

THE MARKS AND SPENCER  
HIGH INCOME FUND

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# Manager's interim report

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For the period 1 February 2019 to 31 July 2019 (unaudited)

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# The Marks and Spencer High Income Fund

## **Manager, Registrar, dealing, administration and marketing**

Marks and Spencer Unit Trust  
Management Limited

Authorised and regulated by the Financial  
Conduct Authority.

Investor helpline: 0808 005 5555 or  
+44 1244 688632 if calling from abroad.  
Lines are open from 8am to 6pm Monday to  
Friday (closed weekends and public holidays).  
Please be aware that opening hours may be  
restricted over the Christmas period, please  
contact us for details. Calls may be recorded.

## **Head office and registered office**

Kings Meadow  
Chester CH99 9FB  
Registered in England  
No. 2253009

## **Directors of the Manager**

James Coyle (Chairman and non-Executive  
Director)

Paul Spencer (Chief Executive Officer  
and Director)

David Stewart (Non-Executive Director)

Phillip Scott (Director)

Douglas van den Aardweg (Non-Executive  
Director)

Matt Handley (Director)

Peter Dew (Non-Executive Director)

Simon Ellis (Director) (resigned on  
26 July 2019)

## **Investment Manager**

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

The above listed Investment Manager is  
authorised and regulated by the Financial  
Conduct Authority.

The Investment Manager has sub-delegated  
the management of a portion of the Fund to  
HSBC Global Asset Management (USA) Inc,  
registered with the Securities and Exchange  
Commission in the USA.

## **Trustee**

State Street Trustees Limited  
Quartermile 3  
10 Nightingale Way  
Edinburgh EH3 9EG  
Authorised and regulated by the Financial  
Conduct Authority.

## **Independent auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

# Manager's investment report

This section gives you confirmation of the Fund objective. It also gives you the investment strategy employed by the investment adviser and an economic, market and portfolio review for the period of the report.

## Objectives

The Fund's objective is to provide a high level of income.

## Policy

The Manager may invest in fixed and variable rate securities and equities from anywhere in the world. At any time the portfolio may contain a combination of any or all of the aforementioned securities.

Generally the Fund invests in transferable securities listed or traded on an eligible securities market with power to invest in recently issued transferable securities which are to be so listed or traded.

However, transferable securities that are not approved securities may be held within the Fund provided the total of such securities does not exceed 10% in value of the property of the Fund. This 10% limit is inclusive of recently issued securities.

The Manager's investment policy may mean that at times it is appropriate not to fully invest but to hold cash or near cash. This will only occur when the Manager reasonably regards it as necessary to enable Units to be redeemed or for the efficient management of the Fund in accordance with its objectives or purpose that may reasonably be regarded as ancillary to the objectives of the Fund.

The Fund may use derivative instruments (options, futures and contracts for difference) and forward transactions in a currency for the purposes of efficient portfolio management. These instruments can therefore be used to reduce risk, reduce costs, or generate additional capital or income with no, or low levels of risk.

Payments in respect of the Manager's periodic charge and other permitted charges or expenses are treated as capital expenses. This may constrain capital growth.

There are risks associated with investments in the Fund. These are summarised in the section titled 'Risks' on page 29 of the Prospectus.

## Investment strategy

The Manager has appointed HSBC Global Asset Management (UK) Limited as investment manager (the "Investment Manager") to provide investment management services to the Manager in respect of the Fund. The Fund is structured to deliver the objective through investment in a mix of corporate and government bonds that are issued globally, which may be both higher risk bonds rated by Standard and Poor's below BBB- (called 'sub investment grade'/'high yield') and lower risk bonds (called 'investment grade') of any duration.

The Investment Manager has sub-delegated the management of a portion of the Fund to HSBC Global Asset Management (USA) Inc as Investment Adviser. The Investment Adviser aims to provide income by investing in emerging markets and US high yield bonds, quasi-sovereign bonds and in bonds issued by companies which have their registered office in emerging markets and the USA, primarily denominated in US dollars. HSBC Global Asset Management (USA) Inc manages approximately 40% of the Fund.

