

# HSBC Investment Funds

Interim Report and Accounts

15 July 2018

## Company Information

### Company

HSBC Investment Funds  
Registered in England with  
Company Number IC000073

### Registered Office

8 Canada Square  
London E14 5HQ

### Directors

The Authorised Corporate Director (ACD) is HSBC Global Asset Management (UK) Limited which is the sole director.

HSBC Global Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority (FCA) and is a member of The Investment Association (IA).

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### HSBC Global Asset Management (UK) Limited - Directors

C.A. Berman

C.S. Cheetham

A.S. Clark

A.C. Corfield

P.J.F. Glaze

M.G. McDonald (appointed 19 January 2018)

J.M. Munro

T.J. Palmer

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# Market Review

**Welcome to the Interim Report for the HSBC Investment Funds Open-Ended Investment Company (OEIC). The report covers the period 16 January 2018 to 15 July 2018 .**

**Please do take the time to look through the report and if you have any questions, contact our Customer Services on 0800 358 3011\*. In particular, please review the 'Important Changes to the Company and/or Fund Documentation' section on page 123, including a change to how we define 'Dealing Days'.**

**To help us continually improve our service, and in the interests of security, we may monitor and/or record your communications with us.**

**\*Lines are open 9am to 5pm Monday to Friday (excluding public holidays).**

## Economic Overview

As the period progressed, developed economies continued their 'normalisation' of monetary policy. Responding to improvements in the economy, the US Federal Reserve (the Fed) raised rates by 0.25% in March and again in June. Although central banks in Europe and Japan reiterated that they would not rush to raise interest rates, the latter reinforced expectations that it would be slower than its peers to turn off the 'easy money' tap. By contrast, the European Central Bank announced that it would terminate its asset purchase programme by December 2018, after reducing asset purchases from September onwards.

Throughout the period, fears grew that protectionist rhetoric from the Trump administration would curb global growth. In early March, President Trump announced that the US would place tariffs on imports of aluminium and steel into the US. The president's economic adviser (Gary Cohn) stepped down, and investors feared retaliation from other countries. These fears crystallised in early April, when China announced tariffs on a range of US exports to China, including soybeans and cars. EU countries were initially granted an exemption from the US tariffs, but this ended on 31 May.

As the period progressed, expectations of a faster US rate-hike cycle pressured many emerging-market currencies, prompting several emerging-market central banks to hike rates. Turkey and Argentina saw steep rate hikes; both were particularly hard-hit in the sell-off, thanks to their large current-account deficits.

## Global Equities

Global equity markets gained over the review period, despite geopolitical pressures and concerns about US trade protectionism. In January 2018, wage-growth news from the US was more positive than expected – subsequent concerns that inflation would rise sharply, causing the Fed to tighten policy more quickly than expected, led to a global equity-market sell-off. Worries about US-Chinese trade relations also contributed to markets' falls. In March, President Trump announced that the US would place tariffs on imports of aluminium and steel. In April, China announced retaliatory tariffs on a range of US exports to China, including soybeans and automobiles. The US also withdrew from the 2015 deal to lift western sanctions on Iran, which had been struck in return for Iran's denuclearisation. In Europe, politics also came to the fore. In Germany, Chancellor Merkel's party agreed a coalition with the Social Democrats, four months after the election. In Italy, concerns mounted that a lack of progress in forming a coalition government would trigger a new round of general elections, which caused steep market falls. Brexit continued to affect investor sentiment as UK and EU officials worked towards a transition deal.

## UK Equities

UK equities gained ground in sterling terms, in a period punctuated by trade-war fears and heightened political risk. UK economic growth lagged European peers, but GDP remained in positive territory throughout the period. It did, however, slow to 0.1% (quarter on quarter) in the first three months of 2018. Construction was a drag on GDP, falling to 0.1% in the first quarter of 2018 from 0.4% in the previous quarter. On the plus side, unemployment stood at a 42-year low at this time, falling to 4.2%. UK stocks made a lacklustre start to the year, but volatility returned to markets in earnest in February. Equity markets fell heavily in February, with losses continuing in March. In April and early May, however, UK stocks recovered to claw back some gains. At this time, sterling weakness contributed materially to the performance of export-reliant stocks. Sentiment was also boosted by a flurry of M&A activity – including Shire's acquisition by Takeda for \$62 billion, and Sainsbury's planned \$10 billion merger with Asda. In late May, the establishment of a eurosceptic coalition in Italy triggered renewed fears about the eurozone's break-up. On the plus side, markets responded positively to the progress made in the Brexit negotiations, as it was agreed that Britain could stay in the customs union on a temporary basis.

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## UK Bonds

Yields on the 10-year gilt, the UK's benchmark government bond, ended the period at 1.27% – a shade lower. Although the Bank of England (BoE) kept interest rates on hold throughout the period, a growing number of the nine-strong committee voted to raise rates as the period progressed. In June, three members (including Chief Economist Andy Haldane) opted for a rise. Investors had pencilled in a May interest-rate hike, but dovish comments from the BoE's governor, Mark Carney, dampened these expectations. Brexit negotiations continued, with newsflow causing ripples in gilt markets. In March, both parties agreed to a transition period, under which the UK will remain in the EU until 2020, but with diminished powers. This too caused a spike in gilt yields, as markets became more optimistic that a smooth EU exit was possible. In February and March of 2018, a bout of volatility hit markets, causing equities to fall and benefiting gilts, which gained in both months. Yields drifted higher thereafter, touching 1.5% at times. But in June and the first half of July, gilt yields fell, ending the review period at 1.27%.

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## European ex UK Equities

European equities eked out a gain over the review period, during which global trade concerns and political machinations in Europe influenced investor sentiment. The period saw diplomatic relations between Russia and the EU degenerate, as EU officials supported their UK counterparts in claims that the Russian government had been responsible for the attack on a former Russian spy in the UK. Concerns about the eurozone's slowing growth, political uncertainty in the region and fears over the impact of US-led protectionist measures dominated European headlines. Following Italy's inconclusive general election in March, investors fretted that political strife could lead to Italy quitting the eurozone. Investors subsequently grew less anxious after reassuring messages from the newly formed coalition. German politics were also a cause for concern. A dispute between Chancellor Merkel and her coalition partners on immigration sparked fears that the government could collapse; however, officials ultimately agreed on a deal. Brexit continued to cause uncertainty, as UK and EU officials attempted to agree a deal for Britain to enjoy a transition period after it officially leaves the union.

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## US Equities

US equities made a strong start to 2018, before better-than-expected wage growth in January led to concerns about inflation and a faster pace of US rate hikes. This caused an end-of-month sell-off in equities that continued over February and March. The technology sector was in focus in March, after a data scandal involving Cambridge Analytica unnerved investors in Facebook. US technology stocks subsequently recovered, led by Facebook (which reported higher average user numbers) and Amazon. The trend of encouraging corporate earnings continued in early May, lending support to US stocks. In June, a summit between President Trump and Kim Jong-un in Singapore garnered a lot of attention. This increased investors' hopes that North Korea could take steps to mend its relations with the rest of the world and that the Korean peninsula could soon be nuclear-free.

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### Japan Equities

Japanese equities gained over the reporting period. With inflation persistently below its 2% target, the Bank of Japan (BoJ) maintained its ultra-loose monetary stance, with a zero-yield target for 10-year government bonds and a short-term interest rate of -0.1%. Economic data, meanwhile, was mixed.

Employment conditions remained tight, with unemployment at 2.8% for five consecutive months before dropping further to 2.7% for November, then to 2.4% in January. Unemployment subsequently climbed to 2.5%, and remained there until the end of the review period. In February, the BoJ reappointed Haruhiko Kuroda, a strong advocator of monetary stimulus, for a second term.

Japanese equities were caught up in early 2018's global sell-off, which ran on into March 2018. Meanwhile, it emerged that the Japanese economy ended its expansionary streak, contracting by 0.2% in the first three months of 2018. Concerns about a trade war were still present in April, exacerbated by strength in the yen. More positively, slightly improved relations between North Korea and the US improved sentiment.

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### Asia (Excluding Japan) Equities

Asia Pacific stock markets gained over the period. On the plus side, anxiety about North Korea dissipated somewhat, as the nuclear state took some steps to mend its ties with South Korea and the US. However, Asian markets were affected by the widely anticipated rate hike by the Fed, and by concerns over a US-China trade war. China imposed levies on US imports, to penalise the US for announcing tariffs on steel and aluminium imports in March. The US also applied these tariffs to other countries, which resulted in their policymakers threatening or announcing retaliatory measures. There were also concerns about the potential impact on emerging economies of higher interest rates in the US. Central banks in India, Indonesia and the Philippines raised rates in an attempt to stem currency falls. By contrast, the People's Bank of China took steps to ease liquidity over the quarter by cutting banks' reserve requirement ratio twice over the period, and refrained from raising rates. China was up in sterling terms but down in local-currency terms.

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### Emerging Markets Equities

Emerging-market equities gained over the review period, but underperformed their developed-market counterparts. Expectations of a faster US rate-hike cycle pressured many emerging-market currencies over the quarter, prompting several emerging-market central banks to hike rates. Latin American equities faced an especially torrid time, characterised by uncertainty by upcoming elections in the region, notably Mexico and Brazil. In both these countries, there were fears that triumphs by populists could have negative repercussions for economic reform. Investors' worries were compounded by President Trump's protectionist rhetoric. In Brazil, the government again failed to pass the long-awaited legislation to overhaul the country's pension system. Late in the period, Brazilian stocks sold off as a truckers' strike added to investors' fears about the economy. In Mexico, there were similar fears (subsequently proved correct) that July's election could result in an anti-establishment candidate becoming president.

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*The above information refers to past performance and should not be seen as a reliable indication of future returns.  
Information provided by HSBC Global Asset Management (UK) Limited, 15 July 2018.*

# Balanced

## Investment Objective

To obtain capital growth in the longer-term together with income.

## Investment Policy

To invest in a diverse portfolio of equities and bonds in the UK and overseas, together with money market instruments.

## Investment Strategy

The Fund invests in a range of asset classes in order to meet its investment aim. The allocation to these asset classes will vary over time to reflect both the longer-term investment return expectations and the shorter-term tactical market view. Assets are currently allocated in line with longer-term expectations in the following proportions: 70% equities, 27.5% bonds and 2.5% cash, which includes 26% in UK equities and 44% in global equities. In the shorter-term each asset class (and sub-asset class) allocation may be increased or decreased by 10% to raise exposure to asset classes that are viewed as having a more positive outlook or to reduce exposure to those asset classes that are considered to have a less favorable outlook.

The desired allocation to each asset class will be achieved by investing in either collective investment schemes or direct securities. The Fund is actively managed but it may invest in collective investment schemes and classes of direct securities that in turn are managed with the aim of tracking an index, known as passive management. As at the date of financial statements it is estimated that approximately 8% of the value of the Fund is invested directly in US equities with the aim to match the return of the S&P 500 Index and a further 20% of the value of the Fund is invested in collective investment schemes which in turn are passively managed and individually track a range of market specific, regional and global indices. It should be noted that this percentage will fluctuate based upon market movement and adjustments to the asset allocation to enable the Fund to meet its aim.

There is no limit to the percentage which can be invested in collective investment schemes and there is no limit to the percentage of the Fund which can be invested in other collective investment schemes managed by the ACD, or an associate.

## Portfolio Activity

In the first six months of 2018 equity market momentum slowed due to softer global macroeconomic data and increased trade tensions. Bond markets also began to struggle as the US started to institute tighter monetary policy and investors feared similar action in other developed markets.

The Balanced OEIC delivered net negative returns over the period; slightly underperforming its benchmark. The underperformance was a result of the portfolio's overweight to risk assets.

The fundamental positioning of the Fund has remained unchanged: equity is favoured over fixed income. However, the equity allocation in the portfolio has been increased marginally.

The portfolio's overweight allocation to Emerging Market equity was increased when the portfolio management team identified buying opportunities after the market fell in the first quarter. In May the overweight to European equity was trimmed, and redistributed to global equity, given the weakening of the investment case in Europe. Similarly the overweight to Russian equity was reduced in May as the country's political risk increased. The portfolio continues to be underweight US equity.

The portfolio maintains its underweight position in developed market government bonds given their unappealing risk / reward profile. The portfolio is also underweight UK corporate bonds. Given the narrow yield spread over government bonds, the portfolio managers believe that credit offers insufficient compensation for the additional risk it represents. The Fund continues to be overweight in local currency EMD given the attractive yields provided by the asset class, as well as the expectation of medium-term EM currency appreciation.

Largest Net Sales: Global Short Duration HY Bond, iShares DJ Euro Stoxx MI Cap

Largest Net Purchases: HSBC FTSE All-World Index Fund and iShares Core MSCI EM UCITS ETF.

## Investment Performance

During the period under review, the value of the shares in the Fund decreased by 0.87%.

(Source: Morningstar Direct, GBP, net of tax for the Accumulation C share class. Returns based on the NAV, which is a single price).

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Fund Particulars

as at 16 July 2018 (unaudited)

	Retail Income	Retail Accumulation	Income C
Price	142.7p xd	216.2p	142.4p xd
Distribution payable (on 15 September 2018) per share net	1.630000p	2.450000p	2.330000p
Current net estimated yield	1.38%	1.35%	2.37%
Annual ACD charge	1.50%	1.50%	0.55%
	Accumulation C		Institutional Accumulation
Price	226.2p		226.6p
Distribution payable (on 15 September 2018) per share net	3.640000p		4.360000p
Current net estimated yield	2.29%		2.90%
Annual ACD charge	0.55%		0.00%

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>UNITED KINGDOM - 44.43% (43.40%)</b>			
Antofagasta	126,572	1,195	0.32
Aon	607	66	0.02
Ashmore Group	329,195	1,163	0.31
AstraZeneca	35,538	1,955	0.53
Aviva	560,310	2,743	0.74
BAE Systems	310,729	2,086	0.56
Barclays	1,211,912	2,299	0.62
BHP Billiton	217,282	3,585	0.96
BP	905,174	5,166	1.39
British American Tobacco	115,263	4,524	1.22
British Telecom Group	1,011,949	2,250	0.60
Card Factory	254,340	516	0.14
Coats Group	1,742,283	1,382	0.37
Compass Group	149,230	2,485	0.67
Croda International	33,371	1,645	0.44
Diageo	50,719	1,422	0.38
Essentra	241,024	1,181	0.32
European Investment Bank 2.15% 18/1/2027	£58,500,000	467	0.13
GlaxoSmithKline	273,107	4,304	1.16
Halfords Group	405,045	1,435	0.39
+HSBC Corporate Bond Fund	3,320,143	7,450	2.00
+HSBC FTSE All-Share Index Fund	1,016,884	3,702	1.00
+HSBC FTSE All World Index Fund	27,043,142	41,809	11.25
+HSBC	622,244	4,407	1.19
+^HSBC Japan Index Fund	13,998,857	18,129	4.88
Ibstock	263,588	743	0.20
IMI	108,375	1,233	0.33
Informa	210,902	1,811	0.49
John Wood Group	106,322	679	0.18
Lloyds Banking Group	2,223,478	1,387	0.37
Merlin Entertainments	174,892	708	0.19
Network Rail 4.625% 21/7/2020	£138,000	148	0.04
Prudential	229,770	3,966	1.07
QinetiQ	455,878	1,269	0.34
Reckitt Benckiser	33,117	2,141	0.58
Rentokil Initial	771,724	2,700	0.73
Rio Tinto	44,811	1,810	0.49
Royal Bank of Scotland	1,079,277	2,652	0.71
Royal Dutch Shell A	8,311	219	0.06
Royal Dutch Shell B	236,216	6,451	1.74
Sage Group	225,386	1,396	0.38
Sensata Technologies Holdings	467	18	0.00
Smiths Group	45,109	783	0.21
Treasury 1.50% 22/7/2047	£351,000	333	0.09
Treasury 1.625% 22/10/2071	£86,000	88	0.02



## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Treasury 1.75% 7/9/2022	£1,070,000	1,106	0.30
Treasury 2.25% 7/9/2023	£143,000	152	0.04
Treasury 2.5% 22/7/2065	£282,600	369	0.10
Treasury 2.75% 7/9/2024	£860,000	945	0.25
Treasury 3.25% 22/1/2044	£222,000	290	0.08
Treasury 3.5% 22/1/2045	£179,000	245	0.07
Treasury 3.75% 22/7/2052	£246,000	379	0.10
Treasury 4.25% 7/12/2027	£726,000	917	0.25
Treasury 4.25% 7/6/2032	£652,000	871	0.23
Treasury 4.25% 7/3/2036	£656,200	917	0.25
Treasury 4.25% 7/9/2039	£178,000	258	0.07
Treasury 4.25% 7/12/2040	£201,000	295	0.08
Treasury 4.25% 7/12/2046	£395,000	617	0.17
Treasury 4.25% 7/12/2055	£779,000	1,349	0.36
Treasury 4.5% 7/3/2019	£732,000	750	0.20
Treasury 4.5% 7/12/2042	£137,000	212	0.06
Treasury 4.75% 7/3/2020	£960,000	1,023	0.27
Treasury 4.75% 7/12/2030	£101,000	138	0.04
Treasury 4.75% 7/12/2038	£114,000	174	0.05
Unilever	103,058	4,326	1.16
Vodafone Group	374,170	679	0.18
WHSmith	59,272	1,166	0.31
<b>Total United Kingdom</b>		<b>165,079</b>	<b>44.43</b>

### UNITED STATES - 9.32% (8.43%)

3M Co	1,042	159	0.04
Abbott Laboratories	3,008	144	0.04
AbbVie	2,776	203	0.05
Activision	1,285	79	0.02
Acuity Brands	97	10	0.00
Adobe Systems	986	193	0.05
Advanced Micro Devices	1,194	15	0.00
Aetna	613	89	0.02
Aflac	1,660	54	0.01
Agilent Technologies	882	42	0.01
AIG	1,583	65	0.02
Air Products & Chemicals	507	60	0.02
Akamai Techs	404	24	0.01
Alcoa Upstream	266	10	0.00
Alexion Pharmaceuticals	358	37	0.01
Align Technology	203	56	0.02
Allstate	798	56	0.02
Alphabet A	509	464	0.12
Alphabet C	525	473	0.13
Altria Group	3,364	149	0.04
Amazon.com	702	964	0.26

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Ameren	654	30	0.01
American Electric Power	760	41	0.01
American Express	1,413	108	0.03
American Tower	849	92	0.02
Ameriprise Financial	420	45	0.01
AmerisourceBergen	255	17	0.00
Amgen	1,325	197	0.05
Amphenol Corporation A	721	48	0.01
Anadarko Petroleum	950	54	0.01
Analog Devices	804	60	0.02
Andeavor	215	22	0.01
Annaly Mortgage Management	3,013	24	0.01
Anthem	466	88	0.02
Apache	810	29	0.01
Apple	8,783	1,273	0.34
Applied Materials	1,981	69	0.02
Archer Daniels Midland	1,261	45	0.01
Arconic	750	10	0.00
AT&T	12,549	301	0.08
Autodesk	411	43	0.01
Automatic Data Processing	726	76	0.02
Autozone	34	18	0.00
AvalonBay Communities	271	36	0.01
Avery Dennison	350	27	0.01
Baker Hughes	940	23	0.01
Bank of New York Mellon	1,826	73	0.02
Baxter International	1,045	59	0.02
BB&T	1,635	63	0.02
Becton Dickinson	490	92	0.02
Berkshire Hathaway A	1	220	0.06
Berkshire Hathaway B	2,060	298	0.08
Best Buy	531	31	0.01
Biogen IDEC	424	112	0.03
BioMarin Pharmaceutical	446	35	0.01
Bank of America	16,276	352	0.09
BlackRock	212	81	0.02
Boeing	1,071	285	0.08
Booking Holdings	89	137	0.04
Boston Properties	429	41	0.01
Boston Scientific	3,324	84	0.02
Brighthouse Financial	149	5	0.00
Bristol Myers Squibb	2,849	123	0.03
Broadcom	695	107	0.03
Broadridge Financial Solutions	404	36	0.01
Brown & Brown	1,378	30	0.01
Brown-Forman B	892	34	0.01

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Capital One Financial	910	65	0.02
Cardinal Health	671	26	0.01
Carnival	940	41	0.01
Caterpillar	870	93	0.03
CB Richard Ellis Group	661	25	0.01
CBS	917	41	0.01
CDK Global	269	14	0.00
Celgene	1,405	91	0.02
Centene	347	35	0.01
CenturyLink	1,973	30	0.01
Cerner	564	26	0.01
CH Robinson Worldwide	427	28	0.01
Charter Communications A	367	85	0.02
Cheniere Energy	785	37	0.01
Chevron	3,132	294	0.08
Chicago Mercantile Exchange	676	85	0.02
Chipotle Mexican Grill	57	20	0.01
Cigna	471	62	0.02
Cimarex Energy	210	16	0.00
Cintas	137	20	0.01
Cisco Systems	8,518	269	0.07
Citigroup	4,620	234	0.06
Citrix Systems	595	49	0.01
Clorox	324	33	0.01
CMS Energy	640	23	0.01
Coca-Cola	6,488	220	0.06
Cognizant Technology Solutions A	1,150	71	0.02
Colgate-Palmolive	1,500	75	0.02
Comcast A	8,411	221	0.06
Comerica	642	44	0.01
Computer Associates International	556	19	0.01
ConAgra Foods	1,492	41	0.01
Concho Resources	341	38	0.01
Conoco Phillips	2,183	119	0.03
Consolidation Edison (New York registered)	640	39	0.01
#Consolidated Packaging	8,526	-	0.00
Constellation Brands A	232	38	0.01
Continental Resources	328	16	0.00
Corning	2,376	52	0.01
Costco Wholesale	755	124	0.03
Coty	1,408	15	0.00
Crown Castle International	746	63	0.02
CSX	1,979	97	0.03
Cummins	354	37	0.01
CVS Health	1,781	93	0.03
Danaher	1,111	84	0.02

**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Davita	160	9	0.00
Deere & Company	473	49	0.01
Dell Technologies	421	30	0.01
Dentsply Sirona	555	19	0.01
Devon Energy	976	33	0.01
Digital Realty Trust	420	37	0.01
Discover Financial Services	801	42	0.01
Discovery Communications A	350	7	0.00
Discovery Communications C	568	11	0.00
Dish Network	357	9	0.00
Dollar General	499	38	0.01
Dollar Tree Stores	493	32	0.01
Dominion Resources	1,006	53	0.01
Dover	206	12	0.00
DowDuPont	3,952	199	0.05
D.R.Horton	1,093	34	0.01
DTE Energy	351	28	0.01
Duke Energy	1,038	63	0.02
Duke Realty	1,604	35	0.01
DXC Technology	613	40	0.01
E*Trade Financial	662	30	0.01
Eastman Chemicals	350	26	0.01
Eaton	945	56	0.02
eBay	1,868	53	0.01
Ecolab	602	65	0.02
Edison International	704	35	0.01
Edwards Lifesciences	371	42	0.01
Electronic Arts	600	68	0.02
Eli Lilly	1,749	119	0.03
Emerson Electric	1,369	73	0.02
Entergy	434	27	0.01
EOG Resources	1,032	98	0.03
EQT Corporation	580	24	0.01
Equinix Real Estate Investment Trust	168	56	0.02
Equity Residential	779	38	0.01
Essex Property Trust	125	23	0.01
Estee Lauder	271	29	0.01
Eversource Energy	684	31	0.01
Exelon	1,780	57	0.02
Expedia	275	26	0.01
Expeditors International Washington	235	13	0.00
Express Scripts A	1,379	85	0.02
Extra Space Storage	232	17	0.00
Exxon Mobil	7,051	445	0.12
F5 Networks	243	32	0.01
Facebook	4,109	645	0.17

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Fastenal	731	31	0.01
Fedex	492	87	0.02
Fidelity National Information	818	67	0.02
Fifth Third Bancorp	2,220	49	0.01
FirstEnergy	1,103	30	0.01
Fiserv	1,190	70	0.02
#Flight International	62	-	0.00
Fluor New	488	18	0.00
Ford Motor	7,977	66	0.02
Fortive Corporation	672	39	0.01
Fortune Brands Home and Security	617	26	0.01
Franklin Resources	883	22	0.01
Freeport McMoRan	2,695	34	0.01
Gap	373	8	0.00
Gartner	85	9	0.00
General Electric	14,822	156	0.04
General Mills	1,425	48	0.01
General Motors	3,015	90	0.02
Genuine Parts	500	35	0.01
Gilead Sciences	2,370	139	0.04
Global Payments	499	45	0.01
Goldman Sachs	620	106	0.03
Goodyear Tire & Rubber	468	8	0.00
Grainger W.W.	129	30	0.01
Halliburton	1,440	49	0.01
Harley-Davidson	357	12	0.00
Hartford Financial Services	971	39	0.01
HCA Holdings	443	36	0.01
Health Care Property Investors	1,142	22	0.01
Hess Corporation	658	33	0.01
Hewlett-Packard	3,164	37	0.01
Hilton Worldwide Holdings	63	4	0.00
HollyFrontier	303	16	0.00
Home Depot	2,188	329	0.09
Honeywell International	1,302	145	0.04
Host Marriott	1,605	26	0.01
HP	2,940	53	0.01
Humana	302	73	0.02
Huntington Ingalls Industries	258	44	0.01
International Business Machines	1,536	170	0.05
Illinois Tool Works	517	56	0.02
Illumina	303	70	0.02
Incyte	332	18	0.00
Intel	8,109	321	0.09
IntercontinentalExchange	1,142	65	0.02
International Paper	774	31	0.01

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Intuit	522	84	0.02
Intuitive Surgical	255	101	0.03
IPG Photonics Corporation	82	14	0.00
Iron Mountain	994	28	0.01
Jabil Circuit	1,068	23	0.01
Jacobs Engineering Group	515	26	0.01
Jefferies Financial Group	1,129	19	0.01
Johnson & Johnson	4,618	441	0.12
JPMorgan Chase & Co	5,813	468	0.13
Juniper Networks	1,353	29	0.01
Kellogg	794	43	0.01
Keurig Dr Pepper	527	10	0.00
KeyCorp	3,624	54	0.01
Keysight Technologies	509	23	0.01
Kimberly-Clark	666	53	0.01
Kimco Realty	1,121	14	0.00
Kinder Morgan	3,507	48	0.01
KLA Tencor	476	38	0.01
Kohl's	578	30	0.01
Kraft Heinz	1,089	53	0.01
Kroger	1,798	38	0.01
L3 Communications	336	52	0.01
Lam Research	313	41	0.01
Lamb Weston	534	29	0.01
Las Vegas Sands	909	51	0.01
Leggett & Platt	553	19	0.01
Lennar	321	13	0.00
Liberty Broadband A	107	6	0.00
Liberty Broadband C	249	15	0.00
Liberty Global C	1,645	35	0.01
Liberty Siriusxm Group	305	11	0.00
Liberty Siriusxm Group C	458	17	0.00
Limited Brands	691	17	0.00
Lincoln National	344	17	0.00
Lowe's Companies	1,671	126	0.03
Lululemon Athletica	173	16	0.00
M&T Bank	276	35	0.01
Macy's	627	17	0.00
Marathon Oil Company	1,700	28	0.01
Marathon Petroleum Corporation	944	51	0.01
#Marriott International	96,061	-	0.00
Marriott International new A	645	64	0.02
Marsh & McLennan	1,130	74	0.02
Martin Marietta Materials	87	15	0.00
Masco	996	29	0.01
Mastercard	1,766	275	0.07

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Mattel	715	9	0.00
McDonald's	1,427	171	0.05
McKesson	422	44	0.01
Merck & Co	4,777	228	0.06
Metlife	1,643	55	0.02
MGM Resorts International	700	16	0.00
Michael Kors Holdings	349	18	0.00
Microchip Technology	87	6	0.00
MicronTechnology	1,757	75	0.02
Microsoft	12,969	1,036	0.28
Mohawk Industries	168	28	0.01
Molson Coors Brewing B	501	26	0.01
Mondelez International	2,750	89	0.02
Monster Beverage	764	35	0.01
Moody's	449	62	0.02
Morgan Stanley Dean Witter & Co	2,310	84	0.02
Motorola Solutions	460	42	0.01
Murphy Oil	742	19	0.01
Mylan	589	16	0.00
NASDAQ Stock Market	228	16	0.00
National-Oilwell	797	27	0.01
Network Appliance	755	47	0.01
NetFlix	775	232	0.06
Newell Brands	881	19	0.01
Newmont Mining	1,049	29	0.01
News Corporation A	1,275	15	0.00
NextEra Energy	767	98	0.03
Nike B	2,153	126	0.03
Nisource	871	17	0.00
Noble Energy	911	25	0.01
Norfolk Southern	636	77	0.02
Northern Trust	558	44	0.01
Nuance Communications	2,894	33	0.01
Nucor	632	31	0.01
Nvidia	1,066	201	0.06
NVR	4	9	0.00
Occidental Petroleum	1,406	89	0.02
Omnicom	585	34	0.01
ONEOK	401	22	0.01
Oracle	4,900	180	0.05
O'Reilly Automotive	153	33	0.01
PG&E	1,014	33	0.01
Paccar	788	38	0.01
Packaging Corporation of America	316	27	0.01
Palo Alto Networks	191	31	0.01
Parker-Hannifin	196	24	0.01

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Paychex	857	46	0.01
PayPal	2,324	155	0.04
PepsiCo	2,338	200	0.05
Perspecta Incorporation	306	5	0.00
Pfizer	9,430	268	0.07
Philip Morris International	2,824	177	0.05
Phillips 66	749	63	0.02
Pioneer Natural Resources	378	53	0.01
PNC Financial Services Group	940	98	0.03
Polaris Industries	194	18	0.00
PPG Industries	650	51	0.01
PPL	1,517	33	0.01
Praxair	583	74	0.02
Principal Financial Group	749	30	0.01
Procter & Gamble	4,202	252	0.07
Progressive	1,430	63	0.02
Prologis	899	45	0.01
Prudential Financial	823	59	0.02
Public Service Enterprise Group	1,076	42	0.01
Public Storage	286	49	0.01
PVH Corp	126	14	0.00
Qualcomm	2,591	115	0.03
Quest Diagnostics	456	40	0.01
Raytheon	684	103	0.03
Red Hat	393	44	0.01
Regeneron Pharmaceuticals	136	38	0.01
Regions Financial	2,742	36	0.01
Republic Services A	625	33	0.01
Rockwell Automation	317	41	0.01
Rockwell Coliins	574	60	0.02
Roper Technologies	43	9	0.00
Ross Stores	736	47	0.01
S&P Global	583	93	0.03
Salesforce.com	1,361	152	0.04
SBA Communications	279	35	0.01
Scana	470	14	0.00
Schlumberger	2,157	111	0.03
Schwab (Charles)	2,140	82	0.02
Sealed Air	1,076	35	0.01
Sempra Energy	536	47	0.01
ServiceNow	362	52	0.01
Sherwin-Williams	126	40	0.01
Simon Property	555	72	0.02
Skyworks Solutions	281	21	0.01
Southern	1,692	61	0.02
Splunk	296	24	0.01



## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Sprint	4,004	17	0.00
Stanley Black & Decker	344	35	0.01
Starbucks	2,610	102	0.03
State Street	787	55	0.02
Stryker	643	85	0.02
SunTrust Banks	1,251	64	0.02
Southwest Airlines	678	27	0.01
Symantec	1,890	31	0.01
Synchrony Financial	1,486	37	0.01
Sysco	892	48	0.01
T Rowe Price Group	487	44	0.01
Take Two Interactive	39	4	0.00
Tapestry	681	24	0.01
Target	1,186	70	0.02
Tesla Motors	238	57	0.02
Texas Instruments	1,776	155	0.04
The Mosaic Company	1,115	24	0.01
Thermo Fisher Scientific	736	118	0.03
TJX Companies	1,405	101	0.03
Toll Brothers	466	13	0.00
TransDigm Group	195	53	0.01
Travelers	650	62	0.02
TripAdvisor	395	18	0.00
Twenty-First Century Fox B	663	24	0.01
Twenty-First Century Fox A	2,190	79	0.02
Twitter	1,163	39	0.01
Tyson Foods	142	7	0.00
UDR	1,185	34	0.01
Ulta Beauty	81	16	0.00
Under Armour A	452	7	0.00
Under Armour C	706	11	0.00
Union Pacific	1,473	156	0.04
United Technologies	1,390	136	0.04
UnitedHealth Group	1,624	318	0.09
United Parcel Services	1,246	103	0.03
US Bancorp	2,606	101	0.03
US Treasury 0.75% 15/2/2019	\$200,000	150	0.04
US Treasury 1.625% 15/5/2026	\$80,000	56	0.02
US Treasury 2% 15/2/2022	\$852,000	630	0.17
US Treasury 2.25% 15/11/2024	\$422,000	310	0.08
US Treasury 2.25% 15/8/2027	\$250,000	181	0.05
US Treasury 2.25% 15/11/2027	\$350,000	252	0.07
US Treasury 2.5% 15/8/2023	\$200,000	150	0.04
US Treasury 2.5% 15/5/2024	\$323,000	241	0.07
US Treasury 3.375% 15/5/2044	\$255,000	209	0.06
US Treasury 4.375% 15/11/2039	\$325,000	304	0.08

