses on investments comprise:

Losses on non-derivative securities

Gains on currency contracts

Handling charges

Net capital losses on investments

01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
(57,060)	(117,772)
45	71
(5)	(5)
(57,020)	(117,706)

3 Revenue

Authorised corporate director fee rebate

Bank interest

Non-taxable overseas dividends

UK dividends

UK stock dividends not distributed

UK REIT dividends

Total revenue

01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
81	-
27	84
937	1,713
12,354	20,391
858	-
1,602	1,673
15,859	23,861

4 Expenses

Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

Fixed Ongoing Charge*

Total expenses

01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
13,580	15,550
13,580	15,550

* These figures represent the Fixed Ongoing Charge, which covers all fees payable by the sub-fund to the Authorised Corporate Director, Investment adviser, Depositary (including associates etc.) and other expenses. The Audit fee for the year, excluding VAT, was £6,700 (31 July 2019: £6,500).

5 Interest payable and similar charges

Interest

Total interest payable & similar charges

01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
-	1
-	1

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

6 Taxation

a) Analysis of tax charge in the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Overseas tax suffered	11	80
Total current tax charge for the year	11	80
Deferred tax charge for the year (see note 6(c))	-	-
Total taxation for the year (see note 6(b))	11	80

b) Factors affecting current tax charge for the year

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:		
Net revenue before taxation	2,279	8,310
Corporation tax at 20% (31 July 2019: 20%)	456	1,662
Effects of:		
Excess management expenses for which no relief is taken	2,374	2,759
Revenue not subject to taxation – UK	(2,643)	(4,078)
Non-taxable overseas dividends	(187)	(343)
Overseas tax suffered	11	80
Total tax charge for the year (see note 6(a))	11	80

OEICs are exempt from tax on capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax liability

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Deferred tax liability at the start of the year	-	-
Deferred tax charge for the year (see note 6(a))	-	-
Deferred tax liability at the end of the year	-	-

At 31 July 2020 the sub-fund had surplus management expenses of £147,614,656 (31 July 2019: £135,744,897) which can be utilised against profits chargeable to corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

7 Distributions

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

	01.08.19 to 31.07.20 £'000	01.08.18 to 31.07.19 £'000
Final – Accumulation shares (31 July)	1,941	5,813
Final – Income shares (31 July)	739	2,305
	<u>2,680</u>	<u>8,118</u>
Revenue deducted on cancellation of shares	434	990
Revenue received on issue of shares	(325)	(432)
Distributions	<u>2,789</u>	<u>8,676</u>
Reconciliation of distributions:		
Net revenue after taxation	2,268	8,230
Equalisation on conversion	18	102
Non distributable stock dividends	(858)	-
Revenue deficit reimbursed from capital	1,361	344
Distributions	<u>2,789</u>	<u>8,676</u>

Details of the final distributions per share are set out in the table on page 199.

8 Debtors

	31.07.20 £'000	31.07.19 £'000
Accrued ACD fee rebate	26	-
Accrued revenue	1,664	1,673
Amounts receivable for issue of shares	296	2,848
Overseas tax recoverable	1	1
Sales awaiting settlement	3,712	-
Total debtors	<u>5,699</u>	<u>4,522</u>

9 Cash and bank balances

	31.07.20 £'000	31.07.19 £'000
Cash and bank balances	20,187	85,903
Total cash and bank balances	<u>20,187</u>	<u>85,903</u>

10 Other creditors

	31.07.20 £'000	31.07.19 £'000
Accrued expenses	975	1,272
Amounts payable for cancellation of shares	2,732	22,207
Purchases awaiting settlement	1,653	1,066
Total other creditors	<u>5,360</u>	<u>24,545</u>

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

11 Related party transactions

Merian Investment Management Limited, as ACD, is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders on page 189. Any amounts due to or from Merian Investment Management Limited at the end of the accounting year in respect of transactions of shares in each sub-fund are disclosed in notes 8 and 10. Other amounts paid to the ACD are disclosed in note 4 and amounts due to it at the year end are disclosed in note 10.

The authorised corporate director's fee rebates received by the sub-fund are from investment funds managed by Merian Global Investors Limited. During the year £81,000 (2019: £Nil) has been recognised and is included in the total rebate amounts disclosed in notes 3. The balance due to the sub-fund at the year end in respect of this amounted to £26,000 (2019: £Nil) and is included in the total rebate amount disclosed in note 8.

The sub-fund held the following securities and the noted income in related funds throughout the year to 31 July 2020.