The allocations to these asset classes will vary through time and are reviewed and adjusted to meet the Fund objective at least annually.

When adjusting the asset allocation the Investment Manager intends to maintain the existing risk profile of the Fund and will monitor this on an ongoing basis.

Income is accounted for and paid on an effective yield basis rather than a coupon basis.

The Manager has determined that the Fund will not invest in securities issued by companies that are considered, after reasonable enquiries, to be involved in the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions and/or anti-personnel mines.

Please refer to the investment restrictions section of this Prospectus on page 9 of the Prospectus.

	Percentage growth				
	31/07/2014 to 31/07/2015	31/07/2015 to 31/07/2016	31/07/2016 to 31/07/2017	31/07/2017 to 31/07/2018	31/07/2018 to 31/07/2019
Fund	3.7%	8.4%	2.2%	-1.7%	6.9%
Performance Comparator - Investment Association Strategic Bond Sector	3.2%	4.9%	4.5%	0.2%	5.7%

This information relates to the past, and past performance is no guarantee of future performance. All the above figures are on a bid to bid basis, net income reinvested.

Source: Morningstar.

## Additional information

The Investment Manager defines a 'high level of income' as a quoted average yield of funds in its Investment Association peer group which is the Strategic Bond peer group. To obtain the latest yield of the Fund and the average yield of the peer group, please call us on 0808 005 5555.

## Economic and Market Review

Concerns about the US-China trade war and global economic growth continued to shape global markets over the review period.

In the US, while economic indicators continued to be reasonably robust, the impact of protectionist measures in place, and the threat of further measures to come, were never far from the surface. At the end of August, trade tensions escalated further, as China announced plans to impose additional tariffs on \$75bn of US imports. This was in retaliation for President Trump's planned levies on Chinese import announced earlier in the month. In response, Trump also announced increased tariffs on \$250bn of Chinese imported goods already subject to tariffs since May. He also threatened to order US companies to stop doing business with China. Despite these tensions, equities performed well and large-cap technology stocks – the so-called 'FAANGs' (Facebook, Amazon, Apple, Netflix and Google) – rebounded after their sharp sell-off during the second half of last year. US corporate earnings proved resilient, but profit growth eased as the benefits of 2018's tax cuts dropped out and the global economy slowed.

In the UK, equities also strengthened over the period with the weaker pound supporting the performance of export-reliant stocks. There was continued uncertainty related to Brexit, with Prime Minister Theresa May seeing her draft agreement defeated in Parliament on three occasions, leading to her resignation as Leader of the Conservative Party in May and triggering a leadership election which saw Boris Johnson elected. The planned Brexit departure date of 31 October looms large and the political environment may become increasingly fractious as we approach the date, given the PM's approach of emphasising that unless the EU return to the table a no-deal Brexit is on the cards. Within the Eurozone, stocks were supported by a rise in equities globally and the more dovish (i.e. when policymakers favour loose, more accommodating monetary policy) stance of the European Central Bank (ECB). The European Parliament elections in May delivered a relatively benign outcome, with fears of large gains for populist parties overplayed. Therefore worries about the stability of the Eurozone somewhat diminished.

In monetary news, the Fed kept interest rates on hold in June, after increasing them four times last year and nine times in the current cycle. Sounding a more dovish tone as the US economy starts to slow, no more rate increases are expected this year. Indeed, at its July meeting, the Federal Open Market Committee (FOMC) cut interest rate by 0.25 basis points to 2%. The Fed left its projections for economic growth and unemployment largely unchanged but has reduced its inflation forecasts. Meanwhile, in the UK, following its interest rate increase in August 2018, the Bank of England's (BoE) Monetary

Policy Committee kept interest rates unchanged at 0.75%. In continental Europe, the ECB does not plan to raise interest rates until the second half of 2020. It is also continuing to reinvest the proceeds from its maturing bonds and has announced a third round of targeted longer-term refinancing operations which, by supplying funding to the banking sector, will aid credit creation.