**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
United Rentals	187	22	0.01
VF	569	37	0.01
Valero Energy	828	67	0.02
Varian Medical Systems	213	19	0.01
Ventas	285	13	0.00
VeriSign	358	40	0.01
Verizon Communications	7,465	291	0.08
Vertex Pharmaceuticals	449	61	0.02
Visa A	3,051	322	0.09
Vornado Realty Trust	379	21	0.01
Wal-Mart Stores	2,291	152	0.04
Walgreens Boots Alliance	1,372	68	0.02
Walt Disney	2,767	231	0.06
Waste Management	935	60	0.02
WEC Energy Group	824	41	0.01
Wells Fargo & Co	8,199	344	0.09
Wells Fargo & Co 1.375% 30/6/2022	\$143,000	140	0.04
Welltower	686	33	0.01
Western Digital	598	36	0.01
Western Union	1,665	26	0.01
Weyerhaeuser	2,250	62	0.02
Whirlpool	162	19	0.01
WI Treasury Note 2.125% 30/6/2021	\$280,000	209	0.06
Williams Companies	1,789	37	0.01
Workday A	253	26	0.01
Worldpay A	265	17	0.00
Wynn Resorts	128	16	0.00
Xcel Energy	1,657	58	0.02
Xerox	613	12	0.00
Xilinx	756	39	0.01
XPO Logistics	104	8	0.00
Xylem	637	33	0.01
Yum! Brands	762	46	0.01
Yum! China	879	24	0.01
YY ADR	1,488	111	0.03
Zimmer Holdings	465	40	0.01
Zoetis	1,036	68	0.02
<b>Total United States</b>		<b>34,636</b>	<b>9.32</b>
<b>AUSTRALIA - 0.05% (0.04%)</b>			
Australia (Government) 2.75% 21/4/2024	AUD\$113,000	65	0.02
Australia (Government) 4.75% 21/4/2027	AUD\$155,000	102	0.03
<b>Total Australia</b>		<b>167</b>	<b>0.05</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>BELGIUM - 0.21% (0.32%)</b>			
Belgium 2.25% 22/6/2023	€289,000	286	0.08
KBC Group	8,523	496	0.13
<b>Total Belgium</b>		<b>782</b>	<b>0.21</b>
<b>BERMUDA - 0.06% (0.32%)</b>			
Invesco	1,123	22	0.01
MarvellTechnology Group	1,298	22	0.01
Renaissancere Holdings	151	14	0.00
Shenzhen International	87,000	127	0.03
XL Group	781	33	0.01
<b>Total Bermuda</b>		<b>218</b>	<b>0.06</b>
<b>CANADA - 0.03% (0.03%)</b>			
Canada (Government) 0.5% 1/3/2022	C\$100,000	55	0.01
Canada (Government) 1.5% 1/6/2026	C\$80,000	44	0.01
Canada (Government) 3.5% 1/12/2045	C\$36,000	26	0.01
<b>Total Canada</b>		<b>125</b>	<b>0.03</b>
<b>CAYMAN ISLANDS - 0.77% (0.88%)</b>			
Alibaba Group	2,676	385	0.10
China Biologic Products Holdings	3,775	289	0.08
China Resources Land	86,000	222	0.06
Herbalife Nutrition	418	17	0.00
Sands China	54,800	218	0.06
Sea	34,879	420	0.11
Tencent Holdings	24,800	911	0.25
Vipshop Holdings ADR	50,649	392	0.11
<b>Total Cayman Islands</b>		<b>2,854</b>	<b>0.77</b>
<b>CHANNEL ISLANDS - 0.86% (0.91%)</b>			
Amdocs	385	20	0.01
Aptiv	707	50	0.01
Delphi Technologies	235	8	0.00
Ferguson	47,825	2,983	0.80
Heathrow 6.75% 3/12/2026	£100,000	131	0.04
<b>Total Channel Islands</b>		<b>3,192</b>	<b>0.86</b>
<b>CHINA (INCLUDING HONG KONG) - 0.91% (0.98%)</b>			
AIA Group	84,600	556	0.15
Aluminum Corporation of China	448,000	138	0.04
BAIC Motor Corporation H	255,500	164	0.04
BOC Hong Kong Holdings	117,500	413	0.11
China Construction Bank	538,700	361	0.10
China Life Insurance H	91,000	174	0.05
China Longyuan Power Group H	181,000	117	0.03

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
China Shenhua Energy	131,500	215	0.06
China State Construction International Holdings	239,000	182	0.05
China Telecom Corporation	714,000	245	0.06
CNOOC	197,000	245	0.06
Guangdong Investment	134,000	173	0.05
Huatai Securities H	145,600	168	0.05
Techtronic Industries	35,500	147	0.04
Xinyi Glass	100,000	84	0.02
<b>Total China (Including Hong Kong)</b>		<b>3,382</b>	<b>0.91</b>
<b>DENMARK - 0.32% (0.35%)</b>			
Danske Bank	17,770	409	0.11
Novo Nordisk B	20,584	774	0.21
<b>Total Denmark</b>		<b>1,183</b>	<b>0.32</b>
<b>FRANCE - 1.88% (1.71%)</b>			
Arkema	5,349	482	0.13
AXA	27,359	501	0.14
Cap Gemini	6,523	668	0.18
Carrefour	23,788	276	0.07
France (Government) 0% 25/5/2022	€50,000	45	0.01
France (Government) 0.25% 25/11/2020	€50,000	45	0.01
France (Government) 1% 25/11/2018	€108,000	96	0.03
France (Government) 1% 25/5/2027	€100,000	93	0.03
France (Government) 3% 25/4/2022	€230,000	229	0.06
France (Government) 3.25% 25/5/2045	€70,000	87	0.02
France (Government) 4% 25/10/2038	€119,000	159	0.04
Natixis Banques Populaires	82,604	439	0.12
Orange	40,833	526	0.14
Publicis Groupe	8,733	468	0.13
Renault	6,471	419	0.11
Saint Gobain	12,467	407	0.11
Societe Generale	12,694	406	0.11
Total SA	21,376	1,005	0.27
Vinci	8,400	635	0.17
<b>Total France</b>		<b>6,986</b>	<b>1.88</b>
<b>GERMANY - 1.19% (1.34%)</b>			
Allianz (registered)	4,936	784	0.21
Bayer	8,475	701	0.19
Bundesrepublik Deutschland 1.75% 4/7/2022	€50,000	48	0.01
Continental	2,480	442	0.12
Deutsche Post	18,049	448	0.12
German (Government) 3.5% 4/7/2019	€100,000	92	0.02
German (Government) 4.25% 4/7/2039	€54,000	80	0.02
KFW 1.625% 5/6/2020	€220,000	223	0.06

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
SAP	9,305	843	0.23
Siemens	7,539	778	0.21
<b>Total Germany</b>		<b>4,439</b>	<b>1.19</b>
<b>INDIA - 0.09% (0.08%)</b>			
ICICI Bank	8,607	52	0.01
Tata Motors ADR	13,275	193	0.05
Vedanta	12,766	118	0.03
<b>Total India</b>		<b>363</b>	<b>0.09</b>
<b>INDONESIA - 0.12% (0.19%)</b>			
Bank Mandiri	450,400	155	0.04
Matahari Department	328,400	140	0.04
United Tractor	81,000	141	0.04
<b>Total Indonesia</b>		<b>436</b>	<b>0.12</b>
<b>IRELAND - 6.45% (6.33%)</b>			
Accenture	1,075	137	0.04
Adient	162	6	0.00
Allegion	256	15	0.00
Allergan	686	92	0.02
DCC (London listed)	26,952	1,927	0.52
+^HSBC Global Liquidity Fund	3,694,040	3,694	0.99
+^HSBC MSCI Russia Capped UCITS ETF	311,621	2,542	0.68
+^HSBC Sterling Liquidity Fund	686	1	0.00
Ingersoll-Rand	505	35	0.01
^iShares \$ Treasury Bond UCITS ETF	37,175	3,674	0.99
^iShares FTSE 100 UCITS ETF	229,591	1,742	0.47
^iShares FTSE 250 UCITS ETF	21,989	437	0.12
^iShares Core MSCI Emerging Markets IMI UCITS ETF	277,559	5,945	1.60
^iShares MSCI Europe ex-UK UCITS ETF	33,201	913	0.25
Jazz Pharmaceuticals	173	23	0.01
Johnson Controls International	1,943	52	0.01
Medtronic	2,519	169	0.05
Nvent Electric	294	5	0.00
Pentair	883	29	0.01
Perrigo	167	10	0.00
Ryanair	80,907	1,117	0.30
Smurfit Kappa Group	45,260	1,423	0.38
Weatherford International	2,453	6	0.00
<b>Total Ireland</b>		<b>23,994</b>	<b>6.45</b>
<b>ISRAEL - 0.01% (0.01%)</b>			
Check Point Software Technologies	294	24	0.01
<b>Total Israel</b>		<b>24</b>	<b>0.01</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>ITALY - 0.62% (0.67%)</b>			
BTP Italy 5% 1/3/2022	€226,000	225	0.06
BTP Italy 5% 1/8/2039	€40,000	44	0.01
Buoni Poliennali Del Tes 0.1% 15/4/2019	€50,000	44	0.01
Buoni Poliennali Del Tes 1.25% 1/12/2026	€420,000	341	0.09
Buoni Poliennali Del Tes 2.05% 1/8/2027	€50,000	43	0.01
Buoni Poliennali Del Tes 2.5% 1/12/2024	€104,000	94	0.03
Enel	148,192	638	0.17
Prysmian	18,217	350	0.10
Prysmian Rights	18,217	14	0.00
UniCredit	40,257	508	0.14
<b>Total Italy</b>		<b>2,301</b>	<b>0.62</b>
<b>JAPAN - 0.49% (0.44%)</b>			
Japan (5 Year Issue) 0.1% 20/6/2021	¥20,000,000	136	0.03
Japan (10 Year Issue) 0.1% 15/1/2019	¥30,000,000	202	0.05
Japan (10 Year Issue) 0.1% 20/12/2026	¥10,000,000	68	0.02
Japan (20 Year Issue) 0.6% 20/9/2037	¥5,000,000	35	0.01
Japan (30 Year Issue) 0.3% 20/6/2046	¥23,600,000	144	0.04
Japan (Government) 0.6% 20/3/2023	¥27,150,000	189	0.05
Japan (Government) 0.8% 20/9/2020	¥20,000,000	137	0.04
Japan (Government) 1.3% 20/9/2019	¥26,250,000	180	0.05
Japan (Government) 1.8% 20/3/2032	¥60,800,000	498	0.13
Japan (Government) 1.8% 20/3/2043	¥29,150,000	250	0.07
<b>Total Japan</b>		<b>1,839</b>	<b>0.49</b>
<b>LIBERIA - 0.01% (0.01%)</b>			
Royal Caribbean Cruises	422	34	0.01
<b>Total Liberia</b>		<b>34</b>	<b>0.01</b>
<b>LUXEMBOURG - 25.97% (28.08%)</b>			
ArcelorMittal	18,061	404	0.11
+^HSBC (Lux) Indian Equity Fund	7,921	1,093	0.29
+^HSBC GIF Brazil Bond	232,500	1,453	0.39
+^HSBC GIF Global Emerging Markets Local Debt	2,854,758	20,107	5.41
+^HSBC GIF Global Real Estate Equity	2,476,165	19,290	5.19
+^HSBC GIF Global Short Duration High Yield Bond	729,990	7,150	1.93
+^HSBC GIF India Fixed Income	164,526	1,256	0.34
+^HSBC GIF Economic Scale US Equity Fund	135,053	4,816	1.30
+^HSBC GIF Economic Scale Index GEM Equity Fund	1,066,702	8,701	2.34
+^HSBC GIF Global Yield Bond Fund	726,578	7,067	1.90
+^HSBC GIF Frontier Markets Fund	472,912	6,260	1.69
+^HSBC GIF Global Emerging Markets Bond	1,903,536	18,356	4.94
L'Occitane International	287,500	371	0.10
Samsonite International	61,200	164	0.04
<b>Total Luxembourg</b>		<b>96,488</b>	<b>25.97</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>MALAYSIA - 0.00% (0.05%)</b>			
<b>NETHERLANDS - 1.15% (1.09%)</b>			
Core Laboratories	238	21	0.01
ING Groep Certificates	49,834	547	0.15
Koninklijke Ahold Delhaize	28,919	538	0.15
Koninklijke DSM	8,184	637	0.17
Koninklijke Philips	20,213	661	0.18
Lyondell Basell Industries	622	51	0.01
Netherland (Government) 2.25% 15/7/2022	£5,000	5	0.00
Netherland (Government) 2.75% 15/1/2047	£130,000	165	0.04
NXP Semiconductors	450	37	0.01
Randstad	9,763	441	0.12
RELX	31,064	522	0.14
Unilever	15,235	644	0.17
<b>Total Netherlands</b>		<b>4,269</b>	<b>1.15</b>
<b>SINGAPORE - 0.05% (0.25%)</b>			
Flex	1,814	20	0.01
Singapore Exchange	34,400	143	0.04
<b>Total Singapore</b>		<b>163</b>	<b>0.05</b>
<b>SOUTH KOREA - 0.48% (0.65%)</b>			
BNK Financial Group	28,503	176	0.05
Doosan Bobcat	11,546	237	0.06
Hyundai Motor	1,549	128	0.03
Mando Corporation	4,780	129	0.03
POSCO	641	137	0.04
Samsung Electronics	22,486	704	0.19
SK Hynix	4,810	288	0.08
<b>Total South Korea</b>		<b>1,799</b>	<b>0.48</b>
<b>SPAIN - 0.30% (0.36%)</b>			
Banco Santander	164,715	673	0.18
Bonos y Obligaciones del Estado 1.95% 30/4/2026	€125,000	119	0.03
Bonos y Obligaciones del Estado 4.1% 30/7/2018	€77,000	68	0.02
Bonos y Obligaciones del Estado 4.4% 31/10/2023	€127,000	136	0.04
Bonos y Obligaciones del Estado 5.15% 31/10/2044	€53,000	73	0.02
Spain (Government) 1.45% 31/10/2027	€50,000	45	0.01
<b>Total Spain</b>		<b>1,114</b>	<b>0.30</b>
<b>SWEDEN - 0.14% (0.12%)</b>			
Sweden Government 1% 12/11/2026	SEK285,000	26	0.01
Volvo B	37,737	474	0.13
<b>Total Sweden</b>		<b>500</b>	<b>0.14</b>

**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>SWITZERLAND - 1.07% (1.10%)</b>			
Chubb	838	84	0.02
Nestlé (registered)	21,520	1,297	0.35
Novartis (registered)	17,482	1,044	0.28
Roche Holding participating	5,415	951	0.26
TE Connectivity	856	60	0.02
UBS Group	46,286	526	0.14
<b>Total Switzerland</b>		<b>3,962</b>	<b>1.07</b>
<b>TAIWAN - 0.47% (0.47%)</b>			
Catcher	24,000	213	0.06
Delta Electronics	125,000	324	0.09
MediaTek	29,000	205	0.05
Nanya Technology	46,000	101	0.03
Taiwan Semiconductor Manufacturing	163,067	906	0.24
<b>Total Taiwan</b>		<b>1,749</b>	<b>0.47</b>
<b>THAILAND - 0.04% (0.00%)</b>			
Siam Commercial Bank	53,600	151	0.04
<b>Total Thailand</b>		<b>151</b>	<b>0.04</b>
<b>FORWARD FOREIGN EXCHANGE CONTRACTS - 0.00% (0.01%)</b>			
#Sold €217,000 for £187,963 settled on 27/7/2018		(4)	0.00
#Sold £187,631 for SEK2,260,000 settled on 27/7/2018		5	0.00
#Sold SEK298,000 for £25,548 settled on 21/8/2018		-	0.00
#Sold ¥342,755,000 for £2,350,902 settled on 10/8/2018		39	0.00
#Sold \$3,550,000 for £2,659,152 settled on 10/8/2018		(27)	0.00
#Sold AUD297,000 for £170,101 settled on 9/8/2018		4	0.00
#Sold €3,032,000 for £2,667,011 settled on 9/8/2018		(15)	0.00
#Sold C\$217,000 for £125,846 settled on 9/8/2018		1	0.00
<b>Total Forward Foreign Exchange Contracts</b>		<b>3</b>	<b>0.00</b>
<b>Portfolio of investments</b>		<b>362,232</b>	<b>97.49</b>
<b>Net other assets</b>		<b>9,338</b>	<b>2.51</b>
<b>Net assets</b>		<b>371,570</b>	<b>100.00</b>



## Portfolio Statement

as at 15 July 2018 (unaudited)

	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Total Equities</b>	<b>342,181</b>	<b>94.46</b>
<b>Total Forward Foreign Exchange Contracts</b>	<b>3</b>	<b>0.00</b>
Bond credit rating*		
AAA	2,359	0.65
AA+	1,731	0.48
AA	12,616	3.48
A+	1,839	0.51
A	140	0.04
A-	131	0.04
BBB+	441	0.12
BBB	791	0.22
<b>Total Bonds</b>	<b>20,048</b>	<b>5.54</b>
<b>Portfolio of investments</b>	<b>362,232</b>	<b>100.00</b>

+related party

#unlisted

^investment scheme registered outside the UK

\*ratings supplied by Standard & Poor's

Figures in brackets denote the comparative percentage holdings as at 15 January 2018.

Unless otherwise stated, all investments are listed securities.

Total purchases for the period, including transaction charges, were £75,424,219.

Total sales for the period, net of transaction charges, were £84,821,075.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Retail Income</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	147.30p	140.40p	118.40p	122.00p
Return before operating charges*	(1.10p)	11.22p	25.72p	(0.19p)
Operating charges**	(1.17p)	(2.35p)	(2.13p)	(2.09p)
Return after operating charges*	(2.27p)	8.87p	23.59p	(2.28p)
Distributions on income share	(1.63p)	(1.97p)	(1.59p)	(1.32p)
Closing net asset value per share	143.40p	147.30p	140.40p	118.40p
*after direct transaction costs of:***	0.06p	0.14p	0.21p	0.08p
<b>Performance</b>				
Return after charges	(1.54%)	6.32%	19.92%	(1.87%)
<b>Other information</b>				
Closing net asset value	£2,274,857	£2,377,825	£2,421,429	£2,348,537
Closing number of shares	1,586,431	1,614,574	1,724,994	1,982,806
Operating charges - OCF	1.74%	1.75%	1.70%	1.70%
Direct transaction costs	0.04%	0.10%	0.17%	0.07%
<b>Prices</b>				
Highest share price	147.50p	148.60p	140.60p	132.70p
Lowest share price	136.80p	136.70p	114.10p	117.30p

<b>Retail Accumulation</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	220.70p	207.50p	173.00p	176.60p
Return before operating charges*	(1.65p)	16.70p	37.63p	(0.55p)
Operating charges**	(1.75p)	(3.50p)	(3.13p)	(3.05p)
Return after operating charges*	(3.40p)	13.20p	34.50p	(3.60p)
Distributions on accumulation share	(2.45p)	(2.92p)	(2.33p)	(1.88p)
Retained distributions on accumulation share	2.45p	2.92p	2.33p	1.88p
Closing net asset value per share	217.30p	220.70p	207.50p	173.00p
*after direct transaction costs of:***	0.09p	0.20p	0.31p	0.12p
<b>Performance</b>				
Return after charges	(1.54%)	6.36%	19.94%	(2.04%)
<b>Other information</b>				
Closing net asset value	£44,200,987	£46,722,925	£46,436,672	£42,252,879
Closing number of shares	20,341,574	21,173,725	22,383,335	24,426,018
Operating charges - OCF	1.74%	1.75%	1.70%	1.70%
Direct transaction costs	0.04%	0.10%	0.17%	0.07%
<b>Prices</b>				
Highest share price	221.10p	222.00p	207.20p	192.20p
Lowest share price	205.00p	201.90p	166.40p	169.70p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Income C</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	147.00p	140.10p	118.20p	122.00p
Return before operating charges*	(1.09p)	11.23p	25.63p	(0.38p)
Operating charges**	(0.48p)	(0.96p)	(0.87p)	(0.84p)
Return after operating charges*	(1.57p)	10.27p	24.76p	(1.22p)
Distributions on income share	(2.33p)	(3.37p)	(2.86p)	(2.58p)
Closing net asset value per share	143.10p	147.00p	140.10p	118.20p
*after direct transaction costs of:***	0.06p	0.14p	0.21p	0.08p
<b>Performance</b>				
Return after charges	(1.07%)	7.33%	20.95%	(1.00%)
<b>Other information</b>				
Closing net asset value	£16,580,674	£17,795,166	£17,844,376	£16,287,047
Closing number of shares	11,584,664	12,105,747	12,738,241	13,784,715
Operating charges - OCF	0.76%	0.77%	0.72%	0.72%
Direct transaction costs	0.04%	0.10%	0.17%	0.07%
<b>Prices</b>				
Highest share price	147.30p	149.00p	141.00p	133.10p
Lowest share price	136.80p	136.40p	113.70p	117.50p

<b>Accumulation C</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	229.70p	213.80p	176.60p	178.50p
Return before operating charges*	(1.65p)	17.38p	38.52p	(0.65p)
Operating charges**	(0.75p)	(1.48p)	(1.32p)	(1.25p)
Return after operating charges*	(2.40p)	15.90p	37.20p	(1.90p)
Distributions on accumulation share	(3.64p)	(5.17p)	(4.29p)	(3.80p)
Retained distributions on accumulation share	3.64p	5.17p	4.29p	3.80p
Closing net asset value per share	227.30p	229.70p	213.80p	176.60p
*after direct transaction costs of:***	0.09p	0.21p	0.32p	0.12p
<b>Performance</b>				
Return after charges	(1.04%)	7.44%	21.10%	(1.06%)
<b>Other information</b>				
Closing net asset value	£2,995,125	£3,013,311	£2,670,208	£1,968,603
Closing number of shares	1,317,874	1,311,967	1,248,693	1,114,871
Operating charges - OCF	0.76%	0.77%	0.72%	0.72%
Direct transaction costs	0.04%	0.10%	0.17%	0.07%
<b>Prices</b>				
Highest share price	230.10p	231.00p	213.50p	194.70p
Lowest share price	213.80p	208.20p	170.00p	174.20p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Institutional Accumulation</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	229.40p	212.20p	174.10p	171.30p
Return before operating charges*	(1.67p)	17.24p	38.15p	2.82p
Operating charges**	(0.03p)	(0.04p)	(0.05p)	(0.02p)
Return after operating charges*	(1.70p)	17.20p	38.10p	2.80p
Distributions on accumulation share	(4.36p)	(6.57p)	(5.50p)	(1.62p)
Retained distributions on accumulation share	4.36p	6.57p	5.50p	1.62p
Closing net asset value per share	227.70p	229.40p	212.20p	174.10p
*after direct transaction costs of:***	0.09p	0.21p	0.32p	0.12p
<b>Performance</b>				
Return after charges	(0.74%)	8.11%	21.88%	1.63%
<b>Other information</b>				
Closing net asset value	£305,518,412	£317,038,216	£312,196,904	£273,071,181
Closing number of shares	134,163,298	138,204,929	147,127,293	156,863,001
Operating charges - OCF	0.11%	0.12%	0.07%	0.07%
Direct transaction costs	0.04%	0.10%	0.17%	0.07%
<b>Prices</b>				
Highest share price	229.90p	230.70p	211.90p	184.20p
Lowest share price	213.80p	206.60p	167.60p	171.40p
**The operating charges include all costs borne by the Fund, except for direct transaction costs.				
***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.				

## Statement of Total Return

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(10,197)		4,709
Revenue	7,437		7,312	
Expenses	(475)		(492)	
Interest payable and similar charges	-		(1)	
Net revenue before taxation	6,962		6,819	
Taxation	(266)		(259)	
Net revenue after taxation		6,696		6,560
Total (deficit)/return before distributions		(3,501)		11,269
Distributions		(6,764)		(6,643)
Change in net assets attributable to shareholders from investment activities		(10,265)		4,626

## Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		386,947		381,570
Amounts receivable on creation of shares	570		751	
Amounts payable on cancellation of shares	(12,078)		(13,021)	
		(11,508)		(12,270)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(10,265)		4,626
Retained distribution on accumulation shares		6,396		6,263
Closing net assets attributable to shareholders		371,570		380,189

## Balance Sheet

as at 15 July 2018 (unaudited)

	15.7.18		15.1.18	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investments		362,278		381,622
Current assets				
Debtors	3,170		674	
Cash and bank balances	6,783		5,171	
Total current assets		9,953		5,845
Total assets		372,231		387,467
<b>Liabilities</b>				
Investment liabilities		(46)		(34)
Creditors				
Distribution payable on income shares	(296)		(149)	
Other creditors	(319)		(337)	
Total creditors		(615)		(486)
Total liabilities		(661)		(520)
Net assets attributable to shareholders		371,570		386,947

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 January 2018				
Group 2: Shares purchased from 16 January 2018 to 15 July 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.9.18</i>	<i>Distribution paid 15.9.17</i>
<b>Retail Income</b>				
Group 1	1.630000	-	1.630000	1.510000
Group 2	1.240000	0.390000	1.630000	1.510000
<b>Retail Accumulation</b>				
Group 1	2.450000	-	2.450000	2.230000
Group 2	1.780000	0.670000	2.450000	2.230000
<b>Income C</b>				
Group 1	2.330000	-	2.330000	2.200000
Group 2	1.940000	0.390000	2.330000	2.200000
<b>Accumulation C</b>				
Group 1	3.640000	-	3.640000	3.360000
Group 2	2.790000	0.850000	3.640000	3.360000
<b>Institutional Accumulation</b>				
Group 1	4.360000	-	4.360000	4.030000
Group 2	4.360000	0.000000	4.360000	4.030000

# UK Growth & Income

## Investment Objective

To provide long-term capital and income growth by investing predominantly within the UK.

## Investment Policy

To invest predominantly in UK equities, fixed interest and other securities.

## Investment Strategy

To provide long-term capital and income growth through active stock selection to create a portfolio of about 40 stocks. The stock selection process is based on quantitative and qualitative factors, with fundamental research being the most important aspect.

## Portfolio Activity

During the period the FTSE All Share Advanced by 1.1%. The Health Care and Energy sectors led the way whilst Telecommunications and Financials lagged. Over the same time, the Fund underperformed the index.

Allocation effects, residual to stock selection, were negative for the period given the Fund's underweight exposure to Health Care and overweight Telecommunications. Partially offsetting this was an underweight position in Consumer Staples and overweight Industrials.

At the stock level, the main detractors included Sage Group, which fell after announcing a growth warning, prompted by a decline in recurring revenues and a drop in licenses. Additionally, Royal Bank of Scotland was impacted by the government's decision to sell down its position following a bailout of the company during the Financial Crisis. Underperformance was compounded as rising macro and geopolitical uncertainties likely mean slower loans and revenue growth going forward.

Contributors to performance included Glencore, not held in the portfolio, which fell after being subpoenaed by the US Department of Justice regarding money laundering. Furthermore, Rentokil Initial surged after delivering a solid set of results, which, when adjusted for the impacts of hurricanes in Puerto Rico and the cold weather delaying the start of the pest season, shows better growth than the previous quarter.

During the period major purchases included Reckitt Benckiser, Lloyds Banking Group, Royal Bank of Scotland and Smurfit Kappa Group. Major sales included Centrica, Imperial Brands, BP and Rio Tinto.

Your portfolio aims to deliver diversified exposure to UK equities, by investing in companies with an attractive combination of profitability and valuation. These quality companies typically have sustainable business models, strong balance sheets and good management. We believe this disciplined approach should help investors navigate short-term uncertainties.

## Investment Performance

During the period under review, the value of the share in the Fund decreased by 0.95%.

(Source: Morningstar Direct, GBP, net of tax for the Accumulation C share class. Returns based on the NAV, which is a single price.)

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Fund Particulars

as at 16 July 2018 (unaudited)

	Retail Income	Retail Accumulation	Retail B Income	Retail B Accumulation
Price	71.49p xd	137.70p	77.91p xd	150.10p
Distribution payable (on 15 September 2018) per share net	1.550000p	2.910000p	1.680000p	3.180000p
Current net estimated yield	3.99%	3.79%	3.94%	3.75%
Annual ACD charge	1.50%	1.50%	0.60%	0.60%
	CTF Accumulation		Income C	Accumulation C
Price	139.70p		75.29p xd	143.40p
Distribution payable (on 15 September 2018) per share net	2.960000p		1.620000p	3.030000p
Current net estimated yield	3.78%		3.95%	3.76%
Annual ACD charge	1.15%		0.80%	0.80%

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Oil &amp; Gas - 13.03% (13.65%)</b>			
BP	9,498,274	54,207	5.65
John Wood Group	1,079,983	6,901	0.72
Royal Dutch Shell A	2,419,700	64,001	6.66
<b>Total Oil &amp; Gas</b>		<b>125,109</b>	<b>13.03</b>
<b>Basic Materials - 8.82% (8.53%)</b>			
Antofagasta	1,312,721	12,397	1.29
BHP Billiton	2,260,136	37,292	3.88
Croda International	330,323	16,278	1.70
Rio Tinto	464,751	18,767	1.95
<b>Total Basic Materials</b>		<b>84,734</b>	<b>8.82</b>
<b>Industrials - 18.04% (14.60%)</b>			
BAE Systems	3,132,017	21,028	2.19
Coats Group	17,442,046	13,832	1.44
DCC (London listed)	189,244	13,531	1.41
Essentra	2,429,409	11,899	1.24
Ferguson	493,071	30,753	3.20
Ibstock	2,765,911	7,794	0.81
IMI	940,665	10,705	1.11
QinetiQ	4,783,672	13,318	1.39
Rentokil Initial	7,805,145	27,302	2.84
Smiths Group	472,819	8,203	0.85
Smurfit Kappa Group	474,927	14,932	1.56
<b>Total Industrials</b>		<b>173,297</b>	<b>18.04</b>
<b>Consumer Goods - 14.60% (10.93%)</b>			
British American Tobacco	1,210,124	47,497	4.95
Diageo	532,213	14,921	1.55
Reckitt Benckiser	347,502	22,466	2.34
Ryanair Holdings	848,039	11,730	1.22
Unilever	1,038,779	43,608	4.54
<b>Total Consumer Goods</b>		<b>140,222</b>	<b>14.60</b>
<b>Healthcare - 6.40% (6.32%)</b>			
AstraZeneca	328,293	18,059	1.88
GlaxoSmithKline	2,752,808	43,384	4.52
<b>Total Healthcare</b>		<b>61,443</b>	<b>6.40</b>



## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Consumer Services - 9.69% (11.76%)</b>			
Card Factory	2,665,913	5,412	0.56
Compass Group	1,443,857	24,047	2.51
Halfords Group	3,718,293	13,170	1.37
Informa	1,957,964	16,815	1.75
Merlin Entertainments	1,835,194	7,425	0.77
WHSmith	668,944	13,158	1.37
Wolters Kluwer certificates	293,386	13,085	1.36
<b>Total Consumer Services</b>		<b>93,112</b>	<b>9.69</b>
<b>Telecommunications - 2.68% (4.79%)</b>			
BT Group	8,391,437	18,658	1.94
Vodafone Group	3,926,279	7,126	0.74
<b>Total Telecommunications</b>		<b>25,784</b>	<b>2.68</b>
<b>Utilities - 0.00% (2.54%)</b>			
<b>Financials - 22.42% (20.97%)</b>			
Ashmore Group	3,450,520	12,194	1.27
Aviva	5,552,450	27,185	2.83
Barclays	12,215,545	23,171	2.41
+HSBC Holdings (London listed)	6,418,314	45,461	4.73
iShares FTSE 100 UCITS ETF	2,612,622	19,825	2.06
iShares FTSE 250 UCITS ETF	244,360	4,853	0.50
Lloyds Banking Group	23,331,648	14,559	1.52
Prudential	2,336,194	40,323	4.20
Royal Bank of Scotland	11,325,189	27,826	2.90
<b>Total Financials</b>		<b>215,397</b>	<b>22.42</b>
<b>Technology - 2.88% (4.27%)</b>			
Microsoft	162,721	12,995	1.35
Sage Group	2,365,044	14,644	1.53
<b>Total Technology</b>		<b>27,639</b>	<b>2.88</b>
<b>Portfolio of investments</b>		<b>946,737</b>	<b>98.56</b>
<b>Net other assets</b>		<b>13,795</b>	<b>1.44</b>
<b>Net assets</b>		<b>960,532</b>	<b>100.00</b>

+related party

Figures in brackets denote the comparative percentage holdings as at 15 January 2018.

Unless otherwise stated, all investments are listed equities.

Total purchases for the period, including transaction charges, were £245,248,143.