Shares	Security Name	Market Value £'000	Gross Income Earned £'000
14,601,552	Merian Chrysalis Investment Company	17,741	-

12 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives for investment purposes and the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

The Investment Adviser is responsible for monitoring the portfolio of the sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The ACD has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

b) Foreign currency risk

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Adviser does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 31 July 2020 (31 July 2019) was as follows:

Currency	Net foreign currency assets			Net foreign currency assets		
	Monetary exposures* 31.07.20 £'000	Non-monetary exposures 31.07.20 £'000	Total 31.07.20 £'000	Monetary exposures* 31.07.19 £'000	Non-monetary exposures 31.07.19 £'000	Total 31.07.19 £'000
Euro	1	-	1	1	-	1
US Dollar	3	6,370	6,373	1	32,595	32,596
Total	4	6,370	6,374	2	32,595	32,597

* For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

12 Derivatives and other financial instruments (continued)

b) Foreign currency risk (continued)

Currency sensitivity

A 5% increase in the value of the sub-fund's foreign currency exposure would have the effect of increasing the return and net assets as at 31 July 2020 by £318,685 or 0.03% (31 July 2019: £1,629,854 or 0.13%). A 5% decrease would have an equal and opposite effect.

c) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 July 2020 (31 July 2019) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.07.20				
Euro	-	-	1	1
Sterling	20,185	-	1,069,044	1,089,229
US Dollar	2	-	6,371	6,373
Total	20,187	-	1,075,416	1,095,603

Currency	Variable rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
31.07.19				
Euro	-	-	1	1
Sterling	85,902	-	1,157,431	1,243,333
US Dollar	1	-	32,595	32,596
Total	85,903	-	1,190,027	1,275,930

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.20			
Sterling	-	(6,099)	(6,099)
Total	-	(6,099)	(6,099)

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.19			
Sterling	-	(26,851)	(26,851)
Total	-	(26,851)	(26,851)

Interest rate risk sensitivity

In the event of changes in interest rates, there would be no material impact upon the assets of the sub-fund.

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. The risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

12 Derivatives and other financial instruments (continued)

(e) Counterparty risk

Certain transactions in financial instruments that the sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities. The sub-fund will only buy and sell investments through brokers which have been approved by the ACD and Investment Adviser as an acceptable counterparty. This is overseen by the Depositary to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

The sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation to shareholders to meet any cancellation of shares. Assets from the sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the ACD regularly monitors the liquidity levels held on the sub-fund (cash and underlying securities) to ensure any redemption can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigate the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The ACD adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the ACD monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

Market price risk sensitivity

A 5% market movement in the price of investments held by the sub-fund, with all other variables remaining constant, would result in an increase or decrease on net asset value of the sub-fund by approximately £53,485,874 or 4.91% (31 July 2019: £59,275,238 or 4.75%).

h) Fair value of financial assets and liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

Basis of valuation	31.07.20		31.07.19	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	1,013,888	-	1,117,960	-
Level 2: Observable market data	-	-	-	-
Level 3: Unobservable data*	55,829	-	67,545	-
Total	1,069,717	-	1,185,505	-

* This figure is made up of 4 securities (2019: 5). For the level 3 assets, the valuation bases used are last transaction price (2020: 3 of 4 (2019: 4 of 5)) and an earnings multiple-based model (2020: 1 of 4 (2019: 1 of 5)). Where a last transaction price was used to ascribe value, the ACD validated this using alternative valuation methods and assessed the nature of the transactions. Within the earnings model valuations, the earnings figure and multiples based on comparable quoted companies reflect inputs which are estimates and impact the resultant valuations. The ACD engages a third party to provide professional oversight in this area.

i) Global exposure

The Investment Adviser assesses the market risk of the Merian UK Smaller Companies Fund, including any derivative exposures, using a commitment approach. All exposure arising through the investment in financial derivative instruments will be covered by the underlying assets of the sub-fund. The sub-fund will use the commitment approach methodology to measure, monitor and manage the "leverage" effect produced by the use of financial derivative instruments and for the calculation of global exposure. As the sub-fund uses the commitment approach it must ensure that its global exposure does not exceed its total net asset value and the sub-fund may not therefore be leveraged in excess of 100% of its net asset value. In using the commitment approach for the calculation of global exposure, the sub-fund will convert each derivative position into the market value of an equivalent position in the underlying asset of that derivative. Using the commitment approach the global exposure is 0.00% (31 July 2019: 0.00%).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

13 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 July 2019: £Nil).