Global bond markets have generally been supported by a low level of interest rates, concerns about economic prospects and low levels of inflation. This continued to be the case during the review period. Central banks have recently turned more dovish and more cautious in their outlook, and this change in stance has also caused bond yields in developed markets to drift lower since the start of 2018's fourth quarter. In fact, the global universe of negative-yielding bonds – led by instruments in Europe and Japan – is now at a record of \$12.5 trillion, surpassing the previous peak reached in 2016. With yields near historically low levels, global bond issuance has remained elevated. Issuers have looked to raise funds ahead of risks such as the possibility of a global trade war, growing political uncertainty in Europe (particularly surrounding Italy), and increased volatility in emerging markets.

Emerging market assets have had a very strong start to the year following a difficult 2018 as the Fed's more dovish monetary policy proved supportive. A retracement in oil prices also supported those emerging market countries that import the commodity. Likewise, a slight weakening in the US dollar has been a positive for emerging market economies, given their high overseas debt burdens. In general, emerging market bonds remain well supported by their yield merits and the underlying economies' favourable dynamics.

## Activity

The High Income Fund comprised investments in UK corporate bonds, high yield bonds and emerging market bonds during the period. The corporate bond investment outperformed its benchmark, with positive contribution largely from individual credit selection. Fund positioning was adjusted slightly over the period but overall the Fund maintained exposure to corporate bonds. On the security

selection level, exposure to lower tier bonds from Banks and insurance companies also added value. Asset allocation detracted slightly, with small negative impacts from various sectors.

Within the high yield element, the fund delivered negative performance against its performance comparator during the period. By sector, the strategy's main overweights are to healthcare and financials with the main underweights to energy and industrials. The strategy continues to be underweight technology, media and telecom given the continued uncertainty around M&A activity and potential outcomes, as well as on valuations more generally. The strategy also remains underweight within the retail sector on continued structural concerns. The average credit quality of the strategy is one notch below that of the benchmark on an average basis at B. The strategy is overweight in the BBB- segment and CCCs and is underweight BBs. The CCC exposure is largely in more defensive industries and in companies with improving credit profiles.

The emerging market bond investment showed outperformance against its performance comparator over the review period. The overweight positions to Chile, Colombia, India, Indonesia and Kazakhstan contributed to relative returns but the largest detractor was the overweight position to Argentina. Argentina has faced significant volatility this year due to heightened inflation and an upcoming election. The underweight to Brazil has also detracted from relative returns as the country continued to outperform on expectations of the pension reform passing at the higher range of expectations. Active positioning in Oman, with a market weight for the majority of the year as we anticipate widening in spread from oil volatility, further benefited the fund. Lastly, given the risk-on environment in the period, the overweight positions to select single B-rated countries helped relative returns, including Costa Rica, Ghana and Kenya.

## Outlook

Although US economic growth is expected to slow, we do not think recession risks are as high as the market is suggesting. The weakness seen in activity in late 2018/early

2019 was a “cyclical slowdown”, rather than the beginning of a more severe recessionary environment. We expect global growth will remain around trend in the medium term.

In the UK, economic momentum is likely to remain subdued, with Brexit being the main driver of concern for businesses. However, dovish monetary stance by the BoE, Fed and ECB have significantly improved the market sentiment for corporate bond markets.

The outlook for the high yield market remains largely positive, with default rates remaining below the historical averages. Global economic growth has moderated, particularly within the Eurozone, UK, Japan and US. We expect credit spreads will continue to be volatile in the short-term as investors look for some clarity on issues such as trade, global growth, Fed policy and Brexit, which are causing uncertainty in the markets.

We remain constructive for emerging market debt assets given the supportive backdrop of low developed market rates and ample global liquidity. The asset class should provide investors with an attractive risk premium over its developed market counterparts. Even amid moderating global growth and growing concerns over trade wars, we believe a more dovish Fed along with stimulus measures in China should support risk assets including emerging market debts. Volatility will continue to present challenges to this generally favourable environment, especially with regards to the escalation of US-China trade tensions and slowdown in global growth. Nonetheless, idiosyncratic factors, such as elections in Argentina, will need to be closely monitored as will continued geopolitical tensions in the Middle East.

# Portfolio statement

This section details all the different fixed interest securities/government stocks in which the Fund invests, by denomination currency. It also shows the number of securities held, the percentage each fixed interest security/government stock represents of the Fund as a whole and the value of those securities at the end of the period (shown under bid value).