Total sales for the period, net of transaction charges, were £236,435,530.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Retail Income</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	74.57p	72.60p	64.47p	68.86p
Return before operating charges*	(0.51p)	6.02p	11.71p	(0.79p)
Operating charges**	(0.58p)	(1.20p)	(1.13p)	(1.19p)
Return after operating charges*	(1.09p)	4.82p	10.58p	(1.98p)
Distributions on income share	(1.55p)	(2.85p)	(2.45p)	(2.41p)
Closing net asset value per share	71.93p	74.57p	72.60p	64.47p
*after direct transaction costs of:***	0.10p	0.20p	0.22p	0.10p
<b>Performance</b>				
Return after charges	(1.46%)	6.64%	16.41%	(2.88%)
<b>Other information</b>				
Closing net asset value	£8,343,992	£9,380,149	£33,198,426	£35,323,608
Closing number of shares	11,600,435	12,578,951	45,726,050	54,788,766
Operating charges - OCF	1.64%	1.64%	1.64%	1.64%
Direct transaction costs	0.14%	0.27%	0.32%	0.14%
<b>Prices</b>				
Highest share price	75.42p	76.91p	73.41p	76.58p
Lowest share price	66.93p	70.37p	60.70p	65.85p

<b>Retail Accumulation</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	140.60p	131.80p	113.00p	116.60p
Return before operating charges*	(1.01p)	11.01p	20.79p	(1.59p)
Operating charges**	(1.09p)	(2.21p)	(1.99p)	(2.01p)
Return after operating charges*	(2.10p)	8.80p	18.80p	(3.60p)
Distributions on accumulation share	(2.91p)	(5.21p)	(4.32p)	(4.12p)
Retained distributions on accumulation share	2.91p	5.21p	4.32p	4.12p
Closing net asset value per share	138.50p	140.60p	131.80p	113.00p
*after direct transaction costs of:***	0.19p	0.36p	0.39p	0.18p
<b>Performance</b>				
Return after charges	(1.49%)	6.68%	16.64%	(3.09%)
<b>Other information</b>				
Closing net asset value	£40,131,619	£42,563,385	£45,193,224	£46,289,185
Closing number of shares	28,968,943	30,271,585	34,301,078	40,954,952
Operating charges - OCF	1.64%	1.64%	1.64%	1.64%
Direct transaction costs	0.14%	0.27%	0.32%	0.14%
<b>Prices</b>				
Highest share price	142.20p	140.80p	131.40p	129.60p
Lowest share price	126.20p	127.70p	106.40p	113.60p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Retail B Income</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	80.85p	77.90p	68.51p	72.70p
Return before operating charges*	(0.54p)	6.51p	12.51p	(0.85p)
Operating charges**	(0.24p)	(0.49p)	(0.50p)	(0.77p)
Return after operating charges*	(0.78p)	6.02p	12.01p	(1.62p)
Distributions on income share	(1.68p)	(3.07p)	(2.62p)	(2.57p)
Closing net asset value per share	78.39p	80.85p	77.90p	68.51p
*after direct transaction costs of:***	0.11p	0.21p	0.23p	0.11p
<b>Performance</b>				
Return after charges	(0.96%)	7.73%	17.53%	(2.23%)
<b>Other information</b>				
Closing net asset value	£99,553,825	£105,300,370	£105,209,207	£97,228,026
Closing number of shares	126,997,967	130,241,889	135,065,386	141,923,215
Operating charges - OCF	0.61%	0.60%	0.62%	1.02%
Direct transaction costs	0.14%	0.27%	0.32%	0.14%
<b>Prices</b>				
Highest share price	82.06p	82.84p	78.77p	81.04p
Lowest share price	72.70p	75.53p	64.53p	69.85p

<b>Retail B Accumulation</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	152.50p	141.50p	120.20p	123.20p
Return before operating charges*	(0.95p)	11.89p	22.19p	(1.68p)
Operating charges **	(0.45p)	(0.89p)	(0.89p)	(1.32p)
Return after operating charges*	(1.40p)	11.00p	21.30p	(3.00p)
Distributions on accumulation share	(3.18p)	(5.63p)	(4.63p)	(4.38p)
Retained distributions on accumulation share	3.18p	5.63p	4.63p	4.38p
Closing net asset value per share	151.10p	152.50p	141.50p	120.20p
*after direct transaction costs of: ***	0.20p	0.39p	0.41p	0.19p
<b>Performance</b>				
Return after charges	(0.92%)	7.77%	17.72%	(2.44%)
<b>Other information</b>				
Closing net asset value	£5,129,120	£5,289,011	£5,380,358	£5,021,280
Closing number of shares	3,395,150	3,467,134	3,802,932	4,177,430
Operating charges - OCF^	0.61%	0.60%	0.62%	1.02%
Direct transaction costs	0.14%	0.27%	0.32%	0.14%
<b>Prices</b>				
Highest share price	154.80p	152.80p	141.00p	137.30p
Lowest share price	137.20p	137.20p	113.20p	120.60p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>CTF Accumulation</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	142.40p	133.30p	114.20p	117.60p
Return before operating charges*	(0.98p)	11.17p	20.97p	(1.53p)
Operating charges**	(0.92p)	(2.07p)	(1.87p)	(1.87p)
Return after operating charges*	(1.90p)	9.10p	19.10p	(3.40p)
Distributions on accumulation share	(2.96p)	(5.28p)	(4.38p)	(4.18p)
Retained distributions on accumulation share	2.96p	5.28p	4.38p	4.18p
Closing net asset value per share	140.50p	142.40p	133.30p	114.20p
*after direct transaction costs of:	0.19p	0.37p	0.39p	0.18p
<b>Performance</b>				
Return after charges	(1.33%)	6.83%	16.73%	(2.89%)
<b>Other information</b>				
Closing net asset value	£589,976,677	£588,158,438	£532,685,483	£439,604,029
Closing number of shares	419,846,726	412,960,153	399,660,437	385,014,021
Operating charges - OCF	1.16%	1.50%	1.52%	1.52%
Direct transaction costs	0.14%	0.27%	0.32%	0.14%
<b>Prices</b>				
Highest share price	144.10p	142.60p	132.90p	130.90p
Lowest share price	127.90p	129.20p	107.50p	114.70p

<b>Income C</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	78.25p	75.62p	66.66p	70.67p
Return before operating charges*	(0.53p)	6.30p	12.14p	(0.88p)
Operating charges**	(0.34p)	(0.70p)	(0.65p)	(0.65p)
Return after operating charges*	(0.87p)	5.60p	11.49p	(1.53p)
Distributions on income share	(1.62p)	(2.97p)	(2.53p)	(2.48p)
Closing net asset value per share	75.76p	78.25p	75.62p	66.66p
*after direct transaction costs of:***	0.11p	0.21p	0.23p	0.10p
<b>Performance</b>				
Return after charges	(1.11%)	7.41%	17.23%	(2.16%)
<b>Other information</b>				
Closing net asset value	£190,914,686	£203,685,900	£187,981,195	£176,683,044
Closing number of shares	252,006,971	260,296,821	248,584,862	265,042,805
Operating charges - OCF	0.91%	0.91%	0.92%	0.92%
Direct transaction costs	0.14%	0.27%	0.32%	0.14%
<b>Prices</b>				
Highest share price	79.34p	80.32p	76.46p	78.80p
Lowest share price	70.33p	73.32p	62.79p	67.95p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Accumulation C</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	145.90p	135.70p	115.60p	118.30p
Return before operating charges*	(0.97p)	11.47p	21.24p	(1.57p)
Operating charges**	(0.63p)	(1.27p)	(1.14p)	(1.13p)
Return after operating charges*	(1.60p)	10.20p	20.10p	(2.70p)
Distributions on accumulation share	(3.03p)	(5.39p)	(4.43p)	(4.19p)
Retained distributions on accumulation share	3.03p	5.39p	4.43p	4.19p
Closing net asset value per share	144.30p	145.90p	135.70p	115.60p
*after direct transaction costs of:***	0.20p	0.37p	0.40p	0.18p
<b>Performance</b>				
Return after charges	(1.10%)	7.52%	17.39%	(2.28%)
<b>Other information</b>				
Closing net asset value	£26,481,707	£28,026,784	£27,936,741	£24,922,344
Closing number of shares	18,358,038	19,211,671	20,585,177	21,562,846
Operating charges - OCF	0.91%	0.91%	0.92%	0.92%
Direct transaction costs	0.14%	0.27%	0.32%	0.14%
<b>Prices</b>				
Highest share price	147.90p	146.10p	135.30p	132.00p
Lowest share price	131.10p	131.60p	108.90p	115.90p
**The operating charges include all costs borne by the Fund, except for direct transaction costs.				
***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.				

## Statement of Total Return

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(27,085)		16,367
Revenue	20,694		21,516	
Expenses	(5,534)		(6,023)	
Net revenue before taxation	15,160		15,493	
Taxation	(206)		(291)	
Net revenue after taxation		14,954		15,202
Total (deficit)/return before distributions		(12,131)		31,569
Distributions		(20,391)		(21,152)
Change in net assets attributable to shareholders from investment activities		(32,522)		10,417

## Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		982,404		937,585
Amounts receivable on creation of shares	15,691		15,442	
Amounts payable on cancellation of shares	(18,976)		(23,517)	
		(3,285)		(8,075)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(32,522)		10,417
Retained distribution on accumulation shares		13,935		13,951
Closing net assets attributable to shareholders		960,532		953,878

## Balance Sheet

as at 15 July 2018 (unaudited)

	15.7.18		15.1.18	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investments		946,737		966,338
Current assets				
Debtors	6,155		3,066	
Cash and bank balances	16,299		19,274	
Total current assets		22,454		22,340
Total assets		969,191		988,678
<b>Liabilities</b>				
Creditors				
Distribution payable on income shares	(6,396)		(5,149)	
Other creditors	(2,263)		(1,125)	
Total liabilities		(8,659)		(6,274)
Net assets attributable to shareholders		960,532		982,404

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 January 2018				
Group 2: Shares purchased from 16 January 2018 to 15 July 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.9.18</i>	<i>Distribution paid 15.9.17</i>
<b>Retail Income</b>				
Group 1	1.550000	-	1.550000	1.640000
Group 2	1.090000	0.460000	1.550000	1.640000
<b>Retail Accumulation</b>				
Group 1	2.910000	-	2.910000	2.970000
Group 2	0.670000	2.240000	2.910000	2.970000
<b>Retail B Income</b>				
Group 1	1.680000	-	1.680000	1.760000
Group 2	1.020000	0.660000	1.680000	1.760000
<b>Retail B Accumulation</b>				
Group 1	3.180000	-	3.180000	3.210000
Group 2	1.630000	1.550000	3.180000	3.210000
<b>CTF Accumulation</b>				
Group 1	2.960000	-	2.960000	3.020000
Group 2	1.450000	1.510000	2.960000	3.020000
<b>Income C</b>				
Group 1	1.620000	-	1.620000	1.710000
Group 2	0.970000	0.650000	1.620000	1.710000
<b>Accumulation C</b>				
Group 1	3.030000	-	3.030000	3.070000
Group 2	1.720000	1.310000	3.030000	3.070000

# Income

## Investment Objective

To provide an above average yield together with capital growth by investing predominantly in the UK.

## Investment Policy

To invest mainly in UK equities and a range of convertible stocks.

## Investment Strategy

To provide an above average yield together with capital growth through active stock selection to create a portfolio of about 40 stocks. The stock selection process is based on quantitative and qualitative factors, with fundamental research being the most important aspect.

## Portfolio Activity

During the period the FTSE All Share Advanced by 1.1%. The Health Care and Energy sectors led the way whilst Telecommunications and Financials lagged. Over the same time, the Fund underperformed the index.

Allocation effects, residual to stock selection, were negative for the period given the Fund's overweight exposure to Telecommunications and underweight Health Care. Partially offsetting this was an underweight position in Consumer Staples and overweight Industrials.

At the stock level, the main detractors included Royal Bank of Scotland, which was impacted by the government's decision to sell down its position following a bailout of the company during the Financial Crisis. Underperformance was compounded as rising macro and geopolitical uncertainties likely mean slower loans and revenue growth going forward. Furthermore, Sage Group fell after announcing a growth warning, prompted by a decline in recurring revenues and a drop in licenses.

Contributors to performance included Computacenter, which advanced after stating that its trading results for the year would be comfortably ahead of expectations. Additionally, Glencore, not held in the portfolio, fell after being subpoenaed by the US Department of Justice regarding money laundering.

During the period major purchases included British American Tobacco, Antofagasta and Lloyds Banking Group. Major sales included Imperial Brands, Rio Tinto, Centrica and Vodafone.

Your portfolio aims to deliver diversified exposure to UK equities, with a portfolio yield higher than the market index, by investing in companies with an attractive combination of profitability and valuation. These quality companies typically have sustainable business models, strong balance sheets and good management. We believe this disciplined approach should help investors navigate short-term uncertainties.

## Investment Performance

During the period under review, the value of the shares in the Fund decreased by 0.79%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Fund Particulars

as at 16 July 2018 (unaudited)

	Retail Income	Retail Accumulation	Income C	Accumulation C
Price	325.7p xd	667.1p	344.4p xd	694.9p
Distribution payable (on 15 September 2018) per share net	7.190000p	14.420000p	7.590000p	14.990000p
Current net estimated yield	4.31%	4.09%	4.28%	4.06%
Annual ACD charge	1.50%	1.50%	0.80%	0.80%



## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Oil &amp; Gas - 15.42% (13.79%)</b>			
BP	2,504,924	14,296	7.64
John Wood Group	221,863	1,418	0.76
Royal Dutch Shell A	496,938	13,144	7.02
<b>Total Oil &amp; Gas</b>		<b>28,858</b>	<b>15.42</b>
<b>Basic Materials - 9.16% (8.68%)</b>			
Antofagasta	261,664	2,471	1.32
BHP Billiton	459,950	7,589	4.05
Croda International	67,794	3,341	1.79
Rio Tinto	92,638	3,741	2.00
<b>Total Basic Materials</b>		<b>17,142</b>	<b>9.16</b>
<b>Industrials - 15.08% (9.67%)</b>			
BAE Systems	852,170	5,721	3.06
Coats Group	3,356,744	2,662	1.42
DCC (London listed)	32,747	2,341	1.25
Essentra	562,078	2,753	1.47
Ferguson	94,924	5,920	3.16
Ibstock	642,669	1,811	0.97
IMI	180,157	2,050	1.10
Rentokil Initial	953,719	3,336	1.78
Smiths Group	93,874	1,629	0.87
<b>Total Industrials</b>		<b>28,223</b>	<b>15.08</b>
<b>Consumer Goods - 9.73% (11.35%)</b>			
British American Tobacco	241,108	9,464	5.06
Unilever	208,292	8,744	4.67
<b>Total Consumer Goods</b>		<b>18,208</b>	<b>9.73</b>
<b>Healthcare - 7.21% (6.61%)</b>			
AstraZeneca	69,690	3,834	2.05
GlaxoSmithKline	613,301	9,666	5.16
<b>Total Healthcare</b>		<b>13,500</b>	<b>7.21</b>
<b>Consumer Services - 10.90% (14.44%)</b>			
Card Factory	661,617	1,343	0.72
Compass Group	286,665	4,774	2.55
Halfords Group	784,277	2,778	1.48
Informa	438,896	3,769	2.01
Ryanair Holdings	168,371	2,329	1.25
WHSmith	142,769	2,808	1.50
Wolters Kluwer certificates	58,249	2,598	1.39
<b>Total Consumer Services</b>		<b>20,399</b>	<b>10.90</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Telecommunications - 4.05% (6.31%)</b>			
BT Group	1,721,144	3,827	2.04
Vodafone Group	2,067,846	3,753	2.01
<b>Total Telecommunications</b>		<b>7,580</b>	<b>4.05</b>
<b>Utilities - 1.02% (2.56%)</b>			
Centrica	1,194,423	1,913	1.02
<b>Total Utilities</b>		<b>1,913</b>	<b>1.02</b>
<b>Financials - 23.27% (20.95%)</b>			
Ashmore Group	685,054	2,421	1.29
Aviva	1,172,735	5,742	3.07
Barclays	2,449,408	4,646	2.48
+HSBC Holdings (London listed)	1,390,638	9,850	5.26
*iShares Core FTSE 100 UCITS ETF	604,448	4,587	2.45
*iShares FTSE 250 UCITS ETF	57,250	1,137	0.61
Lloyds Banking Group	5,529,614	3,451	1.85
Prudential	394,002	6,800	3.63
Royal Bank of Scotland	2,002,499	4,920	2.63
<b>Total Financials</b>		<b>43,554</b>	<b>23.27</b>
<b>Technology - 4.67% (4.63%)</b>			
Computacenter	204,724	3,267	1.75
Microsoft	32,307	2,580	1.38
Sage Group	467,097	2,892	1.54
<b>Total Technology</b>		<b>8,739</b>	<b>4.67</b>
<b>Portfolio of investments</b>		<b>188,116</b>	<b>100.51</b>
<b>Net other liabilities</b>		<b>(954)</b>	<b>(0.51)</b>
<b>Net assets</b>		<b>187,162</b>	<b>100.00</b>
*offshore fund			
+related party			

Figures in brackets denote the comparative percentage holdings as at 15 January 2018.

Unless otherwise stated, all investments are listed equities.

Total purchases for the period, including transaction charges, were £38,060,384.

Total sales for the period, net of transaction charges, were £42,511,848.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Retail Income</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	339.20p	332.20p	294.20p	320.40p
Return before operating charges*	(1.56p)	26.52p	55.82p	(7.19p)
Operating charges**	(2.65p)	(5.49p)	(5.16p)	(5.43p)
Return after operating charges*	(4.21p)	21.03p	50.66p	(12.62p)
Distributions on income share	(7.19p)	(14.03p)	(12.66p)	(13.58p)
Closing net asset value per share	327.80p	339.20p	332.20p	294.20p
*after direct transaction costs of:***	0.31p	0.65p	0.72p	0.55p
<b>Performance</b>				
Return after charges	(1.24%)	6.33%	17.22%	(3.94%)
<b>Other information</b>				
Closing net asset value	£28,792,419	£31,206,198	£86,047,755	£84,436,793
Closing number of shares	8,783,487	9,199,673	25,905,632	28,703,169
Operating charges - OCF	1.64%	1.64%	1.65%	1.65%
Direct transaction costs	0.09%	0.19%	0.23%	0.17%
<b>Prices</b>				
Highest share price	343.30p	351.10p	336.50p	350.80p
Lowest share price	304.20p	320.40p	277.30p	301.50p

<b>Retail Accumulation</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	679.90p	638.90p	544.20p	567.80p
Return before operating charges*	(3.09p)	51.74p	104.35p	(13.92p)
Operating charges**	(5.31p)	(10.74p)	(9.65p)	(9.68p)
Return after operating charges*	(8.40p)	41.00p	94.70p	(23.60p)
Distributions on accumulation share	(14.42p)	(27.27p)	(23.64p)	(24.31p)
Retained distributions on accumulation share	14.42p	27.27p	23.64p	24.31p
Closing net asset value per share	671.50p	679.90p	638.90p	544.20p
*after direct transaction costs of:***	0.62p	1.26p	1.34p	0.98p
<b>Performance</b>				
Return after charges	(1.24%)	6.42%	17.40%	(4.16%)
<b>Other information</b>				
Closing net asset value	£27,579,897	£28,889,810	£29,256,983	£27,797,814
Closing number of shares	4,107,441	4,248,891	4,579,147	5,108,145
Operating charges - OCF	1.64%	1.64%	1.65%	1.65%
Direct transaction costs	0.09%	0.19%	0.23%	0.17%
<b>Prices</b>				
Highest share price	688.20p	680.90p	637.10p	621.90p
Lowest share price	609.80p	616.40p	513.00p	546.70p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Income C</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	357.50p	347.50p	305.50p	330.30p
Return before operating charges*	(1.65p)	27.98p	58.19p	(7.70p)
Operating charges**	(1.56p)	(3.25p)	(3.01p)	(3.06p)
Return after operating charges*	(3.21p)	24.73p	55.18p	(10.76p)
Distributions on income share	(7.59p)	(14.73p)	(13.18p)	(14.04p)
Closing net asset value per share	346.70p	357.50p	347.50p	305.50p
*after direct transaction costs of:***	0.33p	0.68p	0.75p	0.55p
<b>Performance</b>				
Return after charges	(0.90%)	7.12%	18.06%	(3.26%)
<b>Other information</b>				
Closing net asset value	£127,284,022	£136,121,021	£88,135,106	£79,688,336
Closing number of shares	36,713,889	38,080,690	25,364,248	26,085,303
Operating charges - OCF	0.92%	0.92%	0.92%	0.92%
Direct transaction costs	0.09%	0.19%	0.23%	0.17%
<b>Prices</b>				
Highest share price	362.70p	368.30p	352.00p	362.60p
Lowest share price	321.00p	335.30p	288.20p	312.70p

<b>Accumulation C</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	705.80p	658.40p	556.70p	576.60p
Return before operating charges*	(3.21p)	53.61p	107.25p	(14.41p)
Operating charges**	(3.09p)	(6.21p)	(5.55p)	(5.49p)
Return after operating charges*	(6.30p)	47.40p	101.70p	(19.90p)
Distributions on accumulation share	(14.99p)	(28.19p)	(24.26p)	(24.77p)
Retained distributions on accumulation share	14.99p	28.19p	24.26p	24.77p
Closing net asset value per share	699.50p	705.80p	658.40p	556.70p
*after direct transaction costs of:***	0.64p	1.30p	1.37p	0.99p
<b>Performance</b>				
Return after charges	(0.89%)	7.20%	18.27%	(3.45%)
<b>Other information</b>				
Closing net asset value	£3,505,645	£3,950,725	£3,777,705	£3,353,065
Closing number of shares	501,164	559,760	573,754	602,263
Operating charges - OCF	0.92%	0.92%	0.92%	0.92%
Direct transaction costs	0.09%	0.19%	0.23%	0.17%
<b>Prices</b>				
Highest share price	716.10p	706.80p	656.50p	633.20p
Lowest share price	633.80p	635.40p	525.10p	558.80p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Statement of Total Return

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(5,276)		2,484
Revenue	4,230		5,042	
Expenses	(1,057)		(1,347)	
Net revenue before taxation	3,173		3,695	
Taxation	(42)		(59)	
Net revenue after taxation		3,131		3,636
Total (deficit)/return before distributions		(2,145)		6,120
Distributions		(4,172)		(4,962)
Change in net assets attributable to shareholders from investment activities		(6,317)		1,158

## Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		200,168		207,218
Amounts receivable on creation of shares	2,126		2,357	
Amounts payable on cancellation of shares	(9,482)		(10,377)	
		(7,356)		(8,020)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(6,317)		1,158
Retained distribution on accumulation shares		667		777
Closing net assets attributable to shareholders		187,162		201,133

## Balance Sheet

as at 15 July 2018 (unaudited)

	15.7.18		15.1.18	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investments		188,116		198,143
Current assets				
Debtors	1,021		3,310	
Cash and bank balances	1,921		1,875	
Total current assets		2,942		5,185
Total assets		191,058		203,328
<b>Liabilities</b>				
Creditors				
Distribution payable on income shares	(3,418)		(2,921)	
Other creditors	(478)		(239)	
Total liabilities		(3,896)		(3,160)
Net assets attributable to shareholders		187,162		200,168

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 January 2018				
Group 2: Shares purchased from 16 January 2018 to 15 July 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.9.18</i>	<i>Distribution paid 15.9.17</i>
<b>Retail Income</b>				
Group 1	7.190000	-	7.190000	8.100000
Group 2	1.080000	6.110000	7.190000	8.100000
<b>Retail Accumulation</b>				
Group 1	14.420000	-	14.420000	15.590000
Group 2	5.120000	9.300000	14.420000	15.590000
<b>Income C</b>				
Group 1	7.590000	-	7.590000	8.490000
Group 2	4.010000	3.580000	7.590000	8.490000
<b>Accumulation C</b>				
Group 1	14.990000	-	14.990000	16.100000
Group 2	8.890000	6.100000	14.990000	16.100000

# Monthly Income

## Investment Objective

To provide a monthly income rising over time together with capital growth.

## Investment Policy

To invest predominantly in a combination of UK equities and fixed income securities.

## Investment Strategy

The long-term allocation target is 70% equities and 30% fixed income. The Fund invests in many of the higher-yielding equities in the UK market.

## Portfolio Activity

During the period the FTSE All Share Advanced by 1.1%. The Health Care and Energy sectors led the way whilst Telecommunications and Financials lagged. Over the same time, the Fund underperformed the index.

Allocation effects, residual to stock selection, were negative for the period given the Fund's overweight exposure to Telecommunications and underweight Health Care. Partially offsetting this was an underweight position in Consumer Staples and overweight Industrials.

At the stock level, the main detractors included Royal Bank of Scotland, which was impacted by the government's decision to sell down its position following a bailout of the company during the Financial Crisis. Underperformance was compounded as rising macro and geopolitical uncertainties likely mean slower loans and revenue growth going forward. Furthermore, Sage Group fell after announcing a growth warning, prompted by a decline in recurring revenues and a drop in licenses.

Contributors to performance included Computacenter, which advanced after stating that its trading results for the year would be comfortably ahead of expectations. Additionally, Glencore, not held in the portfolio, fell after being subpoenaed by the US Department of Justice regarding money laundering.

During the period major purchases included Royal Bank of Scotland, British American Tobacco, Antofagasta and Ashmore Group. Major sales included Imperial Brands, Rio Tinto, Vodafone and Centrica.

Your portfolio aims to deliver diversified exposure to UK equities, with a portfolio yield higher than the market index, by investing in companies with an attractive combination of profitability and valuation. These quality companies typically have sustainable business models, strong balance sheets and good management. We believe this disciplined approach should help investors navigate short-term uncertainties.

The fixed income section had negative return over the year but outperformed its benchmark. The Fund benefited from the flattening in yields and the tightening credit spreads (the difference in yield between two bonds of similar maturity) with the period ten-year UK gilt yields falling 3bps to 1.27%, however this reading belies marked volatility during the twelve months, driven by uncertainty around global politics and domestic monetary policy. The sterling corporate investment grade yield spread rose 37 bps to 1.44%.

In respect to sector positioning, the Fund remained underweight Financials, Utilities and Consumer Services. The Fund also kept an overweight Consumer Goods. Within Financials the Fund is underweight mainly in senior bonds from non-Banks and Insurance companies. The Fund maintained a non-benchmark position in Collateralised securities (including ABS securities) and Housing Association bonds from selected issuers. The Fund beta (sensitivity to changes in credit spreads) was slightly increased to 1.1 by increasing our sterling exposure and maintaining our exposure to USD and Euro denominated bonds. All the non-sterling currency exposure is hedged back to sterling.

In terms of activity, major purchases included: Treasury 4.25% 7/12/2027

Significant sales included: Veolia Environment 4.85% VRN PERP, Household Finance Corp (HSBC) 6.25% 19/8/2019 and Treasury 4.5% 7/9/2034.

## Investment Performance

During the period under review, the value of the shares in the Fund decreased by 0.88%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Fund Particulars

as at 16 July 2018 (unaudited)

	Retail Income	Retail Accumulation	Income C	Accumulation C
Price	147.2p xd	303.3p	153.4p xd	313.2p
Distribution payable (on 15 August 2018) per share net	0.480000p	0.970000p	0.500000p	1.010000p
Current net estimated yield	4.24%	4.22%	4.24%	4.23%
Annual ACD charge	1.25%	1.25%	0.55%	0.55%

**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>UNITED KINGDOM - 76.43% (77.79%)</b>			
Government Bonds - 2.33% (2.17%)			
Treasury 3.25% 22/1/2044	£600,000	784	0.51
Treasury 3.5% 22/1/2045	£1,000,000	1,370	0.90
Treasury 3.75% 22/7/2052	£500,000	770	0.51
Treasury 4.25% 7/12/2027	£500,000	631	0.41
<b>Total Government Bonds</b>		<b>3,555</b>	<b>2.33</b>
<b>Corporate Bonds - 8.38% (8.28%)</b>			
Aviva 6.625% variable rate 3/6/2041	£450,000	496	0.33
Barclays Bank 10% 21/5/2021	£800,000	958	0.63
BAT International 7.25% 12/3/2024	£500,000	625	0.41
Centrica 4.375% 13/3/2029	£281,000	319	0.21
Eastern Power Networks 5.75% 8/3/2024	£891,000	1,053	0.69
Hammerson 6% 23/2/2026	£500,000	598	0.39
Imperial Brands 4.875% 7/6/2032	£112,000	129	0.08
Imperial Brands 8.125% 15/3/2024	£500,000	643	0.42
Legal and General Group 5.5% variable rate 27/6/2064	£221,000	237	0.16
Manchester Airport Group Funding 4.75% 31/3/2034	£317,000	385	0.25
Morrison (WM) Supermarkets 4.75% 4/7/2029	£293,000	338	0.22
Prudential 5.7% variable rate 19/12/2063	£300,000	337	0.22
RL Finance No.2 6.125% variable rate 30/11/2043	£250,000	278	0.18
Royal Bank of Scotland 6.125% 15/12/2022	\$1,000,000	798	0.52
Severn Trent Water Utilities 3.625% 16/1/2026	£633,000	677	0.44
SL Finance 6.75% variable rate perpetual	£400,000	527	0.35
Southern Gas 4.875% 21/12/2020	£624,000	674	0.44
SSE 3.875% variable rate perpetual	£178,000	181	0.12
Standard Life 5.5% variable rate 4/12/2042	£575,000	635	0.42
Tesco Property Finance 5.411% 13/7/2044	£500,000	545	0.36
United Utilities 5.625% 20/12/2027	£430,000	544	0.36
Vodafone Group 5.625% 4/12/2025	£250,000	302	0.20
Western Power Distribution 3.875% 17/10/2024	£755,000	822	0.54
Zurich Finance 6.625% variable rate perpetual	£600,000	679	0.44
<b>Total Corporate Bonds</b>		<b>12,780</b>	<b>8.38</b>
<b>Permanent Interest Bearing Securities - 0.52% (0.50%)</b>			
Leeds Building Society 13.375% perpetual	£380,000	796	0.52
<b>Total Permanent Interest Bearing Securities</b>		<b>796</b>	<b>0.52</b>
<b>Oil &amp; Gas - 11.28% (10.06%)</b>			
BP	1,488,280	8,494	5.57
John Wood Group	132,986	850	0.56
Royal Dutch Shell A	296,915	7,853	5.15
<b>Total Oil &amp; Gas</b>		<b>17,197</b>	<b>11.28</b>



## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Basic Materials - 6.57% (6.15%)</b>			
Antofagasta	155,613	1,470	0.96
BHP Billiton	273,993	4,521	2.97
Croda International	36,586	1,803	1.18
Rio Tinto	55,093	2,225	1.46
<b>Total Basic Materials</b>		<b>10,019</b>	<b>6.57</b>
<b>Industrials - 7.82% (6.16%)</b>			
BAE Systems	511,206	3,432	2.25
Coats Group	1,982,996	1,573	1.03
Essentra	337,055	1,651	1.08
Ibstock	385,529	1,086	0.71
IMI	108,071	1,230	0.81
Rentokil Initial	568,072	1,987	1.30
Smiths Group	55,982	971	0.64
<b>Total Industrials</b>		<b>11,930</b>	<b>7.82</b>
<b>Consumer Goods - 7.16% (8.36%)</b>			
British American Tobacco	144,638	5,677	3.72
Unilever	124,904	5,243	3.44
<b>Total Consumer Goods</b>		<b>10,920</b>	<b>7.16</b>
<b>Healthcare - 5.19% (4.69%)</b>			
AstraZeneca	38,539	2,120	1.39
GlaxoSmithKline	367,912	5,798	3.80
<b>Total Healthcare</b>		<b>7,918</b>	<b>5.19</b>
<b>Consumer Services - 6.04% (7.58%)</b>			
Card Factory	394,557	801	0.52
Compass Group	170,953	2,847	1.87
Halfords Group	460,215	1,630	1.07
Informa	261,737	2,248	1.47
WHSmith	86,034	1,692	1.11
<b>Total Consumer Services</b>		<b>9,218</b>	<b>6.04</b>
<b>Telecommunications - 3.02% (4.93%)</b>			
BT Group	1,059,316	2,355	1.54
Vodafone Group	1,240,476	2,251	1.48
<b>Total Telecommunications</b>		<b>4,606</b>	<b>3.02</b>
<b>Utilities - 0.75% (1.82%)</b>			
Centrica	716,520	1,147	0.75
<b>Total Utilities</b>		<b>1,147</b>	<b>0.75</b>

**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Financials - 14.94% (14.62%)</b>			
Ashmore Group	408,541	1,444	0.95
Aviva	709,828	3,475	2.28
Barclays	1,468,808	2,786	1.82
+HSBC Holdings (London listed)	903,771	6,401	4.20
Lloyds Banking Group	3,317,149	2,070	1.36
Prudential	212,843	3,674	2.41
Royal Bank of Scotland Group	1,190,435	2,925	1.92
<b>Total Financials</b>		<b>22,775</b>	<b>14.94</b>
<b>Technology - 2.43% (2.47%)</b>			
Computacenter	123,705	1,974	1.29
Sage Group	280,206	1,735	1.14
<b>Total Technology</b>		<b>3,709</b>	<b>2.43</b>
<b>Total United Kingdom</b>		<b>116,570</b>	<b>76.43</b>
<b>UNITED STATES - 3.72% (3.84%)</b>			
<b>Corporate Bonds - 2.71% (3.01%)</b>			
AT&T 4.25% 1/6/2043	£600,000	631	0.41
AT&T 5.2% 18/11/2033	£200,000	238	0.16
Goldman Sachs Group 4.25% 29/1/2026	£761,000	836	0.55
Metlife Global 2.875% 11/1/2023	£750,000	788	0.52
Pepsico 2.5% 1/11/2022	£700,000	733	0.48
Time Warner Cable 5.25% 15/7/2042	£300,000	328	0.21
Wells Fargo & Co. 4.875% 29/11/2035	£500,000	582	0.38
<b>Total Corporate Bonds</b>		<b>4,136</b>	<b>2.71</b>
<b>Technology - 1.01% (0.83%)</b>			
Microsoft	19,266	1,539	1.01
<b>Total Technology</b>		<b>1,539</b>	<b>1.01</b>
<b>Total United States</b>		<b>5,675</b>	<b>3.72</b>
<b>AUSTRALIA - 0.76% (0.72%)</b>			
<b>Corporate Bonds - 0.76% (0.72%)</b>			
APT Pipelines 4.25% 26/11/2024	£420,000	460	0.30
BHP Billiton Finance 6.5% variable rate 22/10/2077	£117,000	133	0.09
Macquarie Bank 3.5% 18/12/2020	£545,000	570	0.37
<b>Total Corporate Bonds</b>		<b>1,163</b>	<b>0.76</b>
<b>Total Australia</b>		<b>1,163</b>	<b>0.76</b>
<b>BELGIUM - 0.17% (0.16%)</b>			
<b>Corporate Bonds - 0.17% (0.16%)</b>			
Anheuser-Busch Inbev 4% 24/9/2025	£230,000	258	0.17
<b>Total Corporate Bonds</b>		<b>258</b>	<b>0.17</b>
<b>Total Belgium</b>		<b>258</b>	<b>0.17</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>BERMUDA - 0.00% (0.99%)</b>			
<b>CAYMAN ISLANDS - 1.83% (1.75%)</b>			
<b>Corporate Bonds - 1.83% (1.75%)</b>			
Affinity Water Programme Finance 4.5% 31/3/2036	£500,000	625	0.41
Heathrow Funding 4.625% 31/10/2046	£500,000	615	0.40
Yorkshire Power 7.25% 4/8/2028	£1,100,000	1,546	1.02
<b>Total Corporate Bonds</b>		<b>2,786</b>	<b>1.83</b>
<b>Total Cayman Islands</b>		<b>2,786</b>	<b>1.83</b>
<b>CHANNEL ISLANDS - 2.85% (2.56%)</b>			
<b>Corporate Bonds - 0.56% (0.54%)</b>			
Credit Suisse Funding Limited 3% 27/5/2022	£361,000	373	0.24
Gatwick Funding Limited 6.5% 2/3/2043	£109,000	163	0.11
Heathrow Funding 7.125% 14/2/2024	£260,000	318	0.21
<b>Total Corporate Bonds</b>		<b>854</b>	<b>0.56</b>
<b>Industrials - 2.29% (0.00%)</b>			
Ferguson	56,066	3,497	2.29
<b>Total Industrials</b>		<b>3,497</b>	<b>2.29</b>
<b>Consumer Services - 0.00% (2.02%)</b>			
<b>Total Channel Islands</b>		<b>4,351</b>	<b>2.85</b>
<b>FRANCE - 3.44% (3.98%)</b>			
<b>Corporate Bonds - 3.44% (3.98%)</b>			
AXA 5.625% variable rate 16/1/2054	£800,000	873	0.57
Bouygues 5.5% 6/10/2026	£500,000	601	0.39
BPCE 5.25% 16/4/2029	£500,000	570	0.37
Electricite de France 5.5% 17/10/2041	£400,000	503	0.33
Electricite de France 5.875% variable rate perpetual	£200,000	200	0.13
Electricite de France 6% variable rate perpetual	£600,000	619	0.41
Electricite de France 6% 23/1/2114	£400,000	520	0.34
Engie 4.625% variable rate perpetual	£500,000	506	0.33
Orange 5.875% variable rate perpetual	£571,000	618	0.41
Saint-Gobain 5.625% 15/11/2024	£200,000	239	0.16
<b>Total Corporate Bonds</b>		<b>5,249</b>	<b>3.44</b>
<b>Total France</b>		<b>5,249</b>	<b>3.44</b>

**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>GERMANY - 0.00% (0.31%)</b>			
<b>IRELAND - 4.51% (2.06%)</b>			
<b>Corporate Bonds - 1.30% (1.25%)</b>			
GE Capital UK Funding 4.125% 13/9/2023	£1,800,000	1,975	1.30
<b>Total Corporate Bonds</b>		<b>1,975</b>	<b>1.30</b>
<b>Industrials - 0.80% (0.81%)</b>			
DCC (London listed)	17,148	1,226	0.80
<b>Total Industrials</b>		<b>1,226</b>	<b>0.80</b>
<b>Financials - 1.50% (0.00%)</b>			
*iShares FTSE 100 UCITS ETF	242,155	1,837	1.20
*iShares FTSE 250 UCITS ETF	22,839	454	0.30
<b>Total Financials</b>		<b>2,291</b>	<b>1.50</b>
<b>Consumer Services - 0.91% (0.00%)</b>			
Ryanair	100,408	1,386	0.91
<b>Total Consumer Services</b>		<b>1,386</b>	<b>0.91</b>
<b>Total Ireland</b>		<b>6,878</b>	<b>4.51</b>
<b>ITALY - 0.70% (0.46%)</b>			
<b>Corporate Bonds - 0.70% (0.46%)</b>			
Enel Spa 6.625% variable rate 15/9/2076	£400,000	437	0.29
Finmeccanica 8% 16/12/2019	£325,000	351	0.23
Telecom Italia 5.875% 19/5/2023	£250,000	275	0.18
<b>Total Corporate Bonds</b>		<b>1,063</b>	<b>0.70</b>
<b>Total Italy</b>		<b>1,063</b>	<b>0.70</b>
<b>LUXEMBOURG - 0.18% (0.72%)</b>			
<b>Corporate Bonds - 0.18% (0.72%)</b>			
Glencore Finance 5.5% 3/4/2022	£250,000	280	0.18
<b>Total Corporate Bonds</b>		<b>280</b>	<b>0.18</b>
<b>Total Luxembourg</b>		<b>280</b>	<b>0.18</b>
<b>MEXICO - 0.42% (0.42%)</b>			
<b>Government Bonds - 0.42% (0.42%)</b>			
United Mexican States (Govt of) 5.625% 19/3/2114	£621,000	637	0.42
<b>Total Government Bonds</b>		<b>637</b>	<b>0.42</b>
<b>Total Mexico</b>		<b>637</b>	<b>0.42</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>NETHERLANDS - 1.67% (2.05%)</b>			
<b>Corporate Bonds - 0.65% (1.12%)</b>			
Deutsche Telekom 8.875% 27/11/2028	£250,000	385	0.25
Petrobras Global Finance 6.625% 16/1/2034	£200,000	197	0.13
Petrobras International Finance 6.25% 14/12/2026	£400,000	409	0.27
<b>Total Corporate Bonds</b>		<b>991</b>	<b>0.65</b>
<b>Consumer Services - 1.02% (0.93%)</b>			
Wolters Kluwer Certificates	34,737	1,549	1.02
<b>Total Consumer Services</b>		<b>1,549</b>	<b>1.02</b>
<b>Total Netherlands</b>		<b>2,540</b>	<b>1.67</b>
<b>Forward Foreign Exchange Contracts - -0.01% (0.01%)</b>			
#Sold \$1,088,000 for £814,974 settled 10 August 2018		(8)	(0.01)
<b>Total Forward Foreign Exchange Contracts</b>		<b>(8)</b>	<b>(0.01)</b>
<b>Portfolio of investments</b>		<b>147,442</b>	<b>96.67</b>
<b>Net other assets</b>		<b>5,072</b>	<b>3.33</b>
<b>Net assets</b>		<b>152,514</b>	<b>100.00</b>
<b>Total Equities</b>		<b>110,927</b>	<b>75.24</b>
<b>Total Forward Foreign Exchange Contracts</b>		<b>(8)</b>	<b>(0.01)</b>
Bond credit ratings^			
AA		3,555	2.41
AA-		788	0.53
A+		733	0.50
A		3,224	2.19
A-		5,960	4.04
BBB+		10,983	7.45
BBB		4,749	3.22
BBB-		2,341	1.59
BB+		1,171	0.79
BB		1,617	1.10
BB-		606	0.41
Unrated		796	0.54
<b>Total Bonds</b>		<b>36,523</b>	<b>24.77</b>
<b>Portfolio of Investments</b>		<b>147,442</b>	<b>100.00</b>

\*offshore fund

+related party

#unlisted

^ratings supplied by Standard & Poor's

Figures in brackets denote the comparative percentage holdings as at 15 January 2018.