14 Portfolio transaction costs

Analysis of total purchase costs

31.07.20

Bonds	
Equities	
Corporate actions	
Total	
Total purchases including transaction costs	

Value £'000	Commissions £'000	%	Other costs £'000	%
88,800	-	-	-	-
264,001	112	0.04%	683	0.26%
2,354	-	-	-	-
355,155	112		683	
355,950				

31.07.19

Equities	
Corporate actions	
Total	
Total purchases including transaction costs	

Value £'000	Commissions £'000	%	Other costs £'000	%
269,458	98	0.04%	804	0.30%
5,371	-	-	-	-
274,829	98		804	
275,731				

Analysis of total sale costs

31.07.20

Bonds	
Equities	
Corporate actions	
Total	
Total sales including transaction costs	

Value £'000	Commissions £'000	%	Other costs £'000	%
89,000	-	-	-	-
314,514	124	0.04%	232	0.07%
12,437	-	-	-	-
415,951	124		232	
415,595				

31.07.19

Equities	
Total	
Total sales including transaction costs	

Value £'000	Commissions £'000	%	Other costs £'000	%
286,790	138	0.05%	1	-
286,790	138		1	
286,651				

Transaction costs as a percentage of average Net Assets

	31.07.20	31.07.19
Commissions:	0.02%	0.02%
Other costs:	0.08%	0.06%

In the case of shares, transaction costs are paid by the sub-fund on each transaction. Commissions relate to those paid to agents, advisers, brokers and dealers in the buying and selling of securities. Other costs include any additional fees that may be paid to agents, advisers, brokers and dealers as well as levies by regulatory agencies and security exchanges and any transfer taxes or duties. In addition, there is a dealing spread between the buying and selling prices of the underlying investments. Unlike share, other types of investments have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads may vary considerably depending on the transaction value and market sentiment. At the balance sheet date the dealing spread was 1.17% (31 July 2019: 0.82%).

Notes to the financial statements (continued)

for the year from 1 August 2019 to 31 July 2020

15 Shareholders' funds

The sub-fund currently has ten share classes; Accumulation 'A', Income 'A', Accumulation 'P', Income 'P', Accumulation 'R', Income 'R', Accumulation 'U1', Income 'U1', Accumulation 'U2' and Income 'U2'. The net asset value of each share class, net asset value per share and the number of shares in issue are given in the information pages for each sub-fund.

The share classes currently in issue and the Fixed Ongoing Charge of each share class are shown below.

	31.07.20	31.07.19
- Accumulation 'A'	1.90%	1.90%
- Income 'A'	1.90%	1.90%
- Accumulation 'P'	1.40%	1.40%
- Income 'P'	1.40%	1.40%
- Accumulation 'R'	1.025%	1.025%
- Income 'R'	1.025%	1.025%
- Accumulation 'U1'	0.9375%	0.9375%
- Income 'U1'	0.9375%	0.9375%
- Accumulation 'U2'	0.85%	0.85%
- Income 'U2'	0.85%	0.85%

Share class movement reconciliation

	Opening	Issued	Redeemed	Converted	Closing
- Accumulation 'A'	43,636,167	1,172,690	(7,048,230)	(1,994,675)	35,765,952
- Income 'A'	5,321,788	112,153	(632,013)	(1,737,991)	3,063,937
- Accumulation 'P'	562,805	60,450	(152,647)	1,375,761	1,846,369
- Income 'P'	422,040	81,066	(153,100)	3,282,835	3,632,841
- Accumulation 'R'	165,397,656	7,652,985	(24,261,402)	(566,172)	148,223,067
- Income 'R'	57,397,778	5,578,705	(7,271,236)	(4,569,323)	51,135,924
- Accumulation 'U1'	150,308,329	15,594,953	(21,504,955)	1,259,302	145,657,629
- Income 'U1'	60,630,460	6,882,729	(17,199,919)	9,168,602	59,481,872
- Accumulation 'U2'	6,402,428	9,652,916	(3,738,420)	(83,436)	12,233,488
- Income 'U2'	19,478,639	914,622	(9,013,785)	705,708	12,085,184

16 Post balance sheet date events

Since the year-end, markets have continued to be disrupted by the COVID-19 pandemic. Since the year-end, the NAV per share of share class Accumulation 'R' has increased by 16.81% to 13 November 2020. The other share classes in the Fund have moved by a similar magnitude. Contingency plans at the ACD and key service providers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Distribution table

Final distribution

Group 1: Shares purchased prior to 1 August 2019
 Group 2: Shares purchased from 1 August 2019 to 31 July 2020