Unless otherwise stated, all investments are listed securities.

Total purchases for the period, including transaction charges, were £23,106,727.

Total sales for the period, net of transaction charges, were £30,893,586.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Retail Income</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	152.20p	148.90p	133.70p	144.40p
Return before operating charges*	(0.96p)	11.39p	22.78p	(2.55p)
Operating charges**	(1.01p)	(2.09p)	(1.99p)	(2.05p)
Return after operating charges*	(1.97p)	9.30p	20.79p	(4.60p)
Distributions on income share	(2.53p)	(6.00p)	(5.59p)	(6.10p)
Closing net asset value per share	147.70p	152.20p	148.90p	133.70p
*after direct transaction costs of:***	0.10p	0.20p	0.24p	0.13p
<b>Performance</b>				
Return after charges	(1.29%)	6.25%	15.55%	(3.19%)
<b>Other information</b>				
Closing net asset value	£21,223,480	£22,932,128	£50,759,834	£50,010,027
Closing number of shares	14,366,491	15,068,891	34,088,932	37,407,232
Operating charges - OCF	1.40%	1.40%	1.40%	1.40%
Direct transaction costs	0.07%	0.13%	0.17%	0.09%
<b>Prices</b>				
Highest share price	152.10p	155.10p	150.90p	153.60p
Lowest share price	139.30p	144.80p	128.20p	135.00p

<b>Retail Accumulation</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	308.30p	289.90p	250.30p	259.30p
Return before operating charges*	(1.74p)	22.54p	43.38p	(5.27p)
Operating charges**	(2.06p)	(4.14p)	(3.78p)	(3.73p)
Return after operating charges*	(3.80p)	18.40p	39.60p	(9.00p)
Distributions on accumulation share	(5.14p)	(11.83p)	(10.63p)	(11.13p)
Retained distributions on accumulation share	5.14p	11.83p	10.63p	11.13p
Closing net asset value per share	304.50p	308.30p	289.90p	250.30p
*after direct transaction costs of:***	0.20p	0.39p	0.46p	0.23p
<b>Performance</b>				
Return after charges	(1.23%)	6.35%	15.82%	(3.47%)
<b>Other information</b>				
Closing net asset value	£9,491,816	£10,140,062	£14,072,775	£13,351,420
Closing number of shares	3,117,603	3,289,331	4,854,592	5,335,029
Operating charges - OCF	1.40%	1.40%	1.40%	1.40%
Direct transaction costs	0.07%	0.13%	0.17%	0.09%
<b>Prices</b>				
Highest share price	309.60p	308.90p	289.50p	277.30p
Lowest share price	283.80p	281.80p	240.10p	250.60p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Income C</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	158.10p	153.90p	137.10p	147.70p
Return before operating charges*	(0.96p)	11.52p	23.54p	(3.36p)
Operating charges**	(0.51p)	(1.05p)	(0.98p)	(0.98p)
Return after operating charges*	(1.47p)	10.47p	22.56p	(4.34p)
Distributions on income share	(2.63p)	(6.27p)	(5.76p)	(6.26p)
Closing net asset value per share	154.00p	158.10p	153.90p	137.10p
*after direct transaction costs of:***	0.10p	0.21p	0.25p	0.12p
<b>Performance</b>				
Return after charges	(0.93%)	6.80%	16.45%	(2.94%)
<b>Other information</b>				
Closing net asset value	£110,492,206	£118,517,015	£99,928,571	£96,931,803
Closing number of shares	71,753,243	74,964,152	64,945,557	70,679,988
Operating charges - OCF	0.67%	0.68%	0.67%	0.67%
Direct transaction costs	0.07%	0.13%	0.17%	0.09%
<b>Prices</b>				
Highest share price	158.00p	160.70p	155.60p	157.20p
Lowest share price	145.30p	149.60p	131.70p	138.80p

<b>Accumulation C</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	317.50p	296.80p	254.40p	262.50p
Return before operating charges*	(2.07p)	22.77p	44.25p	(6.31p)
Operating charges**	(1.03p)	(2.07p)	(1.85p)	(1.79p)
Return after operating charges*	(3.10p)	20.70p	42.40p	(8.10p)
Distributions on accumulation share	(5.29p)	(12.09p)	(10.84p)	(11.29p)
Retained distributions on accumulation share	5.29p	12.09p	10.84p	11.29p
Closing net asset value per share	314.40p	317.50p	296.80p	254.40p
*after direct transaction costs of:***	0.21p	0.40p	0.47p	0.23p
<b>Performance</b>				
Return after charges	(0.98%)	6.97%	16.67%	(3.09%)
<b>Other information</b>				
Closing net asset value	£11,306,375	£11,844,702	£8,983,943	£8,760,313
Closing number of shares	3,596,344	3,730,981	3,026,833	3,443,654
Operating charges - OCF	0.67%	0.68%	0.67%	0.67%
Direct transaction costs	0.07%	0.13%	0.17%	0.09%
<b>Prices</b>				
Highest share price	319.50p	318.10p	296.10p	281.10p
Lowest share price	292.50p	288.70p	244.40p	254.80p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Statement of Total Return

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(4,420)		2,216
Revenue	3,327		3,988	
Expenses	(622)		(801)	
Net revenue before taxation	2,705		3,187	
Taxation	(61)		(68)	
Net revenue after taxation		2,644		3,119
Total (deficit)/return before distributions		(1,776)		5,335
Distributions		(2,680)		(2,984)
Change in net assets attributable to shareholders from investment activities		(4,456)		2,351

## Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		163,434		173,745
Amounts receivable on creation of shares	1,138		2,689	
Amounts payable on cancellation of shares	(7,958)		(10,762)	
		(6,820)		(8,073)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(4,456)		2,351
Retained distribution on accumulation shares		356		387
Closing net assets attributable to shareholders		152,514		168,410

## Balance Sheet

as at 15 July 2018 (unaudited)

	15.7.18		15.1.18	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investments		147,450		159,866
Current assets				
Debtors	1,601		1,458	
Cash and bank balances	4,144		3,397	
Total current assets		5,745		4,855
Total assets		153,195		164,721
<b>Liabilities</b>				
Investment liabilities		(8)		-
Creditors				
Distribution payable on income shares	(428)		(1,004)	
Other creditors	(245)		(283)	
Total creditors		(673)		(1,287)
Total liabilities		(681)		(1,287)
Net assets attributable to shareholders		152,514		163,434



**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 June 2018				
Group 2: Shares purchased from 16 June 2018 to 15 July 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.8.18</i>	<i>Distribution paid 15.8.17</i>
<b>Retail Income</b>				
Group 1	0.480000	-	0.480000	0.420000
Group 2	0.000000	0.480000	0.480000	0.420000
<b>Retail Accumulation</b>				
Group 1	0.970000	-	0.970000	0.900000
Group 2	0.000000	0.970000	0.970000	0.900000
<b>Income C</b>				
Group 1	0.500000	-	0.500000	0.500000
Group 2	0.000000	0.500000	0.500000	0.500000
<b>Accumulation C</b>				
Group 1	1.010000	-	1.010000	0.950000
Group 2	0.000000	1.010000	1.010000	0.950000

Group 1: Shares purchased prior to 16 May 2018				
Group 2: Shares purchased from 16 May 2018 to 15 June 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.7.18</i>	<i>Distribution paid 15.7.17</i>
<b>Retail Income</b>				
Group 1	0.500000	-	0.500000	0.440000
Group 2	0.000000	0.500000	0.500000	0.440000
<b>Retail Accumulation</b>				
Group 1	1.020000	-	1.020000	0.920000
Group 2	0.000000	1.020000	1.020000	0.920000
<b>Income C</b>				
Group 1	0.530000	-	0.530000	0.500000
Group 2	0.000000	0.530000	0.530000	0.500000
<b>Accumulation C</b>				
Group 1	1.070000	-	1.070000	0.890000
Group 2	0.000000	1.070000	1.070000	0.890000

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 April 2018				
Group 2: Shares purchased from 16 April 2018 to 15 May 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.6.18</i>	<i>Distribution paid 15.6.17</i>
<b>Retail Income</b>				
Group 1	0.520000	-	0.520000	0.460000
Group 2	0.000000	0.520000	0.520000	0.460000
<b>Retail Accumulation</b>				
Group 1	1.200000	-	1.200000	0.930000
Group 2	0.000000	1.200000	1.200000	0.930000
<b>Income C</b>				
Group 1	0.630000	-	0.630000	0.500000
Group 2	0.000000	0.630000	0.630000	0.500000
<b>Accumulation C</b>				
Group 1	1.270000	-	1.270000	0.890000
Group 2	0.000000	1.270000	1.270000	0.890000

Group 1: Shares purchased prior to 16 March 2018				
Group 2: Shares purchased from 16 March 2018 to 15 April 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.5.18</i>	<i>Distribution paid 15.5.17</i>
<b>Retail Income</b>				
Group 1	0.240000	-	0.240000	0.500000
Group 2	0.000000	0.240000	0.240000	0.500000
<b>Retail Accumulation</b>				
Group 1	1.260000	-	1.260000	1.000000
Group 2	0.000000	1.260000	1.260000	1.000000
<b>Income C</b>				
Group 1	0.460000	-	0.460000	0.500000
Group 2	0.000000	0.460000	0.460000	0.500000
<b>Accumulation C</b>				
Group 1	0.920000	-	0.920000	0.920000
Group 2	0.000000	0.920000	0.920000	0.920000

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 February 2018				
Group 2: Shares purchased from 16 February 2018 to 15 March 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.4.18</i>	<i>Distribution paid 15.4.17</i>
<b>Retail Income</b>				
Group 1	0.590000	-	0.590000	0.500000
Group 2	0.000000	0.590000	0.590000	0.500000
<b>Retail Accumulation</b>				
Group 1	0.290000	-	0.290000	1.000000
Group 2	0.000000	0.290000	0.290000	1.000000
<b>Income C</b>				
Group 1	0.300000	-	0.300000	0.500000
Group 2	0.000000	0.300000	0.300000	0.500000
<b>Accumulation C</b>				
Group 1	0.610000	-	0.610000	0.920000
Group 2	0.060000	0.550000	0.610000	0.920000

Group 1: Shares purchased prior to 16 January 2018				
Group 2: Shares purchased from 16 January 2018 to 15 February 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.3.18</i>	<i>Distribution paid 15.3.17</i>
<b>Retail Income</b>				
Group 1	0.200000	-	0.200000	0.200000
Group 2	0.040000	0.160000	0.200000	0.200000
<b>Retail Accumulation</b>				
Group 1	0.400000	-	0.400000	0.400000
Group 2	0.190000	0.210000	0.400000	0.400000
<b>Income C</b>				
Group 1	0.210000	-	0.210000	0.210000
Group 2	0.160000	0.050000	0.210000	0.210000
<b>Accumulation C</b>				
Group 1	0.410000	-	0.410000	0.410000
Group 2	0.050000	0.360000	0.410000	0.410000

# Gilt & Fixed Interest

## Investment Objective

To provide a regular and competitive level of income from an underlying portfolio of gilts and other highly-rated fixed interest securities.

## Investment Policy

To invest predominantly in British government stocks and other fixed interest stock whether issued in Great Britain or any other country in the world.

## Investment Strategy

The Gilt & Fixed Interest Fund invests in UK government securities and interest rate derivatives in order to achieve a better return than the market. This is achieved by changing the overall duration of the Fund and its yield curve positioning relative to the benchmark\*. It can also gain exposure to investment grade or high-yield credit through the use of credit default swaps.

## Portfolio Activity

The Fund made a positive return over the reporting period and slightly outperformed its benchmark with the main driver our duration positioning. Over the period ten-year UK gilt yields dropped 3bps to 1.27%, however this reading belies marked volatility during the six months, driven by uncertainty around global politics and domestic monetary policy.

In Q1, we implemented a long 10y, short 3 and 30-year Gilts position as we expected 10-year Gilts to outperform due to specific market demand for those bonds. We held that position and overall neutral duration position through Q1 as we considered the high uncertainty around Brexit negotiations versus a more resilient-than-expected economy balanced the risk for yields. Our overall rates positioning reflected the ongoing uncertainty around the future impact of Brexit negotiations. In Q2, we implemented an underweight in very long end of the curve while we closed our yield curve positioning constructed with a long 10y, short 3 and 30-year Gilts. The Fund held through the period a small off-benchmark position in high quality corporates which had no major impact to performance.

In the UK, economic momentum is likely to remain subdued from lower investment likely driven from the higher uncertainty in businesses coming from the Brexit negotiations. Consumer spending is also weakening while the labour market remains strong with some recent small improvements in wages. We expect Bank of England to hike rates one time at most this year if overall growth prospects improve and wages rise more significantly. With the Central Bank remaining cautious although with a slight hawkish stance, Brexit negotiation on their way and the economy looking weak, we expect UK Gilts to remain range-bound.

In terms of activity, major purchases were: Treasury 4.25% 7/12/2027, Treasury 2.25% 7/9/2023 and Treasury 1.75% 7/9/2022.

Significant sales included: Treasury 4.75% 7/3/2020, Treasury 1.75% 7/9/2022 and Treasury 5% 7/3/2018.

## Investment Performance

During the period under review, the value of the shares in the Fund increased by 1.39%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

\*As the Fund has no official benchmark the indicative index is the FTSE All-Stocks index (for illustrative purposes only).

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Fund Particulars

as at 16 July 2018 (unaudited)

	Retail Income	Retail Accumulation	Institutional Income	Income C	Accumulation C
Price	72.29p xd	466.7p	72.62p xd	72.48p xd	477.2p
Distribution payable (on 15 September 2018) per share net	0.350000p	2.270000p	0.510000p	0.440000p	2.880000p
Current net estimated yield	2.00%	2.00%	2.80%	2.50%	2.50%
Annual ACD charge	0.75%	0.75%	0.00%	0.30%	0.30%

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>GOVERNMENT BONDS - 96.25% (93.25%)</b>			
KFW 1.625% 5/6/2020	£525,000	532	0.96
Network Rail 4.625% 21/7/2020	£985,000	1,057	1.92
Treasury 1.625% 22/10/2071	£409,000	418	0.76
Treasury 1.75% 7/9/2022	£4,403,000	4,553	8.25
Treasury 2.25% 7/9/2023	£5,160,000	5,476	9.93
Treasury 2.5% 22/7/2065	£2,304,000	3,010	5.46
Treasury 3.25% 22/1/2044	£213,000	278	0.50
Treasury 3.5% 22/1/2045	£942,000	1,290	2.34
Treasury 3.75% 22/7/2052	£201,000	310	0.56
Treasury 4.25% 7/12/2027	£3,308,000	4,178	7.57
Treasury 4.25% 7/6/2032	£3,242,000	4,331	7.85
Treasury 4.25% 7/3/2036	£2,705,000	3,778	6.85
Treasury 4.25% 7/9/2039	£681,000	987	1.79
Treasury 4.25% 7/12/2040	£1,571,000	2,307	4.18
Treasury 4.25% 7/12/2046	£3,051,000	4,763	8.63
Treasury 4.25% 7/12/2055	£3,104,000	5,376	9.74
Treasury 4.5% 7/3/2019	£5,460,000	5,597	10.15
Treasury 4.5% 7/12/2042	£676,000	1,047	1.90
Treasury 4.75% 7/3/2020	£3,098,000	3,303	5.99
Treasury 4.75% 7/12/2030	£229,000	313	0.57
Treasury 4.75% 7/12/2038	£125,000	191	0.35
<b>Total Government Bonds</b>		<b>53,095</b>	<b>96.25</b>
<b>CORPORATE BONDS - 2.37% (2.47%)</b>			
Heathrow Funding 6.75% 3/12/2026	£397,000	520	0.94
Wells Fargo & Co. 1.375% 30/06/2022	£810,000	791	1.43
<b>Total Corporate Bonds</b>		<b>1,311</b>	<b>2.37</b>
<b>MONEY MARKET - 0.81% (2.89%)</b>			
+ ^HSBC Global Liquidity Fund	447,653	448	0.81
<b>Total Money Market</b>		<b>448</b>	<b>0.81</b>
<b>Portfolio of investments</b>		<b>54,854</b>	<b>99.43</b>
<b>Net other assets</b>		<b>316</b>	<b>0.57</b>
<b>Net assets</b>		<b>55,170</b>	<b>100.00</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Total Money Market</b>	<b>448</b>	<b>0.82</b>
<b>Bond credit ratings*</b>		
AAA	532	0.97
AA	52,563	95.82
A	791	1.44
A-	520	0.95
<b>Total Bonds</b>	<b>54,406</b>	<b>99.18</b>
<b>Portfolio of investments</b>	<b>54,854</b>	<b>100.00</b>

+related party

^investment scheme registered outside the UK

\*ratings supplied by Standard & Poor's

Figures in brackets denote the comparative percentage holdings as at 15 January 2018.

Unless otherwise stated, all investments are listed securities.

Total purchases for the period, including transaction charges, were £19,615,938.

Total sales for the period, net of transaction charges, were £17,912,759.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Retail Income</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	72.29p	72.48p	70.78p	72.96p
Return before operating charges*	1.01p	2.06p	4.05p	0.12p
Operating charges**	(0.32p)	(0.66p)	(0.67p)	(0.64p)
Return after operating charges*	0.69p	1.40p	3.38p	(0.52p)
Distributions on income share	(0.72p)	(1.59p)	(1.68p)	(1.66p)
Closing net asset value per share	72.26p	72.29p	72.48p	70.78p
*after direct transaction costs of:***	0.00p	0.00p	0.00p	0.00p
<b>Performance</b>				
Return after charges	0.95%	1.93%	4.78%	(0.71%)
<b>Other information</b>				
Closing net asset value	£6,439,275	£6,800,865	£8,401,267	£8,986,450
Closing number of shares	8,911,258	9,407,781	11,591,359	12,696,984
Operating charges - OCF	0.91%	0.90%	0.91%	0.90%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price	73.07p	75.22p	79.33p	74.27p
Lowest share price	70.26p	71.65p	70.20p	68.30p

<b>Retail Accumulation</b>	<b>15.7.18</b>	<b>15.1.18#</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	462.10p	453.30p	434.70p	439.80p
Return before operating charges*	6.57p	12.98p	24.82p	0.78p
Operating charges**	(2.07p)	(4.18p)	(4.14p)	(3.87p)
Return after operating charges*	4.50p	8.80p	20.68p	(3.09p)
Distributions on accumulation share	(4.66p)	(10.05p)	(10.38p)	(10.04p)
Retained distributions on accumulation share	4.66p	10.05p	8.30p	8.03p
Closing net asset value per share	466.60p	462.10p	453.30p	434.70p
*after direct transaction costs of:***	0.00p	0.00p	0.00p	0.00p
<b>Performance</b>				
Return after charges	0.97%	1.94%	4.76%	(0.70%)
<b>Other information</b>				
Closing net asset value	£17,216,368	£17,952,103	£20,107,885	£21,807,538
Closing number of shares	3,690,091	3,884,747	4,435,660	5,016,647
Operating charges - OCF	0.91%	0.90%	0.91%	0.90%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price	469.50p	472.10p	491.70p	447.70p
Lowest share price	449.18p	448.90p	431.10p	414.70p

# The figures have been restated to four significant figures.

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Institutional Income</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	72.62p	72.81p	71.10p	73.30p
Return before operating charges*	1.02p	2.10p	4.07p	0.10p
Operating charges**	(0.01p)	(0.04p)	(0.02p)	(0.02p)
Return after operating charges*	1.01p	2.06p	4.05p	0.08p
Distributions on income share	(1.04p)	(2.25p)	(2.34p)	(2.28p)
Closing net asset value per share	72.59p	72.62p	72.81p	71.10p
*after direct transaction costs of:***	0.00p	0.00p	0.00p	0.00p
<b>Performance</b>				
Return after charges	1.39%	2.83%	5.70%	0.11%
<b>Other information</b>				
Closing net asset value	£9,256,499	£5,128,462	£1,562,083	£1,008,788
Closing number of shares	12,751,101	7,061,752	2,145,496	1,418,826
Operating charges - OCF	0.03%	0.06%	0.03%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price	73.50p	75.72p	79.77p	74.63p
Lowest share price	70.64p	71.99p	70.53p	68.61p

<b>Income C</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	72.49p	72.68p	70.97p	73.17p
Return before operating charges*	1.01p	2.08p	4.06p	0.08p
Operating charges**	(0.15p)	(0.32p)	(0.32p)	(0.30p)
Return after operating charges*	0.86p	1.76p	3.74p	(0.22p)
Distributions on income share	(0.90p)	(1.95p)	(2.03p)	(1.98p)
Closing net asset value per share	72.45p	72.49p	72.68p	70.97p
*after direct transaction costs of:***	0.00p	0.00p	0.00p	0.00p
<b>Performance</b>				
Return after charges	1.19%	2.42%	5.27%	(0.30%)
<b>Other information</b>				
Closing net asset value	£12,891,025	£13,776,607	£14,506,559	£16,315,612
Closing number of shares	17,792,281	19,004,928	19,959,576	22,988,731
Operating charges - OCF	0.43%	0.43%	0.43%	0.43%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price	73.31p	75.51p	79.59p	74.48p
Lowest share price	70.48p	71.86p	70.40p	68.50p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.



## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Accumulation C</b>	<b>15.7.18</b>	<b>15.1.18#</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	471.30p	460.20p	439.60p	443.20p
Return before operating charges*	6.70p	13.12p	25.14p	0.67p
Operating charges**	(1.00p)	(2.02p)	(2.00p)	(1.86p)
Return after operating charges*	5.70p	11.10p	23.14p	(1.19p)
Distributions on accumulation share	(5.87p)	(12.47p)	(12.68p)	(12.05p)
Retained distributions on accumulation share	5.87p	12.47p	10.14p	9.64p
Closing net asset value per share	477.00p	471.30p	460.20p	439.60p
*after direct transaction costs of:***	0.00p	0.00p	0.00p	0.00p
<b>Performance</b>				
Return after charges	1.21 %	2.41 %	5.25 %	(0.26 %)
<b>Other information</b>				
Closing net asset value	£9,367,004	£10,235,835	£10,692,480	£10,272,554
Closing number of shares	1,963,809	2,171,668	2,323,594	2,336,678
Operating charges - OCF	0.43 %	0.43 %	0.43 %	0.43 %
Direct transaction costs	0.00 %	0.00 %	0.00 %	0.00 %
<b>Prices</b>				
Highest share price	479.70p	480.70p	498.40p	451.40p
Lowest share price	458.30p	455.80p	436.10p	418.70p
# The figures have been restated to four significant figures.				
**The operating charges include all costs borne by the Fund, except for direct transaction costs.				
***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.				

## Statement of Total Return

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		312		240
Revenue	505		526	
Expenses	(157)		(179)	
Net revenue before taxation	348		347	
Taxation	-		-	
Net revenue after taxation		348		347
Total return before distributions		660		587
Distributions		(655)		(662)
Change in net assets attributable to shareholders from investment activities		5		(75)

## Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		53,894		55,270
Amounts receivable on creation of shares	5,296		1,134	
Amounts payable on cancellation of shares	(4,321)		(4,884)	
		975		(3,750)
Dilution adjustment		2		1
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		5		(75)
Retained distribution on accumulation shares		294		361
Closing net assets attributable to shareholders		55,170		51,807

## Balance Sheet

as at 15 July 2018 (unaudited)

	15.7.18		15.1.18	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investments		54,854		53,147
Current assets				
Debtors	446		821	
Cash and bank balances	112		422	
Total current assets		558		1,243
Total assets		55,412		54,390
<b>Liabilities</b>				
Creditors				
Distribution payable on income shares	(175)		(163)	
Other creditors	(67)		(333)	
Total liabilities		(242)		(496)
Net assets attributable to shareholders		55,170		53,894

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 April 2018				
Group 2: Shares purchased from 16 April 2018 to 15 July 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.9.18</i>	<i>Distribution paid 15.9.17</i>
<b>Retail Income</b>				
Group 1	0.350000	-	0.350000	0.400000
Group 2	0.170000	0.180000	0.350000	0.400000
<b>Retail Accumulation</b>				
Group 1	2.270000	-	2.270000	2.550000
Group 2	1.320000	0.950000	2.270000	2.550000
<b>Institutional Income</b>				
Group 1	0.510000	-	0.510000	0.570000
Group 2	0.420000	0.090000	0.510000	0.570000
<b>Income C</b>				
Group 1	0.440000	-	0.440000	0.490000
Group 2	0.220000	0.220000	0.440000	0.490000
<b>Accumulation C</b>				
Group 1	2.880000	-	2.880000	3.150000
Group 2	1.100000	1.780000	2.880000	3.150000

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 January 2018				
Group 2: Shares purchased from 16 January 2018 to 15 April 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.6.18</i>	<i>Distribution paid 15.6.17</i>
<b>Retail Income</b>				
Group 1	0.370000	-	0.370000	0.410000
Group 2	0.070000	0.300000	0.370000	0.410000
<b>Retail Accumulation</b>				
Group 1	2.390000	-	2.390000	2.570000
Group 2	1.530000	0.860000	2.390000	2.570000
<b>Institutional Income</b>				
Group 1	0.530000	-	0.530000	0.570000
Group 2	0.400000	0.130000	0.530000	0.570000
<b>Income C</b>				
Group 1	0.460000	-	0.460000	0.500000
Group 2	0.190000	0.270000	0.460000	0.500000
<b>Accumulation C</b>				
Group 1	2.990000	-	2.990000	3.170000
Group 2	1.210000	1.780000	2.990000	3.170000

# Corporate Bond

## Investment Objective

To provide a regular and competitive level of income from an underlying portfolio of predominantly sterling corporate bonds.

## Investment Policy

To invest predominantly in corporate bonds and other fixed interest securities.

## Investment Strategy

The Corporate Bond Fund invests primarily in investment grade corporate bonds (but also can take exposure in sub investment grade bonds) in order to achieve a better return than the market. The Fund invests in a variety of fixed income securities including, but not limited to, fixed and floating rate securities, senior and subordinated securities, bullet, callable and perpetual securities denominated or hedged back into sterling. In addition, the Fund uses derivatives, both interest rate and credit, to achieve its aim.

The Investment Objective is achieved by changing the overall position of the Fund against its benchmark in respect to duration, yield curve and credit exposure.

## Portfolio Activity

The Fund value fell over the period with performance slightly above benchmark. Over the period ten-year UK gilt yields dropped 3bps to 1.27%, however this reading belies marked volatility during the twelve months, driven by uncertainty around global politics and domestic monetary policy. The sterling corporate investment grade yield spread rose 37 bps to 1.44%. The Fund's slight outperformance over the period came largely from asset allocation, with a small positive from rates position in Q1 and an overall negative impact from issuer selection.

In Q1, although issuer selection was negative with Financials and Utilities, there were positive impacts from names within Consumer Goods, Consumer Services and Telecommunications. The asset allocation impact was slightly positive, with the underweight in Financials and overweight Telecommunications contributing to relative performance. There were some small negative impacts from allocation to other sectors.

In Q2, the underperformance from issuer selection came from the names within the Financial sector. We were overweight within this sector to more sensitive names within the capital structure. Asset allocation had no overall impact, with small positive and negatives across sectors that largely offset overall.

In respect to sector positioning, the Fund remained underweight Financials, Utilities and Consumer Services. The Fund also kept an overweight Consumer Goods. Within Financials the Fund is underweight mainly in senior bonds from non-Banks and Insurance companies. The Fund maintained a non-benchmark position in Collateralised securities (including ABS securities) and Housing Association bonds from selected issuers. We remained largely neutral duration while we have a small underweight in bonds with maturities above 10 years while being overweight in the 5 – 10 years maturity bucket. Over the period, the Fund beta (sensitivity to changes in credit spreads) was slightly increased to 1.1 by increasing our sterling exposure and maintaining our exposure to USD and euro denominated bonds. All the non-sterling currency exposure is hedged back to sterling.

In terms of activity, major purchases included: Royal Bank of Scotland 2.875% VRN 19/9/2026, BMW US Capital LLC 3.45% 12/4/2023 and Treasury 5% 7/3/2025.

Significant sales included: Treasury 4.5% 7/9/2034, Wells Fargo & Co 2.125% 20/12/2023 and Wells Fargo & Co 2.125% 20/12/2023.

## Investment Performance

During the period under review, the value of the shares in the Fund decreased by 1.26%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Fund Particulars

as at 16 July 2018 (unaudited)

	Retail Income	Retail Accumulation	Institutional Income	Institutional Accumulation
Price	120.8p xd	277.2p	222.2p xd	324.9p
Distribution payable (on 15 September 2018) per share net	0.780000p	1.780000p	2.070000p	2.990000p
Current net estimated yield	2.40%	2.40%	3.60%	3.60%
Annual ACD charge	1.00%	1.00%	0.00%	0.00%
	Income C	Accumulation C	Institutional Gross Accumulation	
Price	121.4p xd	287.0p	325.9p	
Distribution payable (on 15 September 2018) per share net	1.000000p	2.360000p	3.010000p	
Current net estimated yield	3.20%	3.20%	0.00%	
Annual ACD charge	0.30%	0.30%	0.00%	

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>UNITED KINGDOM - 42.95% (42.69%)</b>			
<b>Government Bonds - 5.52% (6.04%)</b>			
Treasury 2.5% 22/7/2065	£2,220,000	2,900	0.29
Treasury 3.25% 22/1/2044	£4,665,000	6,097	0.61
Treasury 3.5% 22/1/2045	£5,000,000	6,848	0.68
Treasury 4% 22/1/2060	£2,250,000	3,889	0.39
Treasury 4.25% 7/12/2027	£1,250,000	1,579	0.16
Treasury 4.25% 7/3/2036	£1,500,000	2,095	0.21
Treasury 4.25% 7/12/2040	£4,868,000	7,149	0.72
Treasury 4.25% 7/12/2046	£4,070,000	6,354	0.64
Treasury 4.5% 7/12/2042	£4,060,000	6,290	0.63
Treasury 4.75% 7/12/2038	£7,750,000	11,837	1.19
<b>Total Government Bonds</b>		<b>55,038</b>	<b>5.52</b>
<b>Corporate Bonds - 37.42% (36.68%)</b>			
Abbey National Treasury Services 1.875% 17/2/2020	£2,400,000	2,414	0.24
Anglian Water 2.625% 15/6/2027	£2,800,000	2,677	0.27
Anglian Water 4.5% 22/2/2026	£2,571,000	2,810	0.28
Annington Funding 2.646% 12/7/2025	£2,758,000	2,743	0.28
Annington Funding 3.184% 12/7/2029	£4,104,000	4,096	0.41
Annington Funding 3.685% 12/7/2034	£2,032,000	2,073	0.21
Annington Funding 3.935% 12/7/2047	£1,800,000	1,858	0.19
Aviva 4.375% variable rate 12/9/2049	£2,000,000	1,978	0.20
Aviva 5.125% variable rate 4/6/2050	£2,979,000	3,090	0.31
Aviva 6.125% variable rate perpetual	£2,400,000	2,637	0.26
Aviva 6.125% 14/11/2036	£2,000,000	2,248	0.23
Aviva 6.625% variable rate 3/6/2041	£1,550,000	1,709	0.17
Aviva 6.875% variable rate 20/5/2058	£650,000	807	0.08
Barclays Bank 1.375% 24/1/2026	£5,602,000	4,749	0.48
Barclays Bank 2.375% variable rate 6/10/2023	£7,840,000	7,718	0.77
Barclays Bank 3.125% 17/1/2024	£5,527,000	5,554	0.56
Barclays Bank 3.25% 12/2/2027	£2,955,000	2,912	0.29
Barclays Bank 3.25% 17/1/2033	£4,780,000	4,433	0.44
Barclays Bank 7.875% variable rate perpetual	£2,750,000	2,941	0.30
Barclays Bank 9.5% 7/8/2021	£460,000	548	0.05
Barclays Bank 10% 21/5/2021	£3,550,000	4,250	0.43
Barclays Bank 14% variable rate perpetual	£1,060,000	1,165	0.12
BAT International Finance 2.25% 9/9/2052	£4,423,000	3,332	0.33
BAT International Finance 4% 4/9/2026	£650,000	706	0.07
BAT International Finance 4% 23/11/2055	£1,430,000	1,547	0.16
BAT International Finance 6% 24/11/2034	£1,450,000	1,933	0.19
BP Capital Markets 2.03% 14/2/2025	£6,118,000	6,095	0.61
BP Capital Markets 2.274% 3/7/2026	£2,500,000	2,505	0.25
British Telecom 3.125% 21/11/2031	£1,667,000	1,616	0.16
British Telecom 3.625% 21/11/2047	£1,800,000	1,738	0.17
BUPA Finance 6.125% variable rate perpetual	£2,200,000	2,337	0.23

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
BUPA Finance 2% 5/4/2024	£1,833,000	1,814	0.18
BUPA Finance 5% 8/12/2026	£1,612,000	1,759	0.18
Cadent Finance 2.125% 22/9/2028	£3,750,000	3,544	0.36
Cadent Finance 2.625% 22/9/2038	£2,190,000	2,006	0.20
Cadent Finance 2.75% 22/9/2046	£2,500,000	2,265	0.23
Centrica 4.375% 13/3/2029	£1,591,000	1,807	0.18
Centrica 7% 19/9/2033	£4,460,000	6,474	0.65
Centrica 5.25% variable rate 10/4/2075	£1,500,000	1,582	0.16
Compass Group 2% 3/7/2029	£1,785,000	1,720	0.17
CYBG 3.125% variable rate 22/6/2025	£2,500,000	2,473	0.25
Direct Line 4.75% variable rate perpetual	£2,758,000	2,527	0.25
Direct Line 9.25% variable rate 27/4/2042	£308,000	376	0.04
Eastern Power Networks 5.75% 8/3/2024	£2,338,000	2,764	0.28
FCE Bank 2.727% 3/6/2022	£2,710,000	2,764	0.28
Friends Life Holdings 8.25% 21/4/2022	£3,000,000	3,640	0.37
Friends Life Holdings 12% 21/5/2021	£1,915,000	2,436	0.24
GKN 5.375% 19/9/2022	£1,250,000	1,370	0.14
GKN 3.375% 12/5/2032	£1,646,000	1,683	0.17
Glaxosmithkline 3.375% 20/12/2027	£1,730,000	1,888	0.19
Glaxosmithkline 5.25% 19/12/2033	£4,742,000	6,250	0.63
Glaxosmithkline 5.25% 10/4/2042	£5,031,000	6,995	0.70
Glaxosmithkline 6.375% 9/3/2039	£2,050,000	3,138	0.31
Hammerson 6% 23/2/2026	£2,000,000	2,392	0.24
+HSBC Bank 5.75% 20/12/2027	£470,000	560	0.06
+HSBC Bank 6% 29/3/2040	£1,300,000	1,682	0.17
+HSBC Bank 6.5% 7/7/2023	£300,000	357	0.04
+HSBC Holdings 2.175% variable 27/6/2023	£4,865,000	4,849	0.49
+HSBC Holdings 2.256% variable rate 13/11/2026	£7,655,000	7,374	0.74
+HSBC Holdings 2.625% 16/8/2028	£6,719,000	6,501	0.65
+HSBC Holdings 6% variable rate perpetual	\$3,598,000	2,596	0.26
+HSBC Holdings 6.75% 11/9/2028	£2,500,000	3,191	0.32
+HSBC Holdings 7% 7/4/2038	£1,600,000	2,295	0.23
Hutchison Whampoa 5.625% 24/11/2026	£1,300,000	1,604	0.16
Imperial Brands Finance 4.875% 7/6/2032	£1,008,000	1,163	0.12
Imperial Brands Finance 5.5% 28/9/2026	£2,900,000	3,421	0.34
Leeds Building Society 3.75% variable 25/4/2029	£2,000,000	1,928	0.19
Legal & General Group 5.375% variable rate 27/10/2045	£8,896,000	9,706	0.97
Legal & General Group 5.5% variable rate 27/6/2064	£3,147,000	3,368	0.34
Lloyds Banking Group 2.25% 16/10/2024	£6,980,000	6,796	0.68
Lloyds Banking Group 6.5% 17/9/2040	£1,895,000	2,869	0.29
Lloyds Banking Group 7.625% 22/4/2025	£260,000	335	0.03
Lloyds Banking Group 9.625% 6/4/2023	£3,500,000	4,546	0.46
Lloyds Banking Group 9.625% 6/4/2023	£300,000	390	0.04
Lloyds Banking Group variable rate perpetual	£1,502,000	1,542	0.15
London and Quadrant Housing Trust 2.75% 20/7/2057	£2,663,000	2,419	0.24
Manchester Airport Group Funding 2.875% 31/3/2039	£4,615,000	4,424	0.44

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Manchester Airport Group Funding 4.125% 2/4/2024	£3,700,000	4,093	0.41
Marks & Spencer 4.75% 12/6/2025	£2,895,000	3,161	0.32
Marks & Spencer 6.125% 6/12/2021	£500,000	565	0.06
Mitchells & Butler 6.469% 15/9/2030	£1,840,000	2,127	0.21
Morrison (WM) Supermarkets 4.75% 4/7/2029	£2,928,000	3,381	0.34
Motability Operations Group 2.375% 14/3/2032	£4,931,000	4,753	0.48
National Westminster Bank 6.5% 7/9/2021	£720,000	813	0.08
Natwest Markets 1.125% 14/6/2023	€3,636,000	3,203	0.32
NewRiver REIT 3.5% 7/3/2028	£2,796,000	2,741	0.27
NGG Finance 5.625% variable rate 18/6/2073	£3,597,000	3,938	0.40
Northern Powergrid 7.25% 15/12/2022	£5,110,000	6,270	0.63
Northumbrian Water Finance 1.625% 11/10/2026	£4,737,000	4,402	0.44
Northumbrian Water Finance 2.375% 5/10/2027	£4,643,000	4,515	0.45
Places for People Homes 2.875% 17/8/2026	£3,126,000	3,067	0.31
Prudential Corporation 5% variable rate 20/7/2055	£4,830,000	4,982	0.50
Prudential Corporation 5.7% variable rate 19/12/2063	£2,350,000	2,638	0.26
Prudential Corporation 11.375% variable rate 29/5/2039	£450,000	487	0.05
Rio Tinto Finance 4% 11/12/2029	£1,808,000	2,076	0.21
RL Finance Bonds No.2 6.125% variable rate 30/11/2043	£550,000	612	0.06
Royal Bank of Scotland 2.875% variable rate 19/9/2026	£5,000,000	4,939	0.50
Saga 3.375% 12/5/2024	£8,108,000	7,723	0.78
Santander UK Group Holdings 2.92% variable rate 8/5/2026	£2,700,000	2,688	0.27
Santander UK Group Holdings 3.625% 14/1/2026	£3,140,000	3,291	0.33
Santander UK Group Holdings 6.75% variable rate perpetual	£2,285,000	2,370	0.24
Scotland Gas Network 3.25% 8/3/2027	£1,000,000	1,047	0.10
Severn Trent Utilities Finance 1.625% 4/12/2022	£2,071,000	2,058	0.21
Severn Trent Water Utilities 3.625% 16/1/2026	£1,267,000	1,356	0.14
SL Finance 6.75% variable rate perpetual	£3,550,000	4,674	0.47
South Eastern Power Networks 5.5% 5/6/2026	£3,000,000	3,617	0.36
South Eastern Power Networks 6.375% 12/11/2031	£2,000,000	2,754	0.28
Southern Gas Network 4.875% 21/3/2029	£480,000	576	0.06
SP Manweb 4.875% 20/9/2027	£500,000	595	0.06
SSE 3.875% variable rate perpetual	£3,439,000	3,495	0.35
SSE 4.75% variable rate 16/9/2077	\$3,500,000	2,577	0.26
SSE 8.375% 20/11/2028	£3,124,000	4,695	0.47
Standard Life 5.5% variable rate 4/12/2042	£425,000	469	0.05
Telereal Securitisation 4.0902% variable rate 10/12/2033	£1,950,000	2,033	0.20
Tesco Property Finance 7.6227% 13/7/2039	£2,000,000	2,379	0.24
United Utilities Water Finance 2% 14/2/2025	£2,121,000	2,106	0.21
Virgin Media Secured Finance 5% 15/4/2027	£1,784,000	1,751	0.18
Virgin Money Holdings UK 3.375% variable rate 24/4/2026	£3,562,000	3,570	0.36
Vodafone Group 3% 12/8/2056	£3,577,000	3,114	0.31
Vodafone Group 3.375% 8/8/2049	£3,650,000	3,440	0.35
Wellcome Trust 2.517% 7/2/2118	£700,000	664	0.07
Western Power Distribution 2.375% 16/5/2029	£5,273,000	5,083	0.51
Western Power Distribution 3.625% 6/11/2023	£6,309,000	6,622	0.66



## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Western Power Distribution 3.875% 17/10/2024	£2,376,000	2,588	0.26
Western Power Distribution 5.75% 16/4/2032	£2,270,000	2,954	0.30
Yorkshire Building Society 3.375% variable rate 13/9/2028	£2,800,000	2,647	0.27
Zurich Finance 6.625% variable rate perpetual	£1,953,000	2,211	0.22
<b>Total Corporate Bonds</b>		<b>372,712</b>	<b>37.42</b>
<b>Futures - 0.01% (-0.03%)</b>			
ICF ICE Long Gilt Future September 2018	158	99	0.01
<b>Total Futures</b>		<b>99</b>	<b>0.01</b>
<b>Total United Kingdom</b>		<b>427,849</b>	<b>42.95</b>
<b>UNITED STATES - 12.51% (14.33%)</b>			
<b>Corporate Bonds - 12.09% (13.83%)</b>			
American International Group 5% 26/4/2023	£3,700,000	4,154	0.42
Amgen 4% 13/9/2029	£3,400,000	3,789	0.38
Amgen 5.5% 7/12/2026	£700,000	853	0.09
AT&T 4.25% 1/6/2043	£2,000,000	2,102	0.21
AT&T 4.375% 14/9/2029	£1,055,000	1,160	0.12
AT&T 5.2% 18/11/2033	£1,400,000	1,664	0.17
AT&T 7% 30/4/2040	£5,900,000	8,550	0.86
Bank of America 2.3% 25/7/2025	£3,143,000	3,102	0.31
Bank of America 5.5% 4/12/2019	£4,403,000	4,654	0.47
Bank of America 6.125% 15/9/2021	£1,150,000	1,303	0.13
Bank of America 7% 31/7/2028	£1,550,000	2,112	0.21
Citi Group 5.15% 21/5/2026	£1,228,000	1,445	0.15
Comcast 5.5% 23/11/2029	£420,000	524	0.05
Discovery Communications 2.5% 20/9/2024	£2,000,000	1,951	0.20
EPR Properties 4.95% 15/4/2028	\$5,000,000	3,722	0.37
General Electric Capital 5.5% 7/6/2021	£1,650,000	1,824	0.18
General Motors Financial 2.25% 6/9/2024	£3,226,000	3,135	0.31
Goldman Sachs 4.25% 29/1/2026	£5,393,000	5,922	0.59
Goldman Sachs 7.125% 7/8/2025	£500,000	643	0.06
Goldman Sachs FRN 15/5/2026	\$4,348,000	3,258	0.33
Merrill Lynch 5.5% 22/11/2021	£3,250,000	3,599	0.36
Metropolitan Life Global Funding 2.625% 5/12/2022	£3,577,000	3,733	0.37
National Capital Trust 5.62% variable rate perpetual	£657,000	666	0.07
Pfizer 2.735% 15/6/2043	£4,705,000	4,652	0.47
Philip Morris International 1.875% 6/11/2037	€7,000,000	5,672	0.57
Prologis 2.25% 30/6/2029	£4,000,000	3,774	0.38
Time Warner Cable 5.25% 15/7/2042	£1,500,000	1,641	0.16
Time Warner Cable 5.25% 15/7/2042	£1,100,000	1,203	0.12
Toyota Motor Credit 1.125% 7/9/2021	£1,530,000	1,514	0.15
Verizon Communications 3.375% 27/10/2036	£1,900,000	1,875	0.19
Verizon Communications 4.75% 17/2/2034	£2,000,000	2,333	0.23
Wal-Mart Stores 5.625% 27/3/2034	£6,341,000	8,952	0.90
Wells Fargo & Co. 1.375% 30/6/2022	£8,800,000	8,593	0.86

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Wells Fargo & Co. 2% 28/7/2025	£9,348,000	9,017	0.91
Wells Fargo & Co. 4.875% 29/11/2035	£4,200,000	4,888	0.49
Westfield America Manage 2.625% 30/3/2029	£2,500,000	2,458	0.25
<b>Total Corporate Bonds</b>		<b>120,437</b>	<b>12.09</b>
<b>Public Authorities - 0.43% (0.45%)</b>			
Tennessee Valley Authority 5.625% 7/6/2032	£3,131,000	4,364	0.43
<b>Total Public Authorities</b>		<b>4,364</b>	<b>0.43</b>
<b>Futures - -0.01% (0.05%)</b>			
CBT US Long Bond Future September 2018	(19)	(11)	0.00
CBT US Ultra Bond Future September 2018	(24)	(68)	(0.01)
CBT US 10Yr Ultra Future September 2018	(48)	(49)	0.00
<b>Total Futures</b>		<b>(128)</b>	<b>(0.01)</b>
<b>Total United States</b>		<b>124,673</b>	<b>12.51</b>
<b>AUSTRALIA - 1.70% (0.96%)</b>			
<b>Corporate Bonds - 1.70% (0.96%)</b>			
BHP Billiton Finance 4.3% 25/9/2042	£2,000,000	2,467	0.25
BHP Billiton Finance 6.5% variable rate 22/10/2077	£1,789,000	2,027	0.20
QBE Insurance Group 5.25% variable rate perpetual	\$5,780,000	3,952	0.40
Scentre Management 3.875% 16/7/2026	£2,178,000	2,387	0.24
Toyota Finance Australia 1.625% 11/7/2022	£6,152,000	6,122	0.61
<b>Total Corporate Bonds</b>		<b>16,955</b>	<b>1.70</b>
<b>Total Australia</b>		<b>16,955</b>	<b>1.70</b>
<b>AUSTRIA - 0.00% (0.19%)</b>			
<b>Corporate Bonds - 0.00% (0.19%)</b>			
<b>BELGIUM - 1.71% (1.22%)</b>			
<b>Corporate Bonds - 1.71% (1.22%)</b>			
Anheuser-Busch InBev 1.75% 7/3/2025	£2,194,000	2,142	0.21
Anheuser-Busch InBev 2.25% 24/5/2029	£6,335,000	6,083	0.61
Anheuser-Busch InBev 2.85% 25/5/2037	£3,390,000	3,269	0.33
Anheuser-Busch InBev 9.75% 30/7/2024	£1,800,000	2,571	0.26
KBC Group NV 4.25% variable rate perpetual	€3,600,000	2,955	0.30
<b>Total Corporate Bonds</b>		<b>17,020</b>	<b>1.71</b>
<b>Total Belgium</b>		<b>17,020</b>	<b>1.71</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>CAYMAN ISLANDS - 2.94% (3.64%)</b>			
<b>Corporate Bonds - 2.94% (3.64%)</b>			
Affinity Water Programme Finance 3.625% 30/9/2022	£800,000	857	0.09
Phoenix Group Holdings 5.75% variable rate perpetual	£3,750,000	3,450	0.35
Southern Water 4.5% variable rate 31/3/2038	£1,450,000	1,545	0.15
Tencent Holdings 3.925% 19/1/2038	\$1,400,000	975	0.10
Thames Water Utilities Cayman Finance 2.375% 3/5/2023	£1,900,000	1,854	0.19
Thames Water Utilities Cayman Finance 2.625% 24/1/2032	£1,000,000	949	0.09
Thames Water Utilities Cayman Finance 4% 19/6/2025	£7,480,000	8,199	0.82
Thames Water Utilities Cayman Finance 5.75% 13/9/2030	£2,274,000	2,532	0.25
Thames Water Utilities Cayman Finance 7.738% 9/4/2058	£3,650,000	6,870	0.69
Virgolino De Oliveira Finance 6.75% 29/1/2018	\$243,000	13	0.00
Yorkshire Power 7.25% 4/8/2028	£589,000	828	0.08
Yorkshire Water Services 3.75% variable rate 22/3/2046	£1,230,000	1,277	0.13
<b>Total Corporate Bonds</b>		<b>29,349</b>	<b>2.94</b>
<b>Total Cayman Islands</b>		<b>29,349</b>	<b>2.94</b>
<b>CHANNEL ISLANDS - 4.38% (3.94%)</b>			
<b>Corporate Bonds - 4.38% (3.94%)</b>			
AA Bond 4.2487% 31/7/2043	£2,500,000	2,591	0.26
AA Bond 4.875% 31/7/2043	£3,898,000	3,955	0.40
Credit Suisse Funding Limited 2.75% 8/8/2025	£4,096,000	4,060	0.41
Credit Suisse Funding Limited 3% 27/5/2022	£360,000	372	0.04
Gatwick Funding Limited 6.5% 2/3/2043	£4,000,000	5,983	0.60
Gatwick Funding Limited 3.125% 28/9/2041	£3,587,000	3,480	0.35
Heathrow Funding 4.625% 31/10/2046	£2,910,000	3,578	0.36
Heathrow Funding 5.225% variable rate 15/2/2025	£4,400,000	5,033	0.50
Heathrow Funding 7.125% 14/2/2024	£3,941,000	4,825	0.48
Heathrow Funding 2.75% 9/8/2051	£3,881,000	3,465	0.35
Heathrow Funding 5.875% 13/5/2041	£1,961,000	2,755	0.28
Heathrow Funding 6% 20/3/2020	£560,000	601	0.06
Heathrow Funding 6.45% 10/12/2033	£650,000	897	0.09
Heathrow Funding 6.75% 3/12/2026	£500,000	654	0.06
+HSBC Bank 5.862% variable rate perpetual	£1,350,000	1,420	0.14
<b>Total Corporate Bonds</b>		<b>43,669</b>	<b>4.38</b>
<b>Total Channel Islands</b>		<b>43,669</b>	<b>4.38</b>
<b>DENMARK - 0.51% (0.57%)</b>			
<b>Corporate Bonds - 0.51% (0.57%)</b>			
Danske Bank 5.375% 29/9/2021	£36,000	36	0.00
Dong Energy A/S 4.875% 12/1/2032	£1,260,000	1,533	0.15
Dong Energy A/S 5.75% 9/4/2040	£2,500,000	3,529	0.36
<b>Total Corporate Bonds</b>		<b>5,098</b>	<b>0.51</b>
<b>Total Denmark</b>		<b>5,098</b>	<b>0.51</b>

**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>FRANCE - 7.72% (9.14%)</b>			
<b>Corporate Bonds - 7.72% (8.79%)</b>			
AXA SA 5.625% variable rate 16/1/2054	£4,650,000	5,075	0.51
AXA SA variable perpetual	£1,500,000	1,602	0.16
Banque Federative 0.875% 8/6/2020	£4,500,000	4,456	0.45
Banque Federative 1.375% 20/12/2021	£3,100,000	3,080	0.31
BPCE SA 5.25% 16/4/2029	£4,200,000	4,785	0.48
Credit Agricole 8.125% variable rate perpetual	£150,000	160	0.02
Electricite de France 5.5% 27/3/2037	£2,000,000	2,471	0.25
Electricite de France 5.5% 17/10/2041	£7,400,000	9,311	0.94
Electricite de France 5.875% 18/7/2031	£550,000	705	0.07
Electricite de France 5.875% variable rate perpetual	£10,000,000	10,020	1.01
Electricite de France 6% 23/1/2114	£7,000,000	9,099	0.91
Electricite de France 6% variable rate perpetual	£2,500,000	2,579	0.26
GDF Suez 4.625% variable rate perpetual	£2,000,000	2,023	0.20
Orange 5.375% 22/11/2050	£1,200,000	1,637	0.16
Orange 5.75% variable rate perpetual	£3,239,000	3,507	0.35
Orange 5.875% variable rate perpetual	£3,558,000	3,851	0.39
Orange 8.125% 20/11/2028	£2,030,000	2,997	0.30
RCI Banque 1.875% 8/11/2022	£4,615,000	4,604	0.46
Total Capital International SA 1.75% 7/7/2025	£2,044,000	2,022	0.20
Unibail Rodamco 2.125% variable rate perpetual	£2,400,000	2,105	0.21
Veolia Environnement 6.125% 29/10/2037	£550,000	775	0.08
<b>Total Corporate Bonds</b>		<b>76,864</b>	<b>7.72</b>
<b>Public Authorities - 0.00% (0.35%)</b>			
<b>Total France</b>		<b>76,864</b>	<b>7.72</b>
<b>GERMANY - 2.56% (5.06%)</b>			
<b>Corporate Bonds - 2.60% (5.00%)</b>			
BASF 1.375% 21/6/2022	£1,777,000	1,770	0.18
Commerzbank International 6.625% 30/8/2019	£300,000	316	0.03
Daimler AG 1% 20/12/2019	£1,550,000	1,542	0.15
Daimler AG 2.375% 16/12/2021	£2,000,000	2,046	0.21
Daimler AG 2.75% 4/12/2020	£6,333,000	6,508	0.65
Deutsche Bank 1.75% 16/12/2021	£8,600,000	8,329	0.84
Deutsche Bank 1.75% 17/1/2028	£3,400,000	2,818	0.28
Deutsche Bank 1.875% 28/2/2020	£2,600,000	2,581	0.26
<b>Total Corporate Bonds</b>		<b>25,910</b>	<b>2.60</b>
<b>Futures - -0.04% (0.06%)</b>			
EUX Euro Bund Future September 2018	(220)	(289)	(0.03)
Eux Euro Buxl 30Year Bnd Future September 2018	(42)	(114)	(0.01)
EUX Euro Bobl Future September 2018	(40)	(34)	0.00
<b>Total Futures</b>		<b>(437)</b>	<b>(0.04)</b>
<b>Total Germany</b>		<b>25,473</b>	<b>2.56</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>IRELAND - 5.30% (5.31%)</b>			
<b>Corporate Bonds - 2.74% (2.43%)</b>			
FCA Bank 1.625% 29/9/2021	£10,680,000	10,502	1.05
GE Capital UK Funding 4.125% 13/9/2023	£5,100,000	5,596	0.56
GE Capital UK Funding 5.125% 24/5/2023	£826,000	939	0.10
GE Capital UK Funding 5.875% 18/1/2033	£4,800,000	6,301	0.63
PGH Capital 4.125% 20/7/2022	£3,846,000	3,945	0.40
<b>Total Corporate Bonds</b>		<b>27,283</b>	<b>2.74</b>
<b>Financials - 2.56% (2.88%)</b>			
+^HSBC Global Liquidity	25,499,255	25,499	2.56
<b>Total Financials</b>		<b>25,499</b>	<b>2.56</b>
<b>Total Ireland</b>		<b>52,782</b>	<b>5.30</b>
<b>ITALY - 1.37% (1.03%)</b>			
<b>Corporate Bonds - 1.37% (1.03%)</b>			
Assicurazioni Generali 6.269% perpetual	£700,000	731	0.07
Atlantia 6.25% 9/6/2022	£3,000,000	3,478	0.35
Enel Spa 2.5% variable rate 24/11/78	€2,000,000	1,709	0.17
Enel Spa 6.625% variable rate 15/9/2076	£2,223,000	2,428	0.24
Enel Spa 7.75% variable rate 10/9/2075	£850,000	938	0.10
Enel Spa 8.75% variable rate 24/9/2073	\$1,500,000	1,257	0.13
Intesa Sanpaolo 5.25% 28/1/2022	£350,000	381	0.04
Telecom Italia 5.875% 19/5/2023	£2,450,000	2,699	0.27
<b>Total Corporate Bonds</b>		<b>13,621</b>	<b>1.37</b>
<b>Total Italy</b>		<b>13,621</b>	<b>1.37</b>
<b>JAPAN - 0.42% (0.34%)</b>			
<b>Corporate Bonds - 0.42% (0.34%)</b>			
East Japan Railway 4.5% 25/1/2036	£3,250,000	4,150	0.42
<b>Total Corporate Bonds</b>		<b>4,150</b>	<b>0.42</b>
<b>Total Japan</b>		<b>4,150</b>	<b>0.42</b>
<b>LUXEMBOURG - 0.89% (0.28%)</b>			
<b>Corporate Bonds - 0.89% (0.28%)</b>			
Glencore Finance Europe 5.5% 3/4/2022	£2,630,000	2,943	0.30
Novartis Finance 1.7% 14/8/2038	€6,659,000	5,902	0.59
<b>Total Corporate Bonds</b>		<b>8,845</b>	<b>0.89</b>
<b>Total Luxembourg</b>		<b>8,845</b>	<b>0.89</b>
<b>MEXICO - 2.33% (2.09%)</b>			
<b>Government Bonds - 0.75% (0.65%)</b>			
United Mexican States 5.625% 19/3/2114	£7,229,000	7,415	0.75
<b>Total Government Bonds</b>		<b>7,415</b>	<b>0.75</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Corporate Bonds - 1.58% (1.44%)</b>			
America Movil 4.948% 22/7/2033	£2,950,000	3,574	0.36
America Movil 5% 27/10/2026	£3,670,000	4,313	0.43
America Movil 5.75% 28/6/2030	£2,934,000	3,714	0.37
America Movil 6.375% variable rate 6/9/2073	£3,600,000	3,825	0.38
Petroleos Mexicanos 8.25% 2/6/2022	£300,000	355	0.04
<b>Total Corporate Bonds</b>		<b>15,781</b>	<b>1.58</b>
<b>Total Mexico</b>		<b>23,196</b>	<b>2.33</b>
<b>NETHERLANDS - 9.16% (8.41%)</b>			
<b>Corporate Bonds - 9.16% (8.41%)</b>			
ABN AMRO Bank NV 1.375% 7/6/2022	£2,100,000	2,076	0.21
BMW Finance 0.875% 16/8/2022	£2,428,000	2,346	0.24
Daimler International Finance 1.5% 18/8/2021	£3,400,000	3,385	0.34
Demeter Investments 5.125% variable rate 1/6/2048	\$2,350,000	1,737	0.18
Deutsche Telekom 6.5% 8/4/2022	£2,370,000	2,777	0.28
E.ON International Finance 6% 30/10/2019	£4,150,000	4,394	0.44
E.ON International Finance 6.375% 7/6/2032	£8,058,000	10,970	1.10
Enel Finance 5.625% 14/8/2024	£600,000	697	0.07
Enel Finance 5.75% 14/9/2040	£5,750,000	7,320	0.74
Innogy Finance BV 1.5% 31/7/2029	€5,455,000	4,696	0.47
Innogy Finance BV 5.5% 6/7/2022	£550,000	626	0.06
Innogy Finance BV 6.25% 3/6/2030	£550,000	724	0.07
Innogy Finance BV 6.5% 20/4/2021	£800,000	903	0.09
Koninklijke 5.75% 17/9/2029	£4,223,000	5,200	0.52
LafargeHolcim Sterling Finance Netherlands 3% 12/5/2032	£1,049,000	990	0.10
Petrobras Global Finance 6.625% 16/1/2034	£2,000,000	1,972	0.20
Petrobras Global Finance 6.625% 16/1/2034	£1,153,000	1,137	0.11
Rabobank Nederland 2.25% 23/3/2022	£4,000,000	4,100	0.41
Rabobank Nederland 4.625% 23/5/2029	£1,280,000	1,430	0.14
Rabobank Nederland 4.875% 10/1/2023	£150,000	171	0.02
Rabobank Nederland 5.375% 3/8/2060	£1,750,000	2,672	0.27
Royal KPN 5% 18/11/2026	£5,900,000	6,792	0.68
Innogy Finance BV 4.75% 31/1/2034	£2,300,000	2,716	0.27
Innogy Finance BV 6.125% 6/7/2039	£3,250,000	4,558	0.46
Swiss Reinsurance 6.3024% variable rate perpetual	£500,000	514	0.05
Telefonica Europe 2.625% variable rate perpetual	€5,600,000	4,698	0.47
Telefonica Europe 3% variable rate perpetual	€4,200,000	3,584	0.36
Volkswagen Financial Services 1.75% 12/9/2022	£3,500,000	3,466	0.35
Volkswagen Financial Services 2.25% 12/4/2025	£4,661,000	4,566	0.46
<b>Total Corporate Bonds</b>		<b>91,217</b>	<b>9.16</b>
<b>Total Netherlands</b>		<b>91,217</b>	<b>9.16</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>SOUTH KOREA - 0.44% (0.41%)</b>			
<b>Public Authorities - 0.44% (0.41%)</b>			
Korea Development Bank 1.75% 15/12/2022	£4,400,000	4,368	0.44
<b>Total Public Authorities</b>		<b>4,368</b>	<b>0.44</b>
<b>Total South Korea</b>		<b>4,368</b>	<b>0.44</b>
<b>SPAIN - 0.42% (0.83%)</b>			
<b>Corporate Bonds - 0.42% (0.83%)</b>			
Telefonica Emisiones S.A.U 5.375% 2/2/2026	£2,990,000	3,491	0.35
Telefonica Emisiones S.A.U 5.445% 8/10/2029	£600,000	723	0.07
<b>Total Corporate Bonds</b>		<b>4,214</b>	<b>0.42</b>
<b>Total Spain</b>		<b>4,214</b>	<b>0.42</b>
<b>SWEDEN - 0.78% (0.33%)</b>			
<b>Corporate Bonds - 0.78% (0.33%)</b>			
Svenska Handelsbanken 1.625% 18/6/2022	£3,777,000	3,769	0.38
Swedbank 1.25% 29/12/2021	£4,020,000	3,976	0.40
<b>Total Corporate Bonds</b>		<b>7,745</b>	<b>0.78</b>
<b>Total Sweden</b>		<b>7,745</b>	<b>0.78</b>
<b>SWITZERLAND - 0.62% (0.31%)</b>			
<b>Corporate Bonds - 0.62% (0.31%)</b>			
UBS AG 1.25% 10/12/2020	£3,783,000	3,765	0.38
UBS Group Funding Switzerland 5% variable rate perpetual	\$3,636,000	2,419	0.24
<b>Total Corporate Bonds</b>		<b>6,184</b>	<b>0.62</b>
<b>Total Switzerland</b>		<b>6,184</b>	<b>0.62</b>
<b>Forward Foreign Exchange Contracts - -0.07% (0.05%)</b>			
#Sold \$44,223,000 for £33,073,275 settled 10 August 2018		(389)	(0.04)
#Sold €48,284,000 for £42,338,343 settled 9 August 2018		(368)	(0.03)
#Sold £9,726,303 for \$12,867,000 settled 10 August 2018		10	0.00
#Sold £1,701,822 for €1,927,000 settled 9 August 2018		2	0.00
<b>Total Forward Foreign Exchange Contracts</b>		<b>(745)</b>	<b>(0.07)</b>
<b>Portfolio of investments</b>		<b>982,527</b>	<b>98.64</b>
<b>Net other assets</b>		<b>13,559</b>	<b>1.36</b>
<b>Net assets</b>		<b>996,086</b>	<b>100.00</b>

**Portfolio Statement**

as at 15 July 2018 (unaudited)

	<i>Bid value £'000</i>	<i>Total net assets %</i>
Total Equities	25,499	2.60
Total Forward Foreign Exchange Contracts	(745)	(0.08)
Total Future Contracts	(466)	(0.05)
Bond credit ratings*		
AAA	664	0.07
AA+	4,364	0.45
AA	73,586	7.49
AA-	32,246	3.28
A+	44,363	4.52
A	85,383	8.69
A-	139,594	14.21
BBB+	223,067	22.70
BBB	185,800	18.91
BBB-	82,075	8.35
BB+	23,335	2.37
BB	16,291	1.66
BB-	4,860	0.49
B+	6,853	0.70
D	13	0.00
Unrated	35,745	3.64
<b>Total Bonds</b>	<b>958,239</b>	<b>97.53</b>
<b>Portfolio of investments</b>	<b>982,527</b>	<b>100.00</b>

+related party

#unlisted

^investment scheme registered outside the UK

\*ratings supplied by Standard &amp; Poor's

Figures in brackets denote the comparative percentage holdings as at 15 January 2018.

Unless otherwise stated, all investments are listed securities.

Total purchases for the period, including transaction charges, were £421,753,589.

Total sales for the period, net of transaction charges, were £635,285,739.



## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Retail Income</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	124.10p	121.20p	114.20p	119.90p
Return before operating charges*	(1.47p)	7.58p	12.14p	(0.17p)
Operating charges**	(0.70p)	(1.43p)	(1.39p)	(1.35p)
Return after operating charges*	(2.17p)	6.15p	10.75p	(1.52p)
Distributions on income share	(1.53p)	(3.25p)	(3.75p)	(4.18p)
Closing net asset value per share	120.40p	124.10p	121.20p	114.20p
*after direct transaction costs of:***	0.00p	0.00p	0.00p	0.00p
<b>Performance</b>				
Return after charges	(1.75%)	5.07%	9.41%	(1.27%)
<b>Other information</b>				
Closing net asset value	£15,329,220	£13,972,484	£11,382,469	£12,211,847
Closing number of shares	12,731,028	11,262,895	9,395,352	10,692,005
Operating charges - OCF	1.15%	1.15%	1.15%	1.15%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price	124.70p	126.90p	129.70p	123.30p
Lowest share price	120.70p	120.60p	111.80p	113.10p

<b>Retail Accumulation</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	281.10p	267.30p	245.90p	251.00p
Return before operating charges*	(3.22p)	17.01p	26.04p	(0.53p)
Operating charges**	(1.58p)	(3.21p)	(3.01p)	(2.86p)
Return after operating charges*	(4.80p)	13.80p	23.03p	(3.39p)
Distributions on accumulation share	(3.49p)	(7.27p)	(8.15p)	(8.53p)
Retained distributions on accumulation share	3.49p	7.27p	6.52p	6.82p
Closing net asset value per share	276.30p	281.10p	267.30p	245.90p
*after direct transaction costs of:***	0.00p	0.00p	0.00p	0.00p
<b>Performance</b>				
Return after charges	(1.71%)	5.16%	9.37%	(1.35%)
<b>Other information</b>				
Closing net asset value	£84,177,471	£88,563,572	£11,748,625	£11,684,292
Closing number of shares	30,469,861	31,511,440	4,394,977	4,752,007
Operating charges - OCF	1.15%	1.15%	1.15%	1.15%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price	282.50p	283.40p	282.90p	258.10p
Lowest share price	274.20p	266.20p	240.60p	242.60p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Institutional Income</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	228.10p	222.80p	209.90p	220.20p
Return before operating charges*	(2.59p)	13.92p	22.36p	(0.40p)
Operating charges**	(0.03p)	(0.05p)	(0.06p)	(0.06p)
Return after operating charges*	(2.62p)	13.87p	22.30p	(0.46p)
Distributions on income share	(4.08p)	(8.57p)	(9.40p)	(9.84p)
Closing net asset value per share	221.40p	228.10p	222.80p	209.90p
*after direct transaction costs of:***	0.00p	0.00p	0.00p	0.00p
<b>Performance</b>				
Return after charges	(1.15%)	6.23%	10.62%	(0.21%)
<b>Other information</b>				
Closing net asset value	£634,003,251	£797,852,039	£760,896,156	£161,919,023
Closing number of shares	286,347,411	349,748,675	341,575,296	77,126,951
Operating charges - OCF	0.02%	0.02%	0.03%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price	229.30p	233.80p	238.60p	226.60p
Lowest share price	222.20p	221.90p	205.60p	209.30p

<b>Institutional Accumulation</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	327.60p	308.10p	280.90p	284.10p
Return before operating charges*	(3.76p)	19.57p	29.83p	(0.56p)
Operating charges**	(0.04p)	(0.07p)	(0.08p)	(0.07p)
Return after operating charges*	(3.80p)	19.50p	29.75p	(0.63p)
Distributions on accumulation share	(5.89p)	(12.02p)	(12.76p)	(12.86p)
Retained distributions on accumulation share	5.89p	12.02p	10.21p	10.29p
Closing net asset value per share	323.80p	327.60p	308.10p	280.90p
*after direct transaction costs of:***	0.00p	0.00p	0.00p	0.00p
<b>Performance</b>				
Return after charges	(1.16%)	6.33%	10.59%	(0.22%)
<b>Other information</b>				
Closing net asset value	£29,481,024	£54,440,276	£84,359,146	£100,662,798
Closing number of shares	9,104,836	16,619,263	27,378,901	35,841,153
Operating charges - OCF	0.02%	0.02%	0.03%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price	329.30p	330.00p	324.80p	292.20p
Lowest share price	319.90p	306.90p	275.00p	275.70p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Income C</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	124.60p	121.70p	114.70p	120.40p
Return before operating charges*	(1.46p)	7.61p	12.16p	(0.30p)
Operating charges**	(0.26p)	(0.53p)	(0.51p)	(0.51p)
Return after operating charges*	(1.72p)	7.08p	11.65p	(0.81p)
Distributions on income share	(1.98p)	(4.18p)	(4.65p)	(4.89p)
Closing net asset value per share	120.90p	124.60p	121.70p	114.70p
*after direct transaction costs of:***	0.00p	0.00p	0.00p	0.00p
<b>Performance</b>				
Return after charges	(1.38%)	5.82%	10.16%	(0.67%)
<b>Other information</b>				
Closing net asset value	£141,392,443	£171,181,762	£193,330,304	£158,665,755
Closing number of shares	116,916,883	137,394,437	158,912,897	138,336,875
Operating charges - OCF	0.42%	0.42%	0.43%	0.43%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price	125.20p	127.60p	130.30p	123.80p
Lowest share price	121.30p	121.20p	112.30p	114.40p

<b>Accumulation C</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	289.90p	273.80p	250.40p	254.10p
Return before operating charges*	(3.30p)	17.31p	26.61p	(0.53p)
Operating charges**	(0.60p)	(1.21p)	(1.16p)	(1.08p)
Return after operating charges*	(3.90p)	16.10p	25.45p	(1.61p)
Distributions on accumulation share	(4.64p)	(9.52p)	(10.26p)	(10.45p)
Retained distributions on accumulation share	4.64p	9.52p	8.21p	8.36p
Closing net asset value per share	286.00p	289.90p	273.80p	250.40p
*after direct transaction costs of:***	0.00p	0.00p	0.00p	0.00p
<b>Performance</b>				
Return after charges	(1.35%)	5.88%	10.16%	(0.63%)
<b>Other information</b>				
Closing net asset value	£47,607,823	£57,954,701	£49,179,027	£16,120,236
Closing number of shares	16,644,450	19,988,543	17,959,621	6,437,264
Operating charges - OCF	0.42%	0.42%	0.43%	0.43%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest share price	291.40p	292.10p	289.00p	261.30p
Lowest share price	283.00p	272.70p	245.20p	246.20p

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Institutional Gross Accumulation#</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	328.60p	309.10p	319.20p	N/A
Return before operating charges*	(3.76p)	19.58p	(10.07p)	N/A
Operating charges**	(0.04p)	(0.08p)	(0.03p)	N/A
Return after operating charges*	(3.80p)	19.50p	(10.10p)	N/A
Distributions on accumulation share	(5.91p)	(12.06p)	(5.77p)	N/A
Retained distributions on accumulation share	5.91p	12.06p	5.77p	N/A
Closing net asset value per share	324.80p	328.60p	309.10p	N/A
*after direct transaction costs of:***	0.00p	0.00p	0.00p	N/A
<b>Performance</b>				
Return after charges	(1.16%)	6.31%	(3.16%)	N/A
<b>Other information</b>				
Closing net asset value	£44,094,636	£34,467,289	£3,852,972	N/A
Closing number of shares	13,576,747	10,490,044	1,246,465	N/A
Operating charges - OCF	0.02%	0.02%	0.01%	N/A
Direct transaction costs	0.00%	0.00%	0.00%	N/A
<b>Prices</b>				
Highest share price	330.30p	331.00p	323.30p	N/A
Lowest share price	320.80p	307.90p	304.20p	N/A
# The Institutional Gross Accumulation share class was launched on 9 September 2016.				
**The operating charges include all costs borne by the Fund, except for direct transaction costs.				
***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.				

## Statement of Total Return

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(31,913)		21,198
Revenue	17,712		18,051	
Expenses	(1,108)		(839)	
Interest payable and similar charges	(1)		(1)	
Net revenue before taxation	16,603		17,211	
Taxation	-		-	
Net revenue after taxation		16,603		17,211
Total (deficit)/return before distributions		(15,310)		38,409
Distributions		(19,519)		(20,774)
Change in net assets attributable to shareholders from investment activities		(34,829)		17,635

## Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,218,432		1,114,749
Amounts receivable on creation of shares	53,349		175,753	
Amounts payable on cancellation of shares	(244,705)		(147,974)	
		(191,356)		27,779
Dilution adjustment		592		478
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(34,829)		17,635
Retained distribution on accumulation shares		3,247		3,087
Closing net assets attributable to shareholders		996,086		1,163,728

## Balance Sheet

as at 15 July 2018 (unaudited)

	15.7.18		15.1.18	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investments		983,849		1,233,132
Current assets				
Debtors	23,059		21,437	
Cash and bank balances	3,555		9,884	
Total current assets		26,614		31,321
Total assets		1,010,463		1,264,453
<b>Liabilities</b>				
Investment liabilities		(1,322)		(891)
Creditors				
Distribution payable on income shares	(7,196)		(8,816)	
Other creditors	(5,859)		(36,314)	
Total creditors		(13,055)		(45,130)
Total liabilities		(14,377)		(46,021)
Net assets attributable to shareholders		996,086		1,218,432

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 April 2018				
Group 2: Shares purchased from 16 April 2018 to 15 July 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.9.18</i>	<i>Distribution paid 15.9.17</i>
<b>Retail Income</b>				
Group 1	0.780000	-	0.780000	0.810000
Group 2	0.160000	0.620000	0.780000	0.810000
<b>Retail Accumulation</b>				
Group 1	1.780000	-	1.780000	1.820000
Group 2	1.440000	0.340000	1.780000	1.820000
<b>Institutional Income</b>				
Group 1	2.070000	-	2.070000	2.130000
Group 2	1.250000	0.820000	2.070000	2.130000
<b>Institutional Accumulation</b>				
Group 1	2.990000	-	2.990000	2.970000
Group 2	0.650000	2.340000	2.990000	2.970000
<b>Income C</b>				
Group 1	1.000000	-	1.000000	1.040000
Group 2	0.510000	0.490000	1.000000	1.040000
<b>Accumulation C</b>				
Group 1	2.360000	-	2.360000	2.360000
Group 2	1.400000	0.960000	2.360000	2.360000
<b>Institutional Gross Accumulation</b>				
Group 1	3.010000	-	3.010000	2.990000
Group 2	1.460000	1.550000	3.010000	2.990000

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 January 2018				
Group 2: Shares purchased from 16 January 2018 to 15 April 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.6.18</i>	<i>Distribution paid 15.6.17</i>
<b>Retail Income</b>				
Group 1	0.750000	-	0.750000	0.840000
Group 2	0.030000	0.720000	0.750000	0.840000
<b>Retail Accumulation</b>				
Group 1	1.710000	-	1.710000	1.860000
Group 2	1.390000	0.320000	1.710000	1.860000
<b>Institutional Income</b>				
Group 1	2.010000	-	2.010000	2.190000
Group 2	1.070000	0.940000	2.010000	2.190000
<b>Institutional Accumulation</b>				
Group 1	2.900000	-	2.900000	3.040000
Group 2	0.160000	2.740000	2.900000	3.040000
<b>Income C</b>				
Group 1	0.980000	-	0.980000	1.070000
Group 2	0.470000	0.510000	0.980000	1.070000
<b>Accumulation C</b>				
Group 1	2.280000	-	2.280000	2.420000
Group 2	1.460000	0.820000	2.280000	2.420000
<b>Institutional Gross Accumulation</b>				
Group 1	2.900000	-	2.900000	3.040000
Group 2	1.410000	1.490000	2.900000	3.040000

# Global Equity Income

## Investment Objective

To provide income by investing in a portfolio of global equities that also have the potential for long-term capital growth.

## Investment Policy

To substantially invest in equities and securities equivalent to equities of companies based in any country. Companies may be from developed and emerging markets and have a large or medium market value.

## Investment Strategy

The equity investment process considers the large and medium market value companies that make up the MSCI All Countries World Index. The process aims to identify companies that offer an attractive valuation but which also demonstrate an appropriate level of liquidity. Through fundamental research we investigate whether companies have the potential to sustain profitability and dividend income. Using our analysis we construct a fund portfolio that aims to provide a level of income which, for performance purposes, is above the yield of the MSCI All Countries World Index. Generally the fund will invest directly in equities and related securities but may use collective investment schemes as an efficient way to gain exposure to certain equity markets. The fund may use derivatives, typically exchange traded futures, with the aim of generating returns that are consistent with the fund portfolio in respect of cash flowing into the fund. The fund does not currently use currency forwards or other derivative instruments to hedge against movements in currency exchange rates.

## Portfolio Activity

During the period the MSCI All Country World Index advanced by 1.8%. The Technology and Utilities sectors advanced whilst Financials and Materials lagged. Over the same time, the Fund underperformed the index.

Allocation effects, residual to stock selection, were negative for the period given the Fund's overweight exposure to Telecommunications and underweight Utilities.

At the stock level, the main detractors included Amazon, not held in the portfolio, which advanced as quarter-on-quarter profits more than doubled, fuelled by the company's cloud business, and eclipsing analyst's expectations. The company also reported an increase of Prime members and fees. Furthermore, BT Group fell after releasing numbers which were in-line with consensus on many metrics but disappointed on dividend pay-out.

Contributors to performance included Dr Pepper Snapple Group, which jumped on news of an acquisition by Keurig Green Mountain, a US specialty coffee maker. Additionally, Microsoft advanced after reporting revenue that came in ahead of the highest estimates, sparking analysts to upgrade the stock on the back of further cloud growth. The company is benefitting from the global shift to multi-cloud architectures and its favourable position for hybrid cloud systems.

During the period, major purchases included Philip Morris International, Home Depot, Prysmian SpA and Intel. Major sales included Dr Pepper Snapple Group, Roche, Mitsubishi, and British American Tobacco.

Your portfolio aims to deliver diversified global equity exposure with a dividend yield higher than the market index. The portfolio aims to balance dividend yield, return potential, and risk exposure, by investing in companies with an attractive combination of profitability and valuation. These quality companies typically have sustainable business models, strong balance sheets and good management.

## Investment Performance

During the period under review, the value of the shares in the Fund decreased by 1.37%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Fund Particulars

as at 16 July 2018 (unaudited)

	Institutional Income	Institutional Accumulation	Income C	Accumulation C
Price	103.3p xd	107.6p	101.6p xd	106.0p
Distribution payable (on 15 September 2018) per share net	1.130000p	1.160000p	1.110000p	1.150000p
Current net estimated yield	2.43%	2.36%	2.45%	2.38%
Annual ACD charge	0.00%	0.00%	0.75%	0.75%



## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Oil &amp; Gas - 5.48% (6.55%)</b>			
BP	127,281	726	1.98
ENI	48,807	702	1.91
Phillips 66	6,894	584	1.59
<b>Total Oil &amp; Gas</b>		<b>2,012</b>	<b>5.48</b>
<b>Basic Materials - 5.47% (7.23%)</b>			
BHP Billiton ADR	11,548	430	1.17
Brenntag	16,536	729	1.99
Lyondell Basell Industries	4,386	357	0.97
Severstal	42,719	493	1.34
<b>Total Basic Materials</b>		<b>2,009</b>	<b>5.47</b>
<b>Industrials - 11.07% (5.56%)</b>			
Amcor	62,797	501	1.36
Ball	20,509	584	1.59
Ferguson	10,952	683	1.86
Masco	30,672	883	2.41
MasTec	15,588	613	1.67
Prysmian SpA	40,232	772	2.10
Prysmian SpA Rights	40,230	30	0.08
<b>Total Industrials</b>		<b>4,066</b>	<b>11.07</b>
<b>Consumer Goods - 10.45% (10.12%)</b>			
Altria Group	19,882	881	2.40
Diageo	21,058	590	1.61
Nestlé (registered)	8,503	513	1.40
Philip Morris International	14,635	917	2.50
Samsonite International	172,500	461	1.25
Sekisui Chemical	36,500	475	1.29
<b>Total Consumer Goods</b>		<b>3,837</b>	<b>10.45</b>
<b>Healthcare - 9.37% (7.25%)</b>			
Grifols A	33,404	755	2.06
Johnson & Johnson	11,339	1,082	2.95
Nihon Kohden	21,300	457	1.24
UnitedHealth Group	5,855	1,147	3.12
<b>Total Healthcare</b>		<b>3,441</b>	<b>9.37</b>
<b>Consumer Services - 10.25% (10.88%)</b>			
Comcast	41,018	1,078	2.94
Compass Group	47,158	785	2.14
Home Depot	6,903	1,039	2.83
Wolters Kluwer certificates	19,282	860	2.34
<b>Total Consumer Services</b>		<b>3,762</b>	<b>10.25</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Telecommunications - 5.87% (6.32%)</b>			
BT Group	285,164	634	1.73
CenturyLink	41,329	622	1.69
China Mobile (Hong Kong)	135,000	899	2.45
<b>Total Telecommunications</b>		<b>2,155</b>	<b>5.87</b>
<b>Utilities - 1.08% (1.04%)</b>			
Red Electrica Corporation	24,694	396	1.08
<b>Total Utilities</b>		<b>396</b>	<b>1.08</b>
<b>Financials - 19.00% (24.64%)</b>			
Aviva	73,131	358	0.97
Bank of America	24,214	523	1.42
Bank of Mandiri	1,382,100	477	1.30
BNP Paribas	10,721	494	1.34
China Overseas Land & Investments	168,000	412	1.12
Citigroup	9,396	477	1.30
Danske Bank	30,439	701	1.91
Deutsche Wohnen	17,724	644	1.75
Industrial & Commercial Bank of China	1,211,000	656	1.79
Intesa Sanpaolo	281,431	612	1.67
#Intesa Sanpaolo Rights	281,431	-	0.00
Prudential	33,120	572	1.56
Sumitomo Mitsui Financial Group	18,000	520	1.42
Zurich Insurance Group	2,362	532	1.45
<b>Total Financials</b>		<b>6,978</b>	<b>19.00</b>
<b>Technology - 20.33% (18.11%)</b>			
Broadcom	3,666	562	1.53
Capgemini	7,220	739	2.01
Cisco Systems	18,899	598	1.63
Intel	18,862	746	2.03
Microsoft	18,286	1,460	3.98
Oracle Japan	8,200	517	1.41
Otsuka	20,100	576	1.57
Samsung GDR	945	729	1.98
Sumco	32,100	504	1.37
Taiwan Semiconductor Manufacturing ADR	22,050	631	1.72
Tokyo Electron	3,200	403	1.10
<b>Total Technology</b>		<b>7,465</b>	<b>20.33</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Portfolio of investments		36,121	98.37
Net other assets		598	1.63
Net assets		36,719	100.00

#unlisted

Figures in brackets denote the comparative percentage holdings as at 15 January 2018.

Unless otherwise stated, all investments are listed equities.

Total purchases for the period, including transaction charges, were £12,526,386.

Total sales for the period, net of transaction charges, were £11,935,289.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Institutional Income#</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	107.10p	100.00p	N/A	N/A
Return before operating charges*	(1.53p)	8.96p	N/A	N/A
Operating charges**	(0.03p)	(0.06p)	N/A	N/A
Return after operating charges*	(1.56p)	8.90p	N/A	N/A
Distributions on income share	(1.84p)	(1.80p)	N/A	N/A
Closing net asset value per share	103.70p	107.10p	N/A	N/A
*after direct transaction costs of:***	0.03p	0.22p	N/A	N/A
<b>Performance</b>				
Return after charges	(1.46%)	8.90%	N/A	N/A
<b>Other information</b>				
Closing net asset value	£36,560,885	£37,280,436	N/A	N/A
Closing number of shares	35,248,323	34,813,642	N/A	N/A
Operating charges - OCF	0.06%	0.05%	N/A	N/A
Direct transaction costs	0.03%	0.21%	N/A	N/A
<b>Prices</b>				
Highest share price	108.10p	108.00p	N/A	N/A
Lowest share price	98.05p	97.60p	N/A	N/A

<b>Institutional Accumulation#</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	109.50p	100.00p	N/A	N/A
Return before operating charges*	(1.47p)	9.62p	N/A	N/A
Operating charges**	(0.03p)	(0.12p)	N/A	N/A
Return after operating charges*	(1.50p)	9.50p	N/A	N/A
Distributions on accumulation share	(1.89p)	(1.81p)	N/A	N/A
Retained distributions on accumulation share	1.89p	1.81p	N/A	N/A
Closing net asset value per share	108.00p	109.50p	N/A	N/A
*after direct transaction costs of:***	0.03p	0.22p	N/A	N/A
<b>Performance</b>				
Return after charges	(1.37%)	9.50%	N/A	N/A
<b>Other information</b>				
Closing net asset value	£53,990	£54,748	N/A	N/A
Closing number of shares	50,000	50,000	N/A	N/A
Operating charges - OCF	0.06%	0.05%	N/A	N/A
Direct transaction costs	0.03%	0.21%	N/A	N/A
<b>Prices</b>				
Highest share price	110.50p	110.00p	N/A	N/A
Lowest share price	100.30p	98.76p	N/A	N/A

#The Fund was launched on 24 May 2017.

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Income C#</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	105.70p	100.00p	N/A	N/A
Return before operating charges*	(1.43p)	8.15p	N/A	N/A
Operating charges**	(0.46p)	(0.66p)	N/A	N/A
Return after operating charges*	(1.89p)	7.49p	N/A	N/A
Distributions on income share	(1.81p)	(1.79p)	N/A	N/A
Closing net asset value per share	102.00p	105.70p	N/A	N/A
*after direct transaction costs of:***	0.03p	0.21p	N/A	N/A
<b>Performance</b>				
Return after charges	(1.79%)	7.49%	N/A	N/A
<b>Other information</b>				
Closing net asset value	£50,991	£52,867	N/A	N/A
Closing number of shares	50,000	50,000	N/A	N/A
Operating charges - OCF	0.91 %	0.90 %	N/A	N/A
Direct transaction costs	0.03 %	0.21 %	N/A	N/A
<b>Prices</b>				
Highest share price	106.70p	106.60p	N/A	N/A
Lowest share price	96.65p	96.65p	N/A	N/A

<b>Accumulation C#</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	108.40p	100.00p	N/A	N/A
Return before operating charges*	(1.53p)	9.06p	N/A	N/A
Operating charges**	(0.47p)	(0.66p)	N/A	N/A
Return after operating charges*	(2.00p)	8.40p	N/A	N/A
Distributions on accumulation share	(1.87p)	(1.80p)	N/A	N/A
Retained distributions on accumulation share	1.87p	1.80p	N/A	N/A
Closing net asset value per share	106.40p	108.40p	N/A	N/A
*after direct transaction costs of: ***	0.03p	0.22p	N/A	N/A
<b>Performance</b>				
Return after charges	(1.85%)	8.40%	N/A	N/A
<b>Other information</b>				
Closing net asset value	£53,203	£54,179	N/A	N/A
Closing number of shares	50,000	50,000	N/A	N/A
Operating charges - OCF	0.91 %	0.90 %	N/A	N/A
Direct transaction costs	0.03 %	0.21 %	N/A	N/A
<b>Prices</b>				
Highest share price	109.30p	108.80p	N/A	N/A
Lowest share price	99.05p	98.02p	N/A	N/A

#The Fund was launched on 24 May 2017.

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Statement of Total Return

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.1.17*	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(1,036)		(208)
Revenue	737		60	
Expenses	(4)		(7)	
Net revenue before taxation	733		53	
Taxation	(67)		(5)	
Net revenue after taxation		666		48
Total deficit before distributions		(370)		(160)
Distributions		(663)		(49)
Change in net assets attributable to shareholders from investment activities		(1,033)		(209)

## Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.1.17*	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		37,442		-
Amounts receivable on creation of shares	2,139		7,500	
Amounts receivable on in-specie transfer**	-		37,041	
Amounts payable on cancellation of shares	(1,839)		-	
		300		44,541
Dilution adjustment		8		-
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(1,033)		(209)
Retained distribution on accumulation shares		2		26
Closing net assets attributable to shareholders		36,719		44,358
*The Fund was launched on 24 May 2017.				
**Represents the value of units created by in-specie transfer of assets during the year.				

## Balance Sheet

as at 15 July 2018 (unaudited)

	15.7.18		15.1.18	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investments		36,121		36,579
Current assets				
Debtors	517		926	
Cash and bank balances	492		1,686	
Total current assets		1,009		2,612
Total assets		37,130		39,191
<b>Liabilities</b>				
Creditors				
Distribution payable on income shares	(399)		(138)	
Other creditors	(12)		(1,611)	
Total liabilities		(411)		(1,749)
Net assets attributable to shareholders		36,719		37,442

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 April 2018				
Group 2: Shares purchased from 16 April 2018 to 15 July 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.9.18</i>	<i>Distribution paid 15.9.17</i>
<b>Institutional Income</b>				
Group 1	1.130000	-	1.130000	0.710000
Group 2	1.130000	0.000000	1.130000	0.710000
<b>Institutional Accumulation</b>				
Group 1	1.160000	-	1.160000	0.710000
Group 2	1.160000	0.000000	1.160000	0.710000
<b>Income C</b>				
Group 1	1.110000	-	1.110000	0.710000
Group 2	1.110000	0.000000	1.110000	0.710000
<b>Accumulation C</b>				
Group 1	1.150000	-	1.150000	0.710000
Group 2	1.150000	0.000000	1.150000	0.710000

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 January 2018				
Group 2: Shares purchased from 16 January 2018 to 15 April 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.6.18</i>	<i>Distribution paid 15.6.17*</i>
<b>Institutional Income</b>				
Group 1	0.710000	-	0.710000	N/A
Group 2	0.450000	0.260000	0.710000	N/A
<b>Institutional Accumulation</b>				
Group 1	0.730000	-	0.730000	N/A
Group 2	0.730000	0.000000	0.730000	N/A
<b>Income C</b>				
Group 1	0.700000	-	0.700000	N/A
Group 2	0.700000	0.000000	0.700000	N/A
<b>Accumulation C</b>				
Group 1	0.720000	-	0.720000	N/A
Group 2	0.720000	0.000000	0.720000	N/A
*The Fund was launched on 24 May 2017.				



# Global High Income Bond

## Investment Objective

To provide a high level of income by investing in a portfolio of global bonds.

## Investment Policy

To substantially invest in a combination of higher yielding investment grade and below-investment grade bonds issued in any country, including developed and emerging markets. The bonds may be issued by public and private corporations, governments and government-related entities and denominated in a range of currencies. The bonds may make fixed or variable rate coupon payments.

## Investment Strategy

Through local market expertise and regional allocation, the investment process aims to identify bonds that offer an attractive income but which also fit the fund's desired overall risk profile. Through fundamental credit research we aim to identify bond issuers and sectors with the potential to sustain performance. Using our analysis we construct a fund portfolio that aims to provide a high level of income. For indicative purposes, a high level of income is defined as the quoted average yield of funds in the Investment Association peer group, which is the Sterling Strategic Bond sector. To provide a high level of income the fund will typically invest in a combination of a) investment grade bonds that are higher yielding but which have lower quality credit ratings; b) below-investment grade bonds that provide a high yield. Generally the fund will invest directly in bonds and related securities but may use collective investment schemes as an efficient way to gain exposure to certain types of bonds. The derivatives the fund may use include futures, options, interest rate swaps, credit default swaps, credit default swap indices and currency forwards. Derivatives may be used with the aim of hedging against interest rate risk, credit risk and currency movements but also with the aim of generating returns to assist the fund in meeting its investment objective. Credit default swaps and credit default swap indices may be used to express credit exposure and futures and interest rate swaps may be used with the aim of managing the fund's overall duration. Currency forwards will be used with the aim of substantially hedging against movements in the rate of exchange between Sterling and the currency in which the bonds and other assets are denominated.

## Portfolio Activity

As we moved into 2018 risk assets continued to rally driven by a pro-reflationary rise in stocks, receding macro concerns and optimism surrounding the GOP tax plan as well as continued solid corporate earnings. Risk assets saw a return of volatility in February however, driven by concerns over inflation and the US administration's protectionist policies. While rate volatility continued into Q2, underlying macro growth and credit fundamentals remained sound. Investors have however had to reconcile still solid global growth and a strong corporate earnings picture with geopolitical risks, trade tensions and country specific issues in Europe and emerging markets that have characterized markets in the latter half of Q2. US Dollar strength also pressure commodity markets and emerging market assets.

The strategy delivered negative performance on an absolute basis and outperformed the reference benchmark over the period gross of fees. The underweight to EM and overweight to ABS added to performance as EM was the worst performing asset class while ABS was the best performer. This outweighed the drag on performance from the underweight to the EUR sleeve as EUR bonds were the second best performing. Security selection was positive for relative performance with all sleeves outperforming their respective benchmarks except the EUR sleeve.

Regionally, the strategy remains overweight the US and underweight EUR and EM bonds and also maintains its off-benchmark position in ABS. In anticipation of a further yield rise, the strategy remains underweight duration relative to the benchmark.

In terms of activity, major purchases included: Ghana (Republic of) 7.875% 7/8/2023, Egypt (Republic of) 6.125% 31/1/2022, Dominican (Rep Of) 5.5% 27/1/2025, Sri Lanka (Govt of) 5.75% 18/4/2023.

Significant sales included: Saudi Arabia (Govt Of) 2.375% 26/10/2021, Republic of Costa Rica 4.25% 26/1/2023, US Treasury NB 2.25% 15/8/2027, Turkey 6.875% 17/3/2036.

## Investment Performance

During the period under review, the value of the shares in the Fund decreased by 2.31%.

(Source: Morningstar Direct, GBP, UK net of tax, for the Accumulation C share class. Returns based on the NAV, which is a single price.)

*Please note that the above information refers to the past and that past performance is not a reliable indication of future returns.*

## Fund Particulars

as at 16 July 2018 (unaudited)

	Institutional Income	Institutional Accumulation	Income C	Accumulation C
Price	96.91p xd	100.50p	96.10p xd	99.70p
Distribution payable (on 15 August 2018) per share net	0.380000	0.390000	0.380000	0.390000
Current net estimated yield	4.33%	4.18%	4.37%	4.21%
Annual ACD charge	0.00%	0.00%	0.63%	0.63%

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>UNITED KINGDOM - 2.13% (1.23%)</b>			
<b>Corporate Bonds - 2.13% (1.23%)</b>			
Anglo American Capital 4.5% 15/3/2028	\$200,000	146	0.78
Barclays Plc 2.875% 8/6/2020	\$200,000	150	0.81
FCE Bank 1.114% 13/5/2020	€ 100,000	90	0.48
Vodafone Group 4.125% 30/5/2025	\$15,000	11	0.06
<b>Total Corporate Bonds</b>		<b>397</b>	<b>2.13</b>
<b>Total United Kingdom</b>		<b>397</b>	<b>2.13</b>
<b>UNITED STATES - 35.18% (33.21%)</b>			
<b>Government Bonds - 2.78% (1.70%)</b>			
US Treasury 2.25% 15/8/2027	\$45,000	32	0.17
US Treasury 2.625% 31/3/2025	\$64,000	48	0.26
US Treasury 2.75% 15/8/2047	\$118,000	86	0.46
US Treasury 2.75% 15/11/2047	\$105,000	77	0.41
US Treasury 2.875% 30/4/2025	\$262,000	199	1.07
US Treasury 3.0% 15/2/2048	\$59,000	45	0.24
US Treasury 3.125% 15/5/2048	\$40,000	31	0.17
<b>Total Government Bonds</b>		<b>518</b>	<b>2.78</b>
<b>Corporate Bonds - 32.40% (31.51%)</b>			
AbbVie Inc 4.7% 14/5/2045	\$30,000	23	0.12
Air Lease 3.875% 3/7/2023	\$55,000	41	0.22
Alcoa Inc 5.9% 1/2/2027	\$42,000	32	0.17
Alexandria Real Estate Equities 3.45% 30/4/2025	\$15,000	11	0.06
Alexandria Real Estate Equities 4% 15/1/2024	\$35,000	27	0.14
Ally Financial Inc 4.125% 13/2/2022	\$125,000	93	0.50
American Axle & Manufacturing 6.25% 1/4/2025	\$30,000	22	0.12
American Axle & Manufacturing 6.25% 15/3/2026	\$15,000	11	0.06
American Express 5.2% variable rate perpetual	\$40,000	31	0.17
Andeavor Logistics LP Tesoro Logist 4.25% 1/12/2027	\$5,000	4	0.02
Antero Resources Corp 5% 1/3/2025	\$60,000	45	0.24
AT And T Inc 5.25% 1/3/2037	\$125,000	96	0.52
Bank of America 4.183% 25/11/2027	\$255,000	190	1.02
Bank of America 6.5% variable rate perpetual	\$35,000	28	0.15
Blue Cube Spinco 10% 15/10/2025	\$35,000	31	0.17
Boardwalk Pipelines LP 5.95% 1/6/2026	\$9,000	7	0.04
Boise Cascade 5.625% 1/9/2024	\$20,000	15	0.08
Brandywine Operating Partnership LP 3.95% 15/11/2027	\$20,000	14	0.07
Buckeye Partners 6.375% variable rate 22/1/2078	\$35,000	24	0.13
Buckeye Partners LP 4.125% 1/12/2027	\$10,000	7	0.04
Building Materials 6% 15/10/2025	\$30,000	23	0.12
Capital One Financial Corp 3.3% 30/10/2024	\$25,000	18	0.10
Capital One Financial 4.25% 30/4/2025	\$50,000	38	0.20
Capital One Financial 5.55% variable rate perpetual	\$20,000	15	0.08
Capital One Financial FRN 12/5/2020	\$200,000	152	0.82

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Care Capital Properties 5.125% 15/8/2026	\$50,000	36	0.19
Carrizo Oil & Gas 7.5% 15/9/2020	\$6,000	5	0.03
CCO Holdings -Capital Corp 5.875% 1/4/2024	\$100,000	76	0.41
CCO Holdings LLC 5.0% 1/2/2028	\$43,000	30	0.16
CCO Holdings LLC 5.75% 15/2/2026	\$20,000	15	0.08
Centene Escrow I 5.375% 1/6/2026	\$32,000	25	0.13
CenturyLink Inc 7.5% 1/4/2024	\$30,000	24	0.13
Charter Communications Operating 4.5% 1/2/2024	\$30,000	23	0.12
Charter Communications Operating 5.75% 1/4/2048	\$15,000	11	0.06
Chemours 5.375% 15/5/2027	\$45,000	33	0.18
Cheniere Corpus Christi Holdings 5.875% 31/3/2025	\$25,000	20	0.11
Cheniere Energy Partners LP 5.25% 1/10/2025	\$30,000	23	0.12
Citigroup Inc 4.125% 25/7/2028	\$35,000	25	0.13
Citigroup FRN 17/5/2024	\$200,000	153	0.82
Citigroup Inc 3.668% variable rate perpetual 24/7/2028	\$100,000	72	0.39
Clearwater Paper 5.375% 1/2/2025	\$46,000	31	0.17
Cleveland Cliffs 5.75% 1/3/2025	\$45,000	32	0.17
Commercial Metals 5.75% 15/4/2026	\$47,000	35	0.19
CommScope 5% 15/6/2021	\$11,000	8	0.04
Concho Resources Inc 4.875% 1/10/2047	\$5,000	4	0.02
Continental Resources 4.9% 1/6/2044	\$50,000	38	0.20
Continental Resources 5% 15/9/2022	\$40,000	31	0.17
Corning Inc 4.375% 15/11/2057	\$10,000	7	0.04
Crown Castle International Corp 3.8% 15/2/2028	\$20,000	14	0.07
CSC Holdings 5.25% 1/6/2024	\$80,000	58	0.31
CSX 4.3% 1/3/2048	\$80,000	59	0.32
CVS Health 4.1% 25/3/2025	\$15,000	11	0.06
CVS Health 4.78% 25/3/2038	\$20,000	15	0.08
DaVita HealthCare Partners 5% 1/5/2025	\$25,000	18	0.10
DCP Midstream LP 7.375% variable rate perpetual	\$105,000	77	0.41
Dell Inc 7.1% 15/4/2028	\$22,000	18	0.10
Diamond 1 Finance - Diamond 2 Finance 7.125% 15/6/2024	\$75,000	60	0.32
Diamondback Energy Inc 5.375% 31/5/2025	\$30,000	23	0.12
Discovery Communications 1.9% 19/3/2027	€ 100,000	87	0.47
Discovery Communications LLC FRN 20/9/2019	\$10,000	8	0.04
Enable Midstream Partners LP 4.95% 15/5/2028	\$15,000	11	0.06
Energy Transfer Equity 5.875% 15/1/2024	\$50,000	39	0.21
Energy Transfer Partners 3.6% 1/2/2023	\$200,000	148	0.79
Energy Transfer Partners 6% 15/6/2048	\$20,000	16	0.09
Energy Transfer Partners LP 6.25% variable rate perpetual	\$48,000	34	0.18
EnLink Midstream Partners 5.45% 1/6/2047	\$100,000	65	0.35
EnLink Midstream Partners LP 6% variable rate perpetual	\$44,000	28	0.15
Enterprise Products Operating 5.25% variable rate 16/8/2077	\$20,000	14	0.08
Enterprise Products Operating 5.375% variable rate 15/2/2078	\$20,000	14	0.07
Envision Healthcare 5.625% 15/7/2022	\$6,000	5	0.03
EPR Properties 4.5% 1/6/2027	\$200,000	145	0.78