	Revenue pence per share	Equalisation pence per share*	Distribution paid 30.09.20 pence per share	Distribution paid 30.09.19 pence per share
Accumulation 'A' Shares				
Group 1	0.0000	-	0.0000	0.0000
Group 2	0.0000	0.0000	0.0000	0.0000
Income 'A' Shares				
Group 1	0.0000	-	0.0000	0.0000
Group 2	0.0000	0.0000	0.0000	0.0000
Accumulation 'P' Shares				
Group 1	0.0000	-	0.0000	1.5433
Group 2	0.0000	0.0000	0.0000	1.5433
Income 'P' Shares				
Group 1	0.0072	-	0.0072	0.9217
Group 2	0.0000	0.0072	0.0072	0.9217
Accumulation 'R' Shares				
Group 1	0.6821	-	0.6821	2.1057
Group 2	0.0000	0.6821	0.6821	2.1057
Income 'R' Shares				
Group 1	0.6144	-	0.6144	1.9254
Group 2	0.0000	0.6144	0.6144	1.9254
Accumulation 'U1' Shares				
Group 1	0.5779	-	0.5779	1.4751
Group 2	0.0000	0.5779	0.5779	1.4751
Income 'U1' Shares				
Group 1	0.5740	-	0.5740	1.4771
Group 2	0.0000	0.5740	0.5740	1.4771
Accumulation 'U2' Shares				
Group 1	0.7241	-	0.7241	1.6171
Group 2	0.0215	0.7026	0.7241	1.6171
Income 'U2' Shares				
Group 1	0.6848	-	0.6848	1.5442
Group 2	0.2248	0.4600	0.6848	1.5442

* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Accounting policies

a) Basis of preparation

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

Going Concern

The ACD has undertaken a detailed assessment of each sub-fund's ability to meet its liabilities as they fall due, including the highly liquid nature of the sub-fund's investment portfolios, declines in global capital markets and investor redemption levels. Based on this assessment, the sub-funds continue to be open for trading and the ACD is satisfied the sub-funds have adequate financial resources to continue in operation and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

b) Recognition of revenue

Dividends on quoted ordinary shares, preference shares and distributions on holdings in Collective Investment Schemes are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared. Nominal interest on interest bearing securities and bank interest are recognised on an accruals basis. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the sub-fund. Revenue arising on debt securities that are purchased at a discount/premium to the maturity value is amortised or accumulated over the life of such securities and recognised at a consistent rate over the life of the instrument (effective yield basis). This basis uses the effective interest rate of the security to discount exactly the expected stream of future cash flows to the current net carrying value of the security. Derivative Income is recognised on an accrual basis. All distributions from accumulation holdings in Collective Investment Schemes are treated as revenue. The equalisation component of collective investment scheme distributions has been recognised as capital.

c) Treatment of stock dividends

Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the dates they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is taken to capital. The ordinary element of stock dividends is treated as revenue but does not form part of the distribution.

d) Special dividends and share buy backs

The underlying circumstances behind both special dividends and share buy backs are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Amounts recognised as revenue will form part of the distribution. Any tax treatment will follow the accounting treatment of the principal amount.

e) Underwriting commissions

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the sub-fund is required to take up some or all of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

f) Treatment of expenses

All expenses, except those relating to the purchase and sale of investments, are included in expenses, in the Statement of Total Return. Expenses are recognised on an accruals basis and include irrecoverable VAT where appropriate.

g) Revenue allocation share classes

Revenue is allocated to the share classes of each sub-fund based on the proportion of assets held within each share class.

h) Rebate of Authorised Corporate Director's fees from underlying instruments

The sub-funds may be entitled to a rebate of Authorised Corporate Director's charge, which is sometimes paid as renewal commission, when it holds underlying investments in Collective Investment Schemes. This is accrued daily and treated as revenue or capital depending on the treatment of the ACD charge in the underlying investment.

i) Taxation and deferred tax

Provision is made for corporation tax at the current rate on the excess of taxable revenue over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. Tax is calculated using the marginal basis i.e. the tax effect of income and expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates. A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset.

j) Distribution policy

All of the net revenue available for distribution at the end of interim and final distribution periods will be distributed to shareholders. Any share class in deficit of revenue will be made-up from the capital attributable to that share class. Should taxation and expenses taken together exceed revenue, there will be no distribution and the shortfall will be met from capital. The sub-funds distribute revenue on debt securities on an effective yield basis. Equalisation received on collective investment scheme distributions will be distributed.