**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
EQT Corp 2.50% 1/10/2020	\$10,000	7	0.04
Equinix 5.875% 15/1/2026	\$50,000	38	0.20
ESH Hospitality 5.25% 1/5/2025	\$50,000	37	0.20
Fidelity National Information Services 4.75% 15/5/2048	\$30,000	22	0.12
Fifth Third Bancorp 4.9% variable rate perpetual	\$40,000	31	0.17
First Data 5% 15/1/2024	\$18,000	14	0.08
Ford Motor Credit 2.425% 12/6/2020	\$200,000	149	0.80
Freeport Mcmoran 3.875% 15/3/2023	\$25,000	18	0.10
General Motors Financial 3.1% 15/1/2019	\$200,000	152	0.82
Genesis Energy 6.75% 1/8/2022	\$50,000	38	0.20
Glencore Funding LLC 3% 27/10/2022	\$15,000	11	0.06
GLP Capital-LP Financing 5.75% 1/6/2028	\$51,000	39	0.21
GLP Capital-LP Financing II 5.25% 1/6/2025	\$20,000	15	0.08
Goldman Sachs Group 3.691% variable rate 5/6/2028	\$45,000	33	0.18
Goldman Sachs Group 4.223% variable rate 1/5/2029	\$20,000	15	0.08
Goldman Sachs Group 4.75% 12/10/2021	€ 150,000	149	0.80
Goldman Sachs Group 5% variable rate perpetual	\$20,000	14	0.08
Goldman Sachs Group 5.375% variable rate perpetual	\$30,000	23	0.12
Goodyear Tire & Rubber 4.875% 15/3/2027	\$200,000	139	0.75
Goodyear Tire & Rubber 5% 31/5/2026	\$25,000	18	0.10
Gulfport Energy Corp 6.375% 15/5/2025	\$50,000	37	0.20
HCA 5.25% 15/4/2025	\$68,000	52	0.28
HCA 5.5% 15/6/2047	\$25,000	17	0.09
HCA Inc 5.875% 15/2/2026	\$50,000	39	0.21
Healthcare Realty Trust Inc 3.625% 15/1/2028	\$5,000	4	0.02
Healthsouth 5.75% 1/11/2024	\$15,000	11	0.06
Herc Rentals 7.5% 1/6/2022	\$19,000	15	0.08
Hyundai Capital America 3.1% 5/4/2022	\$30,000	22	0.12
Jabil Inc 3.95% 12/1/2028	\$15,000	11	0.06
JPMorgan Chase 5.3% variable rate perpetual	\$200,000	154	0.83
JPMorgan Chase 6.1% variable rate perpetual	\$35,000	27	0.14
Kaiser Aluminium 5.875% 15/5/2024	\$3,000	2	0.01
Kennametal 4.625% 15/6/2028	\$20,000	15	0.08
Kinder Morgan 5.05% 15/2/2046	\$100,000	73	0.39
Kraft Heinz Foods Co FRN 10/2/2021	\$20,000	15	0.08
Lear Corp 3.8% 15/9/2027	\$20,000	14	0.08
Lennar 4.75% 30/5/2025	\$35,000	26	0.14
Level 3 Financing 5.375% 15/1/2024	\$50,000	37	0.20
Level 3 Financing 5.375% 1/5/2025	\$25,000	18	0.10
LifePoint Health 5.375% 1/5/2024	\$12,000	9	0.05
LifePoint Health 5.875% 1/12/2023	\$25,000	19	0.10
Live Nation Entertainment 4.875% 1/11/2024	\$35,000	26	0.14
Match Group 6.375% 1/6/2024	\$10,000	8	0.04
MGM Growth Properties 5.625% 1/5/2024	\$60,000	46	0.25
MGM Resorts International 5.75% 15/6/2025	\$20,000	15	0.08
MPLX 5.2% 1/3/2047	\$100,000	77	0.41

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
MPT Operating Partnership LP 5% 15/10/2027	\$92,000	67	0.36
MPT Operating Partnership LP-Finance 5.25% 1/8/2026	\$25,000	19	0.10
MSCI 5.75% 15/8/2025	\$25,000	20	0.11
Multi Color 4.875% 1/11/2025	\$40,000	28	0.15
NextEra Energy Capital Hold Inc 4.8% variable rate 1/12/2077	\$15,000	11	0.06
Owens Brockway 6.375% 15/8/2025	\$50,000	38	0.20
Owens Corning 4.3% 15/7/2047	\$30,000	19	0.10
PBF Holding 7% 15/11/2023	\$35,000	27	0.14
Pilgrim's Pride Corp 5.75% 15/3/2025	\$17,000	12	0.06
Pilgrim's Pride Corp 5.875% 30/9/2027	\$22,000	16	0.09
Pinnacle Entertainment 5.625% 1/5/2024	\$25,000	20	0.11
Plains All American 6.125% variable rate perpetual 31/12/2199	\$12,000	9	0.05
Plastipak Holdings Inc 6.25% 15/10/2025	\$30,000	21	0.11
PPL Capital Funding Inc 4% 15/9/2047	\$30,000	21	0.11
PulteGroup 5.5% 1/3/2026	\$25,000	19	0.10
Rayonier AM Products Inc 5.5% 1/6/2024	\$20,000	14	0.07
Regions Financial Corp 2.75% 14/8/2022	\$20,000	15	0.08
Reynolds Group 6.875% 15/2/2021	\$100,000	27	0.14
Rose Rock Midstream 5.625% 15/11/2023	\$40,000	29	0.16
SBA Communications 4.875% 1/9/2024	\$25,000	18	0.10
Senior Housing Properties Trust 4.75% 15/2/2028	\$45,000	33	0.18
Service Corp International 4.625% 15/12/2027	\$15,000	11	0.06
Sirius XM Radio 6% 15/7/2024	\$35,000	27	0.14
Six Flags Entertainment 4.875% 31/7/2024	\$38,000	28	0.15
SLM CORP 8% 25/3/2020	\$50,000	40	0.21
Smithfield Foods Inc 2.65% 3/10/2021	\$15,000	11	0.06
Southern Copper 5.25% 8/11/2042	\$75,000	58	0.31
Southwestern Energy 7.5% 1/4/2026	\$27,000	21	0.11
Sprint 7.625% 1/3/2026	\$11,000	8	0.04
Sprint 7.875% 15/9/2023	\$50,000	40	0.21
Sprint Communications 7% 1/3/2020	\$25,000	20	0.11
Santander Holdings USA 3.7% 28/3/2022	\$200,000	149	0.80
Standard Industries 5.375% 15/11/2024	\$35,000	26	0.14
Synchrony Financial 3.95% 1/12/2027	\$40,000	28	0.15
Synovus Financial Corp 3.125% 1/11/2022	\$15,000	11	0.06
T Mobile USA 6.5% 15/1/2026	\$67,000	53	0.28
Targa Resources Partners LP 5% 15/1/2028	\$13,000	9	0.05
Taylor Morrison Communities 5.875% 15/4/2023	\$50,000	38	0.20
Teacher Insurance & Annuity Association 4.27% 15/5/2047	\$100,000	74	0.40
Tenet Healthcare 4.5% 1/4/2021	\$50,000	38	0.20
Tenet Healthcare 4.625% 15/7/2024	\$14,000	10	0.05
Tenneco 5% 15/7/2026	\$20,000	13	0.07
Toll Bros Finance 4.875% 15/11/2025	\$5,000	4	0.02
Tribune Media 5.875% 15/7/2022	\$25,000	19	0.10
Tronox 6.5% 15/4/2026	\$25,000	19	0.10
TTM Technologies Inc 5.625% 1/10/2025	\$21,000	16	0.09

**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Union Pacific 4.8% 10/9/2058	\$15,000	12	0.06
United Rentals North America Inc 5.5% 15/5/2027	\$5,000	4	0.02
Virginia Electric and Power 3.8% 15/9/2047	\$15,000	11	0.06
Vulcan Materials 4.7% 1/3/2048	\$15,000	11	0.06
Waste Pro USA 5.5% 15/2/2026	\$25,000	18	0.10
Wells Fargo & Co. 5.875% variable rate perpetual	\$50,000	39	0.21
Western Digital 4.75% 15/2/2026	\$10,000	7	0.04
Westlake Chemical Corp 4.375% 15/11/2047	\$20,000	14	0.08
WeWork Cos 7.875% 1/5/2025	\$25,000	19	0.10
William Lyon Homes 6% 1/9/2023	\$12,000	9	0.05
Williams Partners 3.75% 15/6/2027	\$50,000	36	0.19
Zayo Group/Zayo Capital 6% 1/4/2023	\$25,000	19	0.10
Zayo Group/Zayo Capital 6.375% 15/5/2025	\$25,000	19	0.10
ZF North America Capital 2.75% 27/4/2023	€ 100,000	94	0.50
<b>Total Corporate Bonds</b>		<b>6,039</b>	<b>32.40</b>
<b>Total United States</b>		<b>6,557</b>	<b>35.18</b>
<b>ARGENTINA - 1.73% (2.20%)</b>			
<b>Government Bonds - 1.44% (1.90%)</b>			
Argentina (Govt) 5.625% 26/1/2022	\$190,000	136	0.73
Argentina (Govt) 5.875% 11/1/2028	\$50,000	32	0.17
Argentina (Govt) 6.875% 26/1/2027	\$81,000	56	0.30
Argentina (Govt) 6.875% 11/1/2048	\$74,000	45	0.24
<b>Total Government Bonds</b>		<b>269</b>	<b>1.44</b>
<b>Corporate Bonds - 0.29% (0.30%)</b>			
YPF SA 7% 15/12/2047	\$25,000	15	0.08
YPF Sociedad Anonima 8.5% 23/3/2021	\$50,000	39	0.21
<b>Total Corporate Bonds</b>		<b>54</b>	<b>0.29</b>
<b>Total Argentina</b>		<b>323</b>	<b>1.73</b>
<b>AUSTRALIA - 0.83% (1.04%)</b>			
<b>Corporate Bonds - 0.83% (1.04%)</b>			
Cnooc Curtis Funding 4.5% 3/10/2023	\$200,000	155	0.83
<b>Total Corporate Bonds</b>		<b>155</b>	<b>0.83</b>
<b>Total Australia</b>		<b>155</b>	<b>0.83</b>
<b>BAHAMAS - 0.27% (0.17%)</b>			
<b>Government Bonds - 0.03% (0.03%)</b>			
Bahamas (Govt) 6.95% 20/11/2029	\$6,000	5	0.03
<b>Total Government Bonds</b>		<b>5</b>	<b>0.03</b>
<b>Corporate Bonds - 0.24% (0.14%)</b>			
Silversea Cruise Finance 7.25% 1/2/2025	\$55,000	45	0.24
<b>Total Corporate Bonds</b>		<b>45</b>	<b>0.24</b>
<b>Total Bahamas</b>		<b>50</b>	<b>0.27</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>BERMUDA - 0.26% (0.43%)</b>			
<b>Corporate Bonds - 0.26% (0.43%)</b>			
Aircastle 5.5% 15/2/2022	\$60,000	47	0.25
VOC Escrow 5% 15/2/2028	\$3,000	2	0.01
<b>Total Corporate Bonds</b>		<b>49</b>	<b>0.26</b>
<b>Total Bermuda</b>		<b>49</b>	<b>0.26</b>
<b>BRAZIL - 0.79% (0.78%)</b>			
<b>Government Bonds - 0.37% (0.39%)</b>			
Brazil (Govt) 5.625% 7/1/2041	\$100,000	69	0.37
<b>Total Government Bonds</b>		<b>69</b>	<b>0.37</b>
<b>Corporate Bonds - 0.42% (0.39%)</b>			
Centrais Electricas Brasil 6.875% 30/7/2019	\$100,000	78	0.42
<b>Total Corporate Bonds</b>		<b>78</b>	<b>0.42</b>
<b>Total Brazil</b>		<b>147</b>	<b>0.79</b>
<b>BRITISH VIRGIN ISLANDS - 1.65% (1.49%)</b>			
<b>Corporate Bonds - 1.65% (1.49%)</b>			
Cnooc Finance 5.5% 21/5/2033	\$20,000	17	0.09
Sinopec Group Overseas 2015 3.25% 28/4/2025	\$200,000	144	0.77
State Grid Overseas Inv 2.25% 4/5/2020	\$200,000	148	0.79
<b>Total Corporate Bonds</b>		<b>309</b>	<b>1.65</b>
<b>Total British Virgin Islands</b>		<b>309</b>	<b>1.65</b>
<b>CANADA - 1.41% (1.46%)</b>			
<b>Corporate Bonds - 1.41% (1.46%)</b>			
Bank of Montreal 3.803% variable rate 15/12/2032	\$15,000	11	0.06
Bank of Nova Scotia 4.65% variable rate perpetual	\$15,000	10	0.05
Cascades 5.5% 15/7/2022	\$8,000	6	0.03
Enbridge 6.25% variable rate 1/3/2078	\$10,000	7	0.04
First Quantum Minerals 7% 15/2/2021	\$23,000	17	0.09
GFL Environmental 5.375% 1/3/2023	\$9,000	6	0.03
HudBay Minerals 7.25% 15/1/2023	\$50,000	39	0.21
IAMGOLD Corp 7% 15/4/2025	\$17,000	13	0.07
Kinross Gold Corp 4.5% 15/7/2027	\$25,000	17	0.09
Mattamy Group 6.875% 15/12/2023	\$25,000	19	0.10
Mountain Province Diamonds Inc 8% 15/12/2022	\$25,000	19	0.10
New Gold 6.25% 15/11/2022	\$35,000	27	0.15
New Gold 6.375% 15/5/2025	\$13,000	10	0.05
NOVA Chemicals 4.875% 1/6/2024	\$40,000	29	0.16
NOVA Chemicals 5.25% 1/6/2027	\$35,000	25	0.14
Yamana Gold Inc 4.625% 15/12/2027	\$10,000	7	0.04
<b>Total Corporate Bonds</b>		<b>262</b>	<b>1.41</b>
<b>Total Canada</b>		<b>262</b>	<b>1.41</b>



**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>CAYMAN ISLANDS - 0.53% (1.18%)</b>			
<b>Corporate Bonds - 0.53% (1.18%)</b>			
Park Aerospace Holdings 4.5% 15/3/2023	\$3,000	2	0.01
Park Aerospace Holdings 5.25% 15/8/2022	\$35,000	26	0.14
Vale Overseas 6.875% 21/11/2036	\$80,000	70	0.38
<b>Total Corporate Bonds</b>		<b>98</b>	<b>0.53</b>
<b>Total Cayman Islands</b>		<b>98</b>	<b>0.53</b>
<b>CHANNEL ISLANDS - 0.48% (0.48%)</b>			
<b>Corporate Bonds - 0.48% (0.48%)</b>			
Credit Suisse Funding Limited 1.25% 14/4/2022	€ 100,000	90	0.48
<b>Total Corporate Bonds</b>		<b>90</b>	<b>0.48</b>
<b>Total Channel Islands</b>		<b>90</b>	<b>0.48</b>
<b>CHILE - 0.14% (0.14%)</b>			
<b>Corporate Bonds - 0.14% (0.14%)</b>			
Corp Nacional del Cobre de Chile 5.625% 21/9/2035	\$30,000	26	0.14
<b>Total Corporate Bonds</b>		<b>26</b>	<b>0.14</b>
<b>Total Chile</b>		<b>26</b>	<b>0.14</b>
<b>COLOMBIA - 0.94% (0.91%)</b>			
<b>Government Bonds - 0.80% (0.77%)</b>			
Colombia (Republic of) 3.875% 25/4/2027	\$200,000	149	0.80
<b>Total Government Bonds</b>		<b>149</b>	<b>0.80</b>
<b>Corporate Bonds - 0.14% (0.14%)</b>			
Bancolombia S.A. 5.125% 11/9/2022	\$35,000	27	0.14
<b>Total Corporate Bonds</b>		<b>27</b>	<b>0.14</b>
<b>Total Colombia</b>		<b>176</b>	<b>0.94</b>
<b>COSTA RICA - 0.00% (0.74%)</b>			
<b>CROATIA - 0.43% (0.41%)</b>			
<b>Government Bonds - 0.43% (0.41%)</b>			
Croatia (Govt) 6.625% 14/7/2020	\$100,000	80	0.43
<b>Total Government Bonds</b>		<b>80</b>	<b>0.43</b>
<b>Total Croatia</b>		<b>80</b>	<b>0.43</b>
<b>DOMINICAN REPUBLIC - 0.82% (0.42%)</b>			
<b>Government Bonds - 0.82% (0.42%)</b>			
Dominican (Republic of) 5.5% 27/1/2025	\$200,000	153	0.82
<b>Total Government Bonds</b>		<b>153</b>	<b>0.82</b>
<b>Total Dominican Republic</b>		<b>153</b>	<b>0.82</b>



**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>EGYPT - 0.82% (0.00%)</b>			
<b>Government Bonds - 0.82% (0.00%)</b>			
Egypt (Republic of) 6.125% 31/1/2022	\$200,000	152	0.82
<b>Total Government Bonds</b>		<b>152</b>	<b>0.82</b>
<b>Total Egypt</b>		<b>152</b>	<b>0.82</b>
<b>EL SALVADOR - 0.10% (0.09%)</b>			
<b>Government Bonds - 0.10% (0.09%)</b>			
EL Salvador (Republic of) 5.875% 30/1/2025	\$24,000	18	0.10
<b>Total Government Bonds</b>		<b>18</b>	<b>0.10</b>
<b>Total El Salvador</b>		<b>18</b>	<b>0.10</b>
<b>FRANCE - 5.74% (6.06%)</b>			
<b>Corporate Bonds - 5.74% (6.06%)</b>			
AXA SA 3.941% variable rate perpetual	€ 150,000	142	0.76
Banque Federative Credit Mutuel 3% 21/5/2024	€ 100,000	95	0.51
BNP Paribas Cardif 4.032% variable rate perpetual	€ 100,000	94	0.51
BPCE SA 2.75% variable rate 8/7/2026	€ 200,000	185	0.99
Crown Euro Holdings SA 2.875% 1/2/2026	€ 100,000	85	0.46
Electricite de France 5.375% variable rate perpetual	€ 100,000	96	0.52
Elis SA 3% 30/4/2022	€ 100,000	90	0.48
Engie SA 4.75% variable rate perpetual	€ 100,000	97	0.52
Orange 4.25% variable rate perpetual	€ 100,000	93	0.50
Societe Generale 2.5% variable rate 16/9/2026	€ 100,000	92	0.49
<b>Total Corporate Bonds</b>		<b>1,069</b>	<b>5.74</b>
<b>Total France</b>		<b>1,069</b>	<b>5.74</b>
<b>GERMANY - 1.35% (1.83%)</b>			
<b>Corporate Bonds - 1.35% (1.83%)</b>			
Commerzbank AG 4% 30/3/2027	€ 100,000	95	0.51
Deutsche Bank AG 2.7% 13/7/2020	\$30,000	22	0.12
Unitymedia Hessen 6.25% 15/1/2029	€ 150,000	134	0.72
<b>Total Corporate Bonds</b>		<b>251</b>	<b>1.35</b>
<b>Total Germany</b>		<b>251</b>	<b>1.35</b>
<b>GHANA - 0.86% (0.00%)</b>			
<b>Government Bonds - 0.86% (0.00%)</b>			
Ghana (Republic of) 7.875% 7/8/2023	\$200,000	160	0.86
<b>Total Government Bonds</b>		<b>160</b>	<b>0.86</b>
<b>Total Ghana</b>		<b>160</b>	<b>0.86</b>

**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>HUNGARY - 0.43% (0.42%)</b>			
<b>Government Bonds - 0.43% (0.42%)</b>			
Hungary (Republic of) 5.375% 21/2/2023	\$100,000	81	0.43
<b>Total Government Bonds</b>		<b>81</b>	<b>0.43</b>
<b>Total Hungary</b>		<b>81</b>	<b>0.43</b>
<b>INDIA - 0.79% (0.76%)</b>			
<b>Corporate Bonds - 0.79% (0.76%)</b>			
State Bank of India 3.25% 24/1/2022	\$200,000	147	0.79
<b>Total Corporate Bonds</b>		<b>147</b>	<b>0.79</b>
<b>Total India</b>		<b>147</b>	<b>0.79</b>
<b>INDONESIA - 1.71% (1.67%)</b>			
<b>Government Bonds - 1.71% (1.67%)</b>			
Indonesia (Republic of) 4.125% 15/1/2025	\$200,000	150	0.81
Indonesia (Republic of) 5.875% 13/3/2020	\$100,000	79	0.42
Indonesia (Republic of) 6.625% 17/2/2037	\$100,000	89	0.48
<b>Total Government Bonds</b>		<b>318</b>	<b>1.71</b>
<b>Total Indonesia</b>		<b>318</b>	<b>1.71</b>
<b>IRELAND - 1.96% (1.51%)</b>			
<b>Corporate Bonds - 1.32% (1.29%)</b>			
Aercap Ireland Capital 5% 1/10/2021	\$200,000	156	0.83
Bank of Ireland 4.25% variable rate 11/6/2024	€ 100,000	91	0.49
<b>Total Corporate Bonds</b>		<b>247</b>	<b>1.32</b>
<b>Financials - 0.64% (0.22%)</b>			
+HSBC Global Liquidity Fund	\$157,430	119	0.64
<b>Total Financials</b>		<b>119</b>	<b>0.64</b>
<b>Total Ireland</b>		<b>366</b>	<b>1.96</b>
<b>ITALY - 3.49% (3.50%)</b>			
<b>Corporate Bonds - 3.49% (3.50%)</b>			
Enel Spa 5% variable rate 15/1/2075	€ 100,000	93	0.50
Eni Spa 0.75% 17/5/2022	€ 150,000	134	0.72
Exor Spa 2.5% 8/10/2024	€ 100,000	94	0.51
Intesa Sanpaolo Spa 6.625% 13/9/2023	€ 150,000	157	0.84
Snam Spa 1.25% 25/1/2025	€ 100,000	88	0.47
Wind Tre SpA 3.125% 20/1/2025	€ 100,000	84	0.45
<b>Total Corporate Bonds</b>		<b>650</b>	<b>3.49</b>
<b>Total Italy</b>		<b>650</b>	<b>3.49</b>
<b>IVORY COAST - 0.00% (0.35%)</b>			
<b>LEBANON - 0.00% (0.11%)</b>			

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>LUXEMBOURG - 12.41% (11.99%)</b>			
<b>Corporate Bonds - 3.37% (2.60%)</b>			
Allergan Funding SCS 4.75% 15/3/2045	\$20,000	15	0.08
CNH Industrial Finance Euro 1.75% 12/9/2025	€ 150,000	131	0.70
Dana Financing 5.75% 15/4/2025	\$25,000	19	0.10
Gazprom 7.288% 16/8/2037	\$100,000	88	0.47
Heidelberg Cement 8.5% 31/10/2019	€ 150,000	147	0.79
Talanx Finanz AG 8.36% 15/6/2042	€ 200,000	221	1.19
Trinseo Materials Operating SCA 5.375% 1/9/2025	\$10,000	7	0.04
<b>Total Corporate Bonds</b>		<b>628</b>	<b>3.37</b>
<b>Financials - 9.04% (9.39%)</b>			
+HGIF Global Asset Backed Crossover Bond	\$223,475	1,684	9.04
<b>Total Financials</b>		<b>1,684</b>	<b>9.04</b>
<b>Total Luxembourg</b>		<b>2,312</b>	<b>12.41</b>
<b>MALAYSIA - 0.47% (0.45%)</b>			
<b>Corporate Bonds - 0.47% (0.45%)</b>			
Petronas Capital 7.875% 22/5/2022	\$100,000	87	0.47
<b>Total Corporate Bonds</b>		<b>87</b>	<b>0.47</b>
<b>Total Malaysia</b>		<b>87</b>	<b>0.47</b>
<b>MEXICO - 2.12% (2.17%)</b>			
<b>Government Bonds - 0.61% (0.58%)</b>			
United Mexican States (Govt) 3.5% 21/1/2021	\$50,000	38	0.20
United Mexican States (Govt) 4% 2/10/2023	\$50,000	38	0.20
United Mexican States (Govt) 4.75% 8/3/2044	\$34,000	25	0.14
United Mexican States (Govt) 6.75% 27/9/2034	\$13,000	12	0.07
<b>Total Government Bonds</b>		<b>113</b>	<b>0.61</b>
<b>Corporate Bonds - 1.51% (1.55%)</b>			
Comision Federal De Electricidad 4.875% 26/5/2021	\$200,000	154	0.82
Pemex Master 6.625% 15/6/2035	\$48,000	36	0.19
Petroleos Mexicanos 5.35% 12/2/2028	\$10,000	7	0.04
Petroleos Mexicanos 6.35% 12/2/2048	\$10,000	7	0.04
Petroleos Mexicanos 6.375% 4/2/2021	\$44,000	35	0.19
Petroleos Mexicanos 6.5% 13/3/2027	\$10,000	8	0.04
Petroleos Mexicanos 6.75% 21/9/2047	\$10,000	7	0.04
Petroleos Mexicanos 6.875% 4/8/2026	\$35,000	28	0.15
<b>Total Corporate Bonds</b>		<b>282</b>	<b>1.51</b>
<b>Public Authorities - 0.00% (0.04%)</b>			
<b>Total Mexico</b>		<b>395</b>	<b>2.12</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>NETHERLANDS - 4.47% (6.46%)</b>			
<b>Corporate Bonds - 4.47% (6.46%)</b>			
Aegon 4% variable rate 25/4/2044	€ 100,000	94	0.50
BMW Finance 1% 15/2/2022	€ 150,000	137	0.74
CNH Industrial NV 3.85% 15/11/2027	\$20,000	14	0.07
Lukoil International Finance 6.656% 7/6/2022	\$100,000	82	0.44
LyondellBasell Industries 4.625% 26/2/2055	\$25,000	18	0.10
Majapahit Holding 7.75% 20/1/2020	\$100,000	80	0.43
Petrobras Global Finance 7.375% 17/1/2027	\$55,000	43	0.23
Petrobras Global Finance BV 5.75% 1/2/2029	\$38,000	26	0.14
Petrobras Global Finance BV 5.999% 27/1/2028	\$20,000	14	0.08
Petrobras Global Finance BV 8.375% 23/5/2021	\$40,000	33	0.18
Teva Pharmaceuticals 3.15% 1/10/2026	\$40,000	25	0.13
Volkswagen International Finance 5.125% variable rate perpetual	€ 175,000	170	0.91
Volters Kluwer 2.5% 13/5/2024	€ 100,000	97	0.52
<b>Total Corporate Bonds</b>		<b>833</b>	<b>4.47</b>
<b>Total Netherlands</b>		<b>833</b>	<b>4.47</b>
<b>NIGERIA - 0.16% (0.16%)</b>			
<b>Government Bonds - 0.16% (0.16%)</b>			
Nigeria (Republic of) 5.625% 27/6/2022	\$40,000	30	0.16
<b>Total Government Bonds</b>		<b>30</b>	<b>0.16</b>
<b>Total Nigeria</b>		<b>30</b>	<b>0.16</b>
<b>PERU - 0.30% (0.28%)</b>			
<b>Government Bonds - 0.16% (0.14%)</b>			
Peru (Republic of) 4.125% 25/8/2027	\$18,000	14	0.08
Peru (Republic of) 5.625% 18/11/2050	\$15,000	14	0.08
<b>Total Government Bonds</b>		<b>28</b>	<b>0.16</b>
<b>Corporate Bonds - 0.14% (0.14%)</b>			
Banco De Credito Del Peru 5.375% 16/9/2020	\$35,000	27	0.14
<b>Total Corporate Bonds</b>		<b>27</b>	<b>0.14</b>
<b>Total Peru</b>		<b>55</b>	<b>0.30</b>
<b>PHILIPPINES - 0.64% (0.51%)</b>			
<b>Government Bonds - 0.64% (0.51%)</b>			
Philippines (Republic of) 4% 15/1/2021	\$100,000	77	0.41
Philippines (Republic of) 9.5% 2/2/2030	\$39,000	43	0.23
<b>Total Government Bonds</b>		<b>120</b>	<b>0.64</b>
<b>Total Philippines</b>		<b>120</b>	<b>0.64</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>QATAR - 0.96% (0.15%)</b>			
<b>Government Bonds - 0.96% (0.15%)</b>			
Qatar (Govt) 3.875% 23/4/2023	\$200,000	152	0.81
Qatar (Govt) 9.75% 15/6/2030	\$25,000	28	0.15
<b>Total Government Bonds</b>		<b>180</b>	<b>0.96</b>
<b>Total Qatar</b>		<b>180</b>	<b>0.96</b>
<b>ROMANIA - 0.30% (0.30%)</b>			
<b>Government Bonds - 0.30% (0.30%)</b>			
Romania (Govt) 4.375% 22/8/2023	\$52,000	40	0.21
Romania (Govt) 6.125% 22/1/2044	\$20,000	17	0.09
<b>Total Government Bonds</b>		<b>57</b>	<b>0.30</b>
<b>Total Romania</b>		<b>57</b>	<b>0.30</b>
<b>RUSSIA - 0.42% (0.40%)</b>			
<b>Government Bonds - 0.42% (0.40%)</b>			
Russia Eurobond 5% 29/4/2020	\$100,000	78	0.42
<b>Total Government Bonds</b>		<b>78</b>	<b>0.42</b>
<b>Total Russia</b>		<b>78</b>	<b>0.42</b>
<b>SAUDI ARABIA - 0.84% (0.77%)</b>			
<b>Government Bonds - 0.84% (0.77%)</b>			
Saudi Arabia (Govt) 4.5% 17/4/2030	\$200,000	156	0.84
<b>Total Government Bonds</b>		<b>156</b>	<b>0.84</b>
<b>Total Saudi Arabia</b>		<b>156</b>	<b>0.84</b>
<b>SERBIA - 0.00% (0.09%)</b>			
<b>SOUTH AFRICA - 0.41% (0.39%)</b>			
<b>Government Bonds - 0.41% (0.39%)</b>			
South Africa (Republic of) 4.665% 17/1/2024	\$100,000	76	0.41
<b>Total Government Bonds</b>		<b>76</b>	<b>0.41</b>
<b>Total South Africa</b>		<b>76</b>	<b>0.41</b>
<b>SOUTH KOREA - 0.41% (0.78%)</b>			
<b>Corporate Bonds - 0.00% (0.39%)</b>			
<b>Public Authorities - 0.41% (0.39%)</b>			
Export Import Bank Korea 4% 29/1/2021	\$100,000	76	0.41
<b>Total Public Authorities</b>		<b>76</b>	<b>0.41</b>
<b>Total South Korea</b>		<b>76</b>	<b>0.41</b>

**Portfolio Statement**

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>SPAIN - 0.45% (0.49%)</b>			
<b>Corporate Bonds - 0.45% (0.49%)</b>			
Banco Santander S.A. 2.125% 8/2/2028	€ 100,000	84	0.45
<b>Total Corporate Bonds</b>		<b>84</b>	<b>0.45</b>
<b>Total Spain</b>		<b>84</b>	<b>0.45</b>
<b>SRI LANKA - 1.21% (0.40%)</b>			
<b>Government Bonds - 1.21% (0.40%)</b>			
Sri Lanka (Govt) 5.75% 18/4/2023	\$200,000	148	0.80
Sri Lanka (Govt) 6.25% 4/10/2020	\$100,000	77	0.41
<b>Total Government Bonds</b>		<b>225</b>	<b>1.21</b>
<b>Total Sri Lanka</b>		<b>225</b>	<b>1.21</b>
<b>TURKEY - 1.55% (1.42%)</b>			
<b>Government Bonds - 1.55% (1.42%)</b>			
Turkey (Republic of) 4.875% 16/4/2043	\$200,000	109	0.58
Turkey (Republic of) 6.875% 17/3/2036	\$137,000	95	0.51
Turkey (Republic of) 7% 5/6/2020	\$110,000	85	0.46
<b>Total Government Bonds</b>		<b>289</b>	<b>1.55</b>
<b>Total Turkey</b>		<b>289</b>	<b>1.55</b>
<b>UKRAINE - 0.39% (0.41%)</b>			
<b>Government Bonds - 0.39% (0.41%)</b>			
Ukraine (Govt) 7.75% 1/9/2026	\$100,000	73	0.39
<b>Total Government Bonds</b>		<b>73</b>	<b>0.39</b>
<b>Total Ukraine</b>		<b>73</b>	<b>0.39</b>
<b>UNITED ARAB EMIRATES - 0.80% (0.76%)</b>			
<b>Corporate Bonds - 0.80% (0.76%)</b>			
Abu Dhabi National Energy 3.625% 12/1/2023	\$200,000	150	0.80
<b>Total Corporate Bonds</b>		<b>150</b>	<b>0.80</b>
<b>Total United Arab Emirates</b>		<b>150</b>	<b>0.80</b>
<b>URUGUAY - 0.12% (0.10%)</b>			
<b>Government Bonds - 0.12% (0.10%)</b>			
Uruguay (Oriental Republic of) 4.375% 27/10/2027	\$24,000	19	0.10
Uruguay (Oriental Republic of) 4.975% 20/4/2055	\$4,000	3	0.02
<b>Total Government Bonds</b>		<b>22</b>	<b>0.12</b>
<b>Total Uruguay</b>		<b>22</b>	<b>0.12</b>

## Portfolio Statement

as at 15 July 2018 (unaudited)

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
<b>Credit Default Swaps - -0.03% (0.05%)</b>			
BNP 1% CDS 20/6/2022	USD 45,000	33	0.18
BNP 1% CDS 20/6/2022	(USD 45,000)	(34)	(0.18)
BNP 1% CDS 20/6/2022	USD 385,000	287	1.54
BNP 1% CDS 20/6/2022	(USD 385,000)	(291)	(1.56)
BNP 1% CDS 20/6/2022	USD 388,000	289	1.55
BNP 1% CDS 20/6/2022	(USD 388,000)	(294)	(1.58)
BNP 5% CDS 20/6/2023	USD 100,000	81	0.43
BNP 5% CDS 20/6/2023	(USD 100,000)	(76)	(0.41)
<b>Total Credit Default Swaps</b>		<b>(5)</b>	<b>(0.03)</b>
<b>Forward Foreign Exchange Contracts - 0.27% (2.03%)</b>			
#Sold \$24,389,391 for £18,513,347 settled 2 August 2018		53	0.28
#Sold \$149,664 for €128,190 settled 2 August 2018		-	-
#Sold €4,385,000 for \$5,118,948 settled 2 August 2018		(3)	(0.01)
<b>Total Forward Foreign Exchange Contracts</b>		<b>50</b>	<b>0.27</b>
<b>Futures - 0.10% (-0.07%)</b>			
CBT US 10Yr Note Future September 2018		9	0.05
CBT US 5Yr Note Future September 2018		1	0.01
EUX Euro Bobl Future September 2018		8	0.04
<b>Total Futures</b>		<b>18</b>	<b>0.10</b>
<b>Portfolio of investments</b>		<b>17,445</b>	<b>93.61</b>
<b>Net other assets</b>		<b>1,190</b>	<b>6.39</b>
<b>Net assets</b>		<b>18,635</b>	<b>100.00</b>

**Portfolio Statement**

as at 15 July 2018 (unaudited)

	<i>Bid value £'000</i>	<i>Total net assets %</i>
Total Money Market funds	1,803	10.34
Total Forward Foreign Exchange Contracts	50	0.29
Total Futures	18	0.10
Total Credit Default Swaps	(5)	(0.03)
Bond Credit ratings^		
AAA	118	0.68
AA+	400	2.29
AA	76	0.44
AA-	254	1.46
A+	783	4.49
A-	294	1.68
BBB+	2,063	11.83
BBB	2,154	12.35
BBB-	3,762	21.56
BB+	1,040	5.96
BB	1,359	7.79
BB-	1,259	7.22
B+	868	4.98
B	362	2.07
B-	526	3.01
CCC+	18	0.10
UR	243	1.39
<b>Total Bonds</b>	<b>15,579</b>	<b>89.30</b>
<b>Portfolio of Investments</b>	<b>17,445</b>	<b>100.00</b>

+related party

#unlisted

^ratings supplied by Standard &amp; Poor's

Figures in brackets denote the comparative percentage holdings as at 15 January 2018.

Unless otherwise stated, all investments are listed securities.

Total purchases for the period, including transaction charges, were £7,200,385.

Total sales for the period, net of transaction charges, were £7,245,414.



## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Institutional Income#</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	100.30p	100.00p	N/A	N/A
Return before operating charges*	(1.84p)	2.36p	N/A	N/A
Operating charges**	(0.05p)	(0.15p)	N/A	N/A
Return after operating charges*	(1.89p)	2.21p	N/A	N/A
Distributions on income share	(1.73p)	(1.91p)	N/A	N/A
Closing net asset value per share	96.68p	100.30p	N/A	N/A
*after direct transaction costs of:***	0.00p	0.00p	N/A	N/A
<b>Performance</b>				
Return after charges	(1.88%)	2.21%	N/A	N/A
<b>Other information</b>				
Closing net asset value	£4,592,360	£4,765,211	N/A	N/A
Closing number of shares	4,750,000	4,750,000	N/A	N/A
Operating charges - OCF	0.12%	0.10%	N/A	N/A
Direct transaction costs	0.00%	0.00%	N/A	N/A
<b>Prices</b>				
Highest share price	100.60p	102.40p	N/A	N/A
Lowest share price	96.33p	99.81p	N/A	N/A

<b>Institutional Accumulation#</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	102.20p	100.00p	N/A	N/A
Return before operating charges*	(1.85p)	2.35p	N/A	N/A
Operating charges**	(0.05p)	(0.15p)	N/A	N/A
Return after operating charges*	(1.90p)	2.20p	N/A	N/A
Distributions on accumulation share	(1.78p)	(1.93p)	N/A	N/A
Retained distributions on accumulation share	1.78p	1.93p	N/A	N/A
Closing net asset value per share	100.30p	102.20p	N/A	N/A
*after direct transaction costs of:***	0.00p	0.00p	N/A	N/A
<b>Performance</b>				
Return after charges	(1.86%)	2.20%	N/A	N/A
<b>Other information</b>				
Closing net asset value	£4,763,971	£4,856,591	N/A	N/A
Closing number of shares	4,750,000	4,750,000	N/A	N/A
Operating charges - OCF	0.12%	0.10%	N/A	N/A
Direct transaction costs	0.00%	0.00%	N/A	N/A
<b>Prices</b>				
Highest share price	102.50p	102.70p	N/A	N/A
Lowest share price	99.53p	99.81p	N/A	N/A

#The Fund was launched on 24 May 2017.

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Comparative Table

for the six months ended 15 July 2018 (unaudited)

<b>Income C#</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	99.85p	100.00p	N/A	N/A
Return before operating charges*	(1.85p)	2.39p	N/A	N/A
Operating charges**	(0.40p)	(0.63p)	N/A	N/A
Return after operating charges*	(2.25p)	1.76p	N/A	N/A
Distributions on income share	(1.72p)	(1.91p)	N/A	N/A
Closing net asset value per share	95.88p	99.85p	N/A	N/A
*after direct transaction costs of:***	0.00p	0.00p	N/A	N/A
<b>Performance</b>				
Return after charges	(2.25%)	1.76%	N/A	N/A
<b>Other information</b>				
Closing net asset value	£4,554,093	£4,742,742	N/A	N/A
Closing number of shares	4,750,000	4,750,000	N/A	N/A
Operating charges - OCF	0.85%	0.83%	N/A	N/A
Direct transaction costs	0.00%	0.00%	N/A	N/A
<b>Prices</b>				
Highest share price	100.10p	102.40p	N/A	N/A
Lowest share price	95.56p	99.72p	N/A	N/A

<b>Accumulation C#</b>	<b>15.7.18</b>	<b>15.1.18</b>	<b>15.1.17</b>	<b>15.1.16</b>
Change in net assets per share				
Opening net asset value per share	101.80p	100.00p	N/A	N/A
Return before operating charges*	(1.93p)	2.43p	N/A	N/A
Operating charges**	(0.41p)	(0.63p)	N/A	N/A
Return after operating charges*	(2.34p)	1.80p	N/A	N/A
Distributions on accumulation share	(1.77p)	(1.92p)	N/A	N/A
Retained distributions on accumulation share	1.77p	1.92p	N/A	N/A
Closing net asset value per share	99.46p	101.80p	N/A	N/A
*after direct transaction costs of:***	0.00p	0.00p	N/A	N/A
<b>Performance</b>				
Return after charges	(2.30%)	1.80%	N/A	N/A
<b>Other information</b>				
Closing net asset value	£4,724,412	£4,833,732	N/A	N/A
Closing number of shares	4,750,000	4,750,000	N/A	N/A
Operating charges - OCF	0.85%	0.83%	N/A	N/A
Direct transaction costs	0.00%	0.00%	N/A	N/A
<b>Prices</b>				
Highest share price	102.00p	102.40p	N/A	N/A
Lowest share price	98.74p	99.72p	N/A	N/A

#The Fund was launched on 24 May 2017.

\*\*The operating charges include all costs borne by the Fund, except for direct transaction costs.

\*\*\*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.

## Statement of Total Return

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17*	
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(699)		(65)
Revenue	339		78	
Expenses	(37)		(12)	
Interest payable and similar charges	-		(2)	
Net revenue before taxation	302		64	
Taxation	(2)		-	
Net revenue after taxation		300		64
Total deficit before distributions		(399)		(1)
Distributions		(333)		(72)
Change in net assets attributable to shareholders from investment activities		(732)		(73)

\*The Fund was launched on 24 May 2017.

## Statement of Change in Net Assets Attributable to Shareholders

for the six months ended 15 July 2018 (unaudited)

	15.7.18		15.7.17*	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		19,198		-
Amounts receivable on creation of shares	-		19,000	
		-		19,000
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(732)		(73)
Retained distribution on accumulation shares		169		36
Closing net assets attributable to shareholders		18,635		18,963

\*The Fund was launched on 24 May 2017.

## Balance Sheet

as at 15 July 2018 (unaudited)

	15.7.18		15.1.18	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investments		17,458		17,995
Current assets				
Debtors	248		249	
Cash and bank balances	991		1,147	
Total current assets		1,239		1,396
Total assets		18,697		19,391
<b>Liabilities</b>				
Investment liabilities		(13)		(125)
Creditors				
Distribution payable on income shares	(36)		(22)	
Other creditors	(13)		(46)	
Total creditors		(49)		(68)
Total liabilities		(62)		(193)
Net assets attributable to shareholders		18,635		19,198

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 June 2018 Group 2: Shares purchased from 16 June 2018 to 15 July 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.08.18</i>	<i>Distribution paid 15.08.17*</i>
<b>Institutional Income</b>				
Group 1	0.380000	-	0.380000	0.380000
Group 2	0.380000	0.000000	0.380000	0.380000
<b>Institutional Accumulation</b>				
Group 1	0.390000	-	0.390000	0.380000
Group 2	0.390000	0.000000	0.390000	0.380000
<b>Income C</b>				
Group 1	0.380000	-	0.380000	0.380000
Group 2	0.380000	0.000000	0.380000	0.380000
<b>Accumulation C</b>				
Group 1	0.390000	-	0.390000	0.380000
Group 2	0.390000	0.000000	0.390000	0.380000
*The Fund was launched on 24 May 2017.				

Group 1: Shares purchased prior to 16 May 2018 Group 2: Shares purchased from 16 May 2018 to 15 June 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.07.18</i>	<i>Distribution paid 15.07.17*</i>
<b>Institutional Income</b>				
Group 1	0.280000	-	0.280000	N/A
Group 2	0.280000	0.000000	0.280000	N/A
<b>Institutional Accumulation</b>				
Group 1	0.290000	-	0.290000	N/A
Group 2	0.290000	0.000000	0.290000	N/A
<b>Income C</b>				
Group 1	0.280000	-	0.280000	N/A
Group 2	0.280000	0.000000	0.280000	N/A
<b>Accumulation C</b>				
Group 1	0.290000	-	0.290000	N/A
Group 2	0.290000	0.000000	0.290000	N/A
*The Fund was launched on 24 May 2017.				

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 April 2018 Group 2: Shares purchased from 16 April 2018 to 15 May 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.06.18</i>	<i>Distribution paid 15.06.17*</i>
<b>Institutional Income</b>				
Group 1	0.320000	-	0.320000	N/A
Group 2	0.320000	0.000000	0.320000	N/A
<b>Institutional Accumulation</b>				
Group 1	0.330000	-	0.330000	N/A
Group 2	0.330000	0.000000	0.330000	N/A
<b>Income C</b>				
Group 1	0.310000	-	0.310000	N/A
Group 2	0.310000	0.000000	0.310000	N/A
<b>Accumulation C</b>				
Group 1	0.320000	-	0.320000	N/A
Group 2	0.320000	0.000000	0.320000	N/A
*The Fund was launched on 24 May 2017.				

Group 1: Shares purchased prior to 16 March 2018 Group 2: Shares purchased from 16 March 2018 to 15 April 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.05.18</i>	<i>Distribution paid 15.05.17*</i>
<b>Institutional Income</b>				
Group 1	0.250000	-	0.250000	N/A
Group 2	0.250000	0.000000	0.250000	N/A
<b>Institutional Accumulation</b>				
Group 1	0.260000	-	0.260000	N/A
Group 2	0.260000	0.000000	0.260000	N/A
<b>Income C</b>				
Group 1	0.250000	-	0.250000	N/A
Group 2	0.250000	0.000000	0.250000	N/A
<b>Accumulation C</b>				
Group 1	0.260000	-	0.260000	N/A
Group 2	0.260000	0.000000	0.260000	N/A
*The Fund was launched on 24 May 2017.				

**Distribution Table (pence per share)**

for the six months ended 15 July 2018 (unaudited)

Group 1: Shares purchased prior to 16 February 2018				
Group 2: Shares purchased from 16 February 2018 to 15 March 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.04.18</i>	<i>Distribution paid 15.04.17*</i>
<b>Institutional Income</b>				
Group 1	0.270000	-	0.270000	N/A
Group 2	0.270000	0.000000	0.270000	N/A
<b>Institutional Accumulation</b>				
Group 1	0.280000	-	0.280000	N/A
Group 2	0.280000	0.000000	0.280000	N/A
<b>Income C</b>				
Group 1	0.270000	-	0.270000	N/A
Group 2	0.270000	0.000000	0.270000	N/A
<b>Accumulation C</b>				
Group 1	0.280000	-	0.280000	N/A
Group 2	0.280000	0.000000	0.280000	N/A
*The Fund was launched on 24 May 2017.				

Group 1: Shares purchased prior to 16 January 2018				
Group 2: Shares purchased from 16 January 2018 to 15 February 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.03.18</i>	<i>Distribution paid 15.03.17*</i>
<b>Institutional Income</b>				
Group 1	0.230000	-	0.230000	N/A
Group 2	0.230000	0.000000	0.230000	N/A
<b>Institutional Accumulation</b>				
Group 1	0.230000	-	0.230000	N/A
Group 2	0.230000	0.000000	0.230000	N/A
<b>Income C</b>				
Group 1	0.230000	-	0.230000	N/A
Group 2	0.230000	0.000000	0.230000	N/A
<b>Accumulation C</b>				
Group 1	0.230000	-	0.230000	N/A
Group 2	0.230000	0.000000	0.230000	N/A
*The Fund was launched on 24 May 2017.				

# General Information

## How to Buy, Sell or Switch Your Investment

- Call our Dealers on 0800 358 3011\*  
or
- Write to our Administration Office at: HSBC Global Asset Management (UK) Limited, PO Box 3733, Royal Wootton Bassett, Swindon, SN4 4BG.
- A list of the Business Days which are not Dealing Days will be published in relation to each Fund on the ACD's website; [www.assetmanagement@hsbc.com](mailto:www.assetmanagement@hsbc.com).

## Switching Your Investment

- Some discounts are available for switching between our OEIC Funds.
- Switching from one OEIC Fund to another may create a capital gains tax liability.

No subscription can be received on the basis of financial reports. Subscriptions are only valid if made on the basis of the current KIID (in conjunction with the Supplementary Information Document (SID)) and Prospectus accompanied by the latest Annual Report and the most recent Interim Report, if published thereafter. Further details of our switching discounts may be obtained by:-

- Telephoning our Customer Services, on 0800 358 3011\*

## Minimum Additional Subscription

- The minimum additional subscription is £500 for retail share classes except those for UK Growth and Income Retail B share classes which is £100, the Income C and Accumulation C share classes which is £1,000 and Institutional share classes which is £1,000,000.

## Selling your Investment

You can sell or make a withdrawal at any time.

- You must take at least £100 each time.
- We reserve the right to request that you leave the minimum investment of £1,000 or close the investment.
- Settlement is normally made within 3 business days from the receipt of your instructions.

## When We Will Buy or Sell Your Investment

Share prices are calculated at 12 noon each business day. The price at which shares are bought or sold depends on when we receive your instructions.

- Before 12 noon. That day's share prices will be used.
- After 12 noon. The following business day's prices will be used.

We will send you a contract note within 24 hours of the transaction. This confirms the transaction was made.

## Cancellation Rights

- In certain circumstances we will send you a cancellation notice. If so this will be sent within 7 days of making your investment.
- Return this notice to us within 30 days if you do not wish to proceed with your investment.
- It is possible to receive back less than your original investment, if the value of your shares has fallen.

## Publication of Prices

The prices of shares are updated daily on the following websites: [www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk)

Alternatively you can call our Investments Helpline on 0800 358 3011.\*

## Prospectus

The Prospectus provides further details on our OEICs. For a copy of the latest Prospectus (available free of charge):-

- Telephone our Customer Services on 0800 358 3011\*
- Write to our Administration Office

## Income

Income is distributed or accumulated in the following way:-

- If you hold income shares, income will be distributed to you on the payment dates shown for each of the Funds in the table on pages 130 to 131.
- If you hold accumulation shares, income will be retained within the Fund. No additional shares will be bought. The price of shares will reflect the income received.

We must disclose details of such distributions to HM Revenue and Customs (HMRC). The distribution also needs to be disclosed on your tax return.

## Income Tax

A tax voucher is sent to all shareholders when distributions are paid or accumulated which will aid completion of tax returns.

### Interest Distributions:

From 6 April 2017, any income that is distributed from our funds as interest is paid or accumulated gross of tax to all shareholders. This follows the announcement from the UK Government in 2016 of its intention to remove the requirement for tax to be deducted from interest distributions of open-ended investment companies.

A Personal Savings Allowance currently applies for UK individual taxpayers. This means that no tax is payable on savings income, which includes interest distributions, of up to £1,000 for basic rate taxpayers and up to £500 for higher rate taxpayers. This allowance is not available for additional rate taxpayers. UK taxpayers, including basic rate taxpayers, are liable to pay UK tax on savings income above the allowance, subject to the starting rate of tax for savings.

For UK corporate shareholders, interest distributions will be paid without the deduction of tax. Such shareholders will be subject to corporation tax on the gross amount of the distribution or accumulation.

For non-UK resident shareholders, interest distributions will be paid without the deduction of tax. Tax may or may not be payable depending on the shareholder's tax position and the provisions of any relevant double tax treaty with the UK.

### Dividend Distributions:

A dividend allowance applies for UK resident individual shareholders which charges the first £5,000 of dividends received in the tax year at 0%. A UK resident individual shareholder will have to pay income tax at the applicable basic, higher or additional rate (depending on the shareholder's individual tax position) on dividend income in excess of the £5,000 allowance. Note that dividend income within the £5,000 allowance will still count towards basic, higher and additional rate bands and may therefore affect the rate of income tax that a shareholder pays on dividends they receive in excess of the £5,000 allowance. In the Spring Budget 2017 the Government announced that from 6 April 2018 the dividend allowance will reduce to £2,000.

Where a corporate shareholder receives a dividend distribution from a Fund, such a shareholder should apportion the amount of the distribution (by way of a formula) between that part representing the Fund's income subject to corporation tax and that part representing the Fund's other income. Only that part which represents the income subject to corporation tax in the Fund will be liable to corporation tax (in the hands of the corporate shareholder) and will be treated as an annual payment received after deduction of income tax at the basic rate. That deemed income tax will be available to offset against the corporation tax liability of the shareholder or may be repaid subject to certain restrictions.



For non-UK resident shareholders, tax may or may not be payable depending on the shareholder's tax position and the provisions of any relevant double tax treaty with the UK.

This information is based on our understanding of current UK law and HM Revenue & Customs practice which may be subject to retrospective change. The future basis and rates of taxation may change without warning. Shareholders are recommended to consult their professional advisers if they are in any doubt as to their individual tax position.

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### **Capital Gains Tax**

You will not need to pay capital gains tax unless your net gains from all sources exceed the annual exemption limit. The limit for the 2018/2019 tax year is £11,700.

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\*To help us continually improve our service, and in the interests of security, we may monitor and/or record your communications with us.

Lines are open Monday to Friday from 9am to 5pm (excluding public holidays).

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## Important Notes

The Interim Report covers the period 16 January 2018 to 15 July 2018 .

Investments in stocks and shares can go down as well as up and investors may not get back the amount they originally invested. This can affect the price of shares within open-ended investment companies and the income from them.

Past performance should not be seen as an indication of future returns.

Your holding in an open-ended investment company must be regarded as a medium to long-term investment; this means for at least five years.

Where overseas securities are held the prices and income may also be affected by changes in currency exchange rates. It is possible that the value of an investment may fall below its original level.

Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. These risks include the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered.

The value and relative yield of fixed interest securities (including bonds) are strongly affected by interest rate fluctuations and by changes in the credit ratings of the underlying issuer of the assets. Higher-yielding securities are more likely to default.

The long-term nature of investment in property and the income generated tend to make this type of investment less volatile than equities although it can be difficult to buy and/or sell quickly. Where the underlying Funds invest directly in property, the property in the Fund may not be readily realisable, and the Manager of the Fund may apply a deferral on redemption requests. The value of property is generally a matter of the valuer's opinion rather than fact. Listed property securities are part of the equity market and are more volatile than direct (unlisted) property, which can mean that the price of shares and the income from them can fluctuate, sometimes dramatically.

Please note any reference to "Fund" or "Funds" means a sub fund of the Company.

This report is issued in the UK by HSBC Global Asset Management (UK) Limited, authorised and regulated by the Financial Conduct Authority.

There are risks involved in investing in HSBC Investment Funds. Please refer to the Prospectus, Key Investor Information Document (KIID) and Supplementary Information Document (SID) for further details.

The information in this report is based on our understanding of current law and HM Revenue and Customs practice as at 15 July 2018 (unaudited). Both law and practice may of course change.

The views expressed are those of HSBC Global Asset Management (UK) Limited and do not constitute investment advice. No liability can be accepted for recipients acting independently on its content.

The Company is authorised and regulated by the Financial Conduct Authority and is structured as an umbrella company, in that the Company proposes to issue shares linked to different Funds which have been established. The Company is a UCITS scheme.

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after the purchase price of the shares has been paid for.

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### Accounting Policies

The interim financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by The Investment Association in May 2014.

**A.C. Corfield**

**A.S. Clark**

**Director**

**Director**

**For and on behalf of HSBC Global Asset Management (UK) Limited Authorised Corporate Director  
4 September 2018**

# Important Changes to the Company and/or Fund Documentation

The following changes to the Company have resulted in the ACD (Authorised Corporate Director) making changes to the Company's Instrument of Incorporation and its Prospectus.

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## Amendments to the Company's Instrument of Incorporation

None.

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## Amendments to the Company Prospectus

The Prospectus has been amended to include the changes detailed below.

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## Company Details

The ACDs head office moved to 8 Canada Square, London E14 5HQ on 5 February 2018.

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## Directory

The head office address for the Company and ACD were updated to 8 Canada Square, London E14 5HQ on 5 February 2018.

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The Registered Office of the Depositary also moved address to Quartermile 3, 10 Nightingale Way, Edinburgh EH3 9EG on 12 February 2018.

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## Pricing

This section has been expanded to note that if the ACD were to introduce and levy a redemption charge (also known as an Exit charge) that the amount of the charge would be taken from the proceeds of the investment before they are paid out. We do not currently intend to apply such charge and would not introduce this charge without giving an appropriate period of notice to Shareholders.

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## Risks

The explanation of the SRRI (Synthetic Risk and Reward Indicator) has been removed from this section and relocated in Appendix 1.

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## New risk - United Kingdom leaving the European Union

On 29 March 2017, the Government of the United Kingdom (UK) formally notified the European Union (EU) of its intention to leave the Union (i.e. "Brexit"). As things stand, the UK will formally leave the EU on 29 March 2019. The UK and EU27 have reached a political agreement to include a transition period lasting until end-2020 in the withdrawal agreement, during which EU law would continue to apply to the UK as if it were a member state. However, a number of issues around the UK's withdrawal remain subject to further negotiation and the overall Article 50 withdrawal agreement will only come into effect once it is approved by the European Council and ratified by the European and UK Parliaments.

The UK's future economic and political relationship with the EU (and with other non-EU countries by agreement) remains uncertain. This uncertainty is likely to generate further global currency and asset price volatility. This may negatively impact the returns of the Funds and their investments resulting in greater costs if the Funds decide to employ currency hedging policies. Ongoing uncertainty could adversely impact the general economic outlook and as such this may impact negatively on the ability of the Fund and its investments to execute their strategies effectively, and may also result in increased costs to the Fund.

It is possible there will be more divergence between UK and EU regulations post-Brexit, limiting what cross-border activities can take place. This will possibly affect the Fund's ability to receive investment advice or portfolio management services or increase the costs for such services and may also impact the ability to market the Funds to UK investors.

The nature and extent of the impact of any Brexit related changes are uncertain, but may be significant.

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### **Management and Administration**

The Directorship table was updated to reflect that Melissa G McDonald has been appointed a director of the ACD.

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The FCA moved address to 12 Endeavour Square, London E21 1JN on 1 July 2018.

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### **Website access**

We have updated the instructions for finding information on your fund using our website.

For our governance documents please go to [www.assetmanagement.hsbc.com](http://www.assetmanagement.hsbc.com) and choose "United Kingdom" then "Individual Investors" or "Financial intermediary" then "About Us" and then "Governance"

For fund information, application forms and literature please go to [www.assetmanagement.hsbc.com](http://www.assetmanagement.hsbc.com) and choose "United Kingdom" then "Individual Investors" or "Financial Intermediary" then choose "Fund Centre".

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### **Remuneration of the ACD**

We have expanded the explanation of how the Ongoing Charges Figure is calculated, that it is based on actual expenses for the relevant accounting period, or an estimate of expenses where, for example, a change has been made to the charging structure during an accounting year. It covers most aspects of operating the Fund during the year, including fees paid for investment management, the services of the Depositary, custody of the scheme property and other administration and the independent oversight functions. Where the Fund invests in other funds, the figure includes the impact of the charges made in those other funds. The OCF does not include portfolio transaction costs and payments Shareholders may make to a financial adviser or any other firm through which they invest; Shareholders will pay for these services directly.

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### **CTF Accumulation Share Class**

The AMC for the UK Growth & Income Fund CTF Accumulation Share Class was reduced from 1.50% to 1.15% as of 1 May 2018.

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### **Taxation**

This has been updated to reflect changes in tax law.

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### **Interest Distribution**

From 6 April 2017, Interest Distributions are no longer paid after the deduction of income tax at source. Also, since 6 April 2016, a Personal Saving Allowance exempts from tax the first £1,000 (in tax year 2018/2019) of savings income for basic rate taxpayers and the first £500 (in tax year 2018/19) for higher rate taxpayers. All UK taxpayers (including basic rate taxpayers) will therefore be liable to pay UK tax on an interest distribution made or treated as made by the Company, subject to the Personal Savings Allowance and, where applicable, the starting savings rate for savings.

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## **Dividend Distribution**

From 6 April 2016, there is no longer a 10% tax credit on UK dividend distributions. Instead a dividend allowance applies for UK resident individual Shareholders which charges the first £2,000 (in tax year 2018/2019) of dividends received in the tax year at 0%. A UK resident individual Shareholder will have to pay income tax at the applicable basic, higher or additional rate (depending on the Shareholder's individual tax position) on dividend income in excess of the £2,000 allowance. Note that dividend income within the £2,000 allowance will still count towards basic, higher and additional rate bands and may therefore affect the rate of income tax that a Shareholder pays on dividends they receive in excess of the £2,000 allowance.

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## **Complaints**

Complaints should now be referred to the ACD at HSBC Global Asset Management (UK) Limited, PO Box 3733, Royal Wootton Bassett, Swindon SN4 4BG. If the complaint has not been resolved to the satisfaction of the complainant within two months, the ACD must report to the FCA.

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## **Appendix 1 – Investment Objectives, Investment Policies and Share Classes**

### **Investment Strategy for the Balanced Fund**

The desired allocation to each asset class in the Balanced Fund has changed from 20% invested in collective investments schemes to 23% invested in collective investment schemes.

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### **Investment Strategy for the Global Equity Income Fund**

We have explained that the index utilised by the Fund is, as at the date of this Prospectus, provided by a benchmark administrator who is making use of the transitional arrangements of Regulation (EU) 2016/1011 (the "Benchmark Regulation") and accordingly does not appear on the register of administrators and benchmarks maintained by the European Securities and Markets Authority.

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### **Investment Restrictions**

Not more than 20% in value of the property of a Fund is to consist of units or shares of any one collective investment scheme.

The ACD has added the Global Equity Income Fund to the exception that no more than 10% of the value of the Fund may consist of units or shares in collective investment schemes.

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## **Appendix 5**

The sub-custodian for the Market Czech Republic has changed to Ceskoslovenska Obchodni Banka, A.S (CSOB) and Slovakia A.S.

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## Other Information

### **Equalisation**

Revenue received by the Fund during the distribution period is reflected in the price of shares until the revenue is distributed. The cost of Group 2 shares bought during a distribution period will therefore include an element of revenue.

Equalisation represents the average amount of accrued revenue included in the purchase price of all Group 2 shares sold in the year, which is refunded as part of a shareholder's first distribution. This amount is treated as a capital repayment for tax purposes. It is not liable to income or corporation tax and is deducted from the original cost of the shares for capital gains tax purposes.

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## Corporate Shareholders

A corporate shareholder will receive the distribution shown below on their tax voucher as follows:

Fund	Date payable/paid	Share class	Investment income	
			Franked	Unfranked
Corporate Bond	15.9.18	Retail Income	0.00%	100.00%
	15.9.18	Retail Accumulation	0.00%	100.00%
	15.9.18	Institutional Accumulation	0.00%	100.00%
	15.9.18	Institutional Income	0.00%	100.00%
	15.9.18	Institutional Gross Accumulation	0.00%	100.00%
	15.9.18	Income C	0.00%	100.00%
	15.9.18	Accumulation C	0.00%	100.00%
	15.6.18	Retail Income	0.00%	100.00%
	15.6.18	Retail Accumulation	0.00%	100.00%
	15.6.18	Institutional Accumulation	0.00%	100.00%
	15.6.18	Institutional Income	0.00%	100.00%
	15.6.18	Institutional Gross Accumulation	0.00%	100.00%
	15.6.18	Income C	0.00%	100.00%
	15.6.18	Accumulation C	0.00%	100.00%
Gilt & Fixed Interest	15.9.18	Retail Income	0.00%	100.00%
	15.9.18	Retail Accumulation	0.00%	100.00%
	15.9.18	Institutional Income	0.00%	100.00%
	15.9.18	Income C	0.00%	100.00%
	15.9.18	Accumulation C	0.00%	100.00%
	15.6.18	Retail Income	0.00%	100.00%
	15.6.18	Retail Accumulation	0.00%	100.00%
	15.6.18	Institutional Income	0.00%	100.00%
	15.6.18	Income C	0.00%	100.00%
	15.6.18	Accumulation C	0.00%	100.00%
Global High Income Bond	15.8.18	Institutional Accumulation	0.00%	100.00%
	15.8.18	Institutional Income	0.00%	100.00%
	15.8.18	Income C	0.00%	100.00%
	15.8.18	Accumulation C	0.00%	100.00%
Global Equity Income	15.9.18	Institutional Accumulation	96.03%	3.97%
	15.9.18	Institutional Income	96.11%	3.89%
	15.9.18	Income C	100.00%	0.00%
	15.9.18	Accumulation C	100.00%	0.00%
	15.6.18	Institutional Accumulation	100.00%	0.00%
	15.6.18	Institutional Income	100.00%	0.00%
	15.6.18	Income C	100.00%	0.00%
	15.6.18	Accumulation C	100.00%	0.00%

All other Funds in this OEIC have a 100% franked distribution shown on their tax voucher.

## Risk and Reward Profile

Fund	Rating*	<div> <div>Lower risk</div> <div>Higher risk</div> <div> <div>←</div> <div>→</div> </div> <div>Typically lower rewards</div> <div>Typically higher rewards</div> <div> <div>1</div> <div>2</div> <div>3</div> <div>4</div> <div>5</div> <div>6</div> <div>7</div> </div> </div>
Balanced	4	
UK Growth & Income	5	
Income	5	
Monthly Income	4	
Gilt & Fixed Interest	4	
Corporate Bond	4	
Global Equity Income	5	
Global High Income Bond	4	

### \*More About this Rating

The rating is based on price volatility over the last five years, and is an indicator of absolute risk. Historical data may not be a reliable indication for the future. The rating is not guaranteed to remain unchanged and the categorisation may shift over time. The lowest rating does not mean a risk-free investment.

For further information on the specific risks applicable to each Fund please visit [www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk).



# Directory

## The Company

HSBC Investment Funds, 8 Canada Square, London, E14 5HQ

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## Authorised Corporate Director (ACD) and Head Office

HSBC Global Asset Management (UK) Limited, 8 Canada Square, London, E14 5HQ

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## Investment Manager

HSBC Global Asset Management (UK) Limited, 8 Canada Square, London, E14 5HQ

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## Depositary

State Street Trustees Limited, Quartermile 3, 10 Nightingale Way, Edinburgh, EH3 9EG

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## Regulator

Financial Conduct Authority (FCA), 12 Endeavour Square, London, E20 1JN (WEF 1 July 2018)

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## Auditor

KPMG LLP, 15 Canada Square, London E14 5GL

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## Registrar

HSBC Global Asset Management (UK) Limited (delegated to Northern Trust Global Services Limited)

50 Bank Street, Canary Wharf, London, E14 5NT

Telephone: 0800 358 3011\*

+44 800 358 3011 (Overseas)\*

\*Lines are open 9am to 5pm Monday to Friday (excluding public holidays).

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## Administrator (delegated to Northern Trust Global Services Limited) - postal address

PO Box 3733, Royal Wootton Bassett, Swindon, SN4 4BG

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## Website

[www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk)

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To help us continually improve our services, and in the interests of security, we may monitor and/or record your communications with us.

## Quick Reference Guide to HSBC Investment Funds

Name of OEIC Fund	Balanced	UK Growth & Income	Income	Monthly Income
Number of distributions per year	2	2	2	12
Distribution dates	15 Mar 15 Sep	15 Mar 15 Sep	15 Mar 15 Sep	Each month
Lump sum minimum investment level	£1,000	£1,000	£1,000	£1,000
Regular saver minimum investment level	£50	£50	£50	£50
Authorised Corporate Director charge % †	1.50	1.50	1.50	1.25
Available as an ISA	Yes	Yes	Yes	Yes
In ISA can income be paid	Yes	Yes	Yes	Yes
Income shares available	Yes	Yes	Yes	Yes
Accumulation shares available	Yes	Yes	Yes	Yes
Historic research of files*	£25 per hour including VAT - all Funds			
Duplicate tax voucher*	£25 per voucher including VAT - all Funds			
Duplicate tax vouchers* (more than one)	£25 per voucher including VAT - all Funds			

\* Charges for additional services. The ACD reserves the right to apply these charges and amend them subject to the annual rate of the retail price index.

† The above information relates only to retail share classes. Other share classes may differ.

## Quick Reference Guide to HSBC Investment Funds

Name of OEIC Fund	Gilt & Fixed Interest	Corporate Bond	Global Equity Income	Global High Income Bond
Number of distributions per year	4	4	4	12
Distribution dates	15 Mar, 15 Jun, 15 Sep, 15 Dec	15 Mar, 15 Jun, 15 Sep, 15 Dec	15 Mar, 15 Jun, 15 Sep, 15 Dec	Each month
Lump sum minimum investment level	£1,000	£1,000	£1,000,000	£1,000,000
Regular saver minimum investment level	£50	£50	n/a	n/a
Authorised Corporate Director charge % †	0.75	1.00	0.75	0.63
Available as an ISA	Yes	Yes	Yes	Yes
In ISA can income be paid	Yes	Yes	Yes	Yes
Income shares available	Yes	Yes	Yes	Yes
Accumulation shares available	Yes	Yes	Yes	Yes
Historic research of files*	£25 per hour including VAT - all Funds			
Duplicate tax voucher*	£25 per voucher including VAT - all Funds			
Duplicate tax vouchers* (more than one)	£25 per voucher including VAT - all Funds			

\* Charges for additional services. The ACD reserves the right to apply these charges and amend them subject to the annual rate of the retail price index.

† The above information relates only to retail share classes or C share classes as applicable. Other share classes may differ.

Issued by HSBC Global Asset Management (UK) Limited.  
Authorised and regulated by the Financial Conduct Authority.

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**[www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk)**

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