Accounting policies (continued)

j) Distribution policy (continued)

For all sub-funds, some or all of any charges and expenses (including the charges of the ACD, the Depositary and the Administrator) may be treated as a capital expense in accordance with the COLL Sourcebook, which may have the effect of constraining capital growth, as the Company may treat the generation of income as a higher priority than capital growth or (as the case may be) place equal emphasis on the generation of income and on capital growth. In respect of the Merian Corporate Bond Fund and the Merian Monthly Income Bond Fund the policy is to charge all expenses to capital. In respect of the UK Alpha Fund and UK Equity Income Fund the policy is to split the fee between revenue and capital.

For the UK Alpha Fund, the policy is to charge 0.10% of the fixed ongoing charge to revenue with all other expenses charged to capital. For UK Equity Income Fund, the policy is to charge 0.15% of the fixed ongoing charge to revenue with all other expenses charged to capital. For all other sub-funds within the Company, the policy is to charge all expenses to revenue, apart from transaction charges which are charged to capital.

k) Basis of valuation of investments

The investments of the sub-fund are valued at noon bid prices on the last business day of the accounting year. Any unquoted or suspended investments are valued at the ACD's valuation taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

For the Merian UK Mid Cap Fund and the Merian UK Smaller Companies Fund, investments in unquoted securities are valued by the ACD based on their best estimate of fair value. Specifically, last transaction price (of recent funding rounds) and earnings multiple model valuations are used to establish valuations. Where last transaction price is used, model based valuations using earnings or share price movements in comparable quoted companies are used to validate the recent transaction price. The consideration of what makes an appropriate valuation method and indeed the inputs to the earnings multiple basis reflect the key area of judgment within the financial statements of the Merian Mid Cap Fund and Merian UK Smaller Companies Funds. A third party valuation provider assists the ACD providing valuation data and insight.

The ACD may apply a fair value price determined in accordance with the COLL Sourcebook if it has reasonable grounds for believing that no reliable price exists for a security at a valuation point or the most recent price available does not reflect the ACD's best estimate of the value at the valuation point.

Where a sub-fund invests in securities markets that are closed for trading (including planned stock exchange closures) at the sub-fund's valuation point, there is a risk that the price calculated is not representative of the markets in which it invests due to developments since the market's closure. Potentially this could lead to gains or losses on the sub-fund as it opens a window for investors or market timers to buy or sell at stale prices. An example would be when a sub-fund is priced using end of day prices from a market which closed for trading for a material period prior to the sub-fund's valuation point, for example, a UK fund which is invested in US stocks, valuing at 12 noon UK time and using US asset prices from the previous day close of the US market within the sub-fund valuation. During this period it may be concluded that prices may change significantly when the market reopens, based on a global event or on indications from the global futures markets. In this scenario, the ACD has the power to invoke a fair value price to give our best estimate of the value of the market or asset in question using a reliable source. A delegated committee is responsible for the monitoring and approval of any fair value pricing decisions.

The fair value pricing policy for the Merian Investment Funds Series I differs dependent on the type of instruments held within the portfolio, their economic exposure and the materiality of any fair value adjustment. Our fair value pricing policy is regularly reviewed by the Depositary of the sub-funds to ensure adherence to the COLL Sourcebook.

Authorised unit trusts and collective investment schemes operated by Merian have been valued at cancellation price, for all other such funds they have been valued at bid price. Single priced authorised unit trusts, open-ended investment companies and collective investment schemes have been valued at the latest available dealing price.

l) Exchange rates

Assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at noon on the last business day of the accounting year. Revenue items in foreign currencies are translated into sterling at the exchange rates ruling when the revenue is received.

m) Financial instruments

Where appropriate, certain permitted financial instruments such as derivatives or forward currency contracts are used for efficient portfolio management and / or investment purposes. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in "revenue" or "expenses" in the statement of total return. Where such financial instruments are used to protect or enhance capital, the gains and losses derived there from are included in "Net capital gains/(losses)" in the statement of total return. Any positions on such financial instruments open at the year-end are reflected in the Balance sheet at their market value at the close of business on the last business day of the accounting year. Assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at close of business on the last business day of the accounting year.

Merian Corporate Bond Fund, Merian Monthly Income Bond Fund, Merian UK Equity Income Fund and Merian UK Opportunities Fund can use derivatives for investment purposes and for efficient portfolio management. For all other sub-funds use of derivatives is for efficient portfolio management.

n) Dilution policy

The ACD has discretion to require a dilution adjustment to the price of a share on the purchase or redemption of shares in the sub-fund. The ACD's policy is to make a dilution adjustment when the ACD believes it is in the interest of the shareholders to do so.