## As at 31 July 2019

HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019			BID VALUE (£)	% OF NET TOTAL ASSETS	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019			BID VALUE (£)	% OF NET TOTAL ASSETS
FIXED INTEREST SECURITIES					AT&T 2.9%				
(93.30%; 31/01/19 95.20%)					4/12/2026 £1,000,000 1,063,980 0.41				
STERLING DENOMINATED BONDS					AT&T 4.25%				
(52.53%; 31/01/19 52.68%)					1/6/2043 £350,000 407,465 0.16				
AA Bond 4.2487%					Aviva 6.125%				
31/7/2043	£394,000	399,910	0.15		14/11/2036	£260,000	304,476	0.12	
AA Bond 4.875%					Aviva 6.125%				
31/7/2043	£500,000	493,402	0.19		variable perpetual	£920,000	994,416	0.39	
Affinity Sutton 4.25%					AXA 5.625%				
8/10/2042	£200,000	259,736	0.10		variable 16/1/2054	£100,000	117,465	0.05	
Affinity Sutton 5.981%					AXA variable				
17/9/2038	£537,000	828,089	0.32		perpetual	£906,000	1,016,419	0.39	
America Movil 6.375%					Bank of America				
variable 6/9/2073	£1,000,000	1,048,627	0.41		4.25% 10/12/2026	£1,200,000	1,424,411	0.55	
American Honda					Bank of America				
Finance 1.3%					6.125% 15/9/2021	£1,250,000	1,381,666	0.54	
21/3/2022	£1,000,000	1,007,317	0.39		Banque Fédérative				
Anglian Water					du Crédit 0.875%				
Services 2.625%					8/6/2020	£400,000	399,760	0.15	
15/6/2027	£350,000	349,020	0.14		Barclays Bank 2.375%				
Anheuser-Busch					variable 6/10/2023	£560,000	564,144	0.22	
InBev 1.75%					Barclays Bank 3%				
7/3/2025	£419,000	430,099	0.17		8/5/2026	£207,000	210,181	0.08	
Anheuser-Busch					Barclays Bank 3.125%				
InBev 2.25%					17/1/2024	£833,000	862,853	0.33	
24/5/2029	£513,000	529,999	0.21		Barclays Bank 3.25%				
Anheuser-Busch					17/1/2033	£382,000	374,726	0.15	
InBev 2.85%					Barclays Bank 4.25%				
25/5/2037	£339,000	355,011	0.14		12/1/2022	£2,279,000	2,463,195	0.95	
Annington Finance					BAT International				
2.646% 12/7/2025	£318,000	329,851	0.13		Finance 1.75%				
Annington Finance					5/7/2021	£463,000	467,619	0.18	
3.184% 12/7/2029	£616,000	655,710	0.25		BAT International				
Annington Finance					Finance 2.25%				
3.685% 12/7/2034	£203,000	223,048	0.09		9/9/2052	£730,000	540,048	0.21	
Annington Finance					BAT International				
3.935% 12/7/2047	£250,000	279,092	0.11		Finance 4% 4/9/2026	£600,000	669,316	0.26	
Aspire Defence					BHP Billiton Finance				
Finance 4.674%					6.5% variable				
31/3/2040	£470,000	553,989	0.21		22/10/2077	£264,000	299,864	0.12	

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BL Superstore 5.578%				CYBG 4% variable			
4/10/2025	£1,800,000	255,372	0.10	25/9/2026	£240,000	243,912	0.09
BMW International				Daimler 1.5%			
Investment 1.875%				18/8/2021	£600,000	604,923	0.23
11/9/2023	£380,000	389,660	0.15	Daimler 2%			
BNP Paribas 3.375%				4/9/2023	£500,000	514,282	0.20
23/1/2026	£2,025,000	2,201,793	0.85	Daimler 2.75%			
BP Capital Markets				4/12/2020	£950,000	970,829	0.38
2.274% 3/7/2026	£500,000	530,430	0.21	Deutsche Bank 1.75%			
BPCE 5.25%				16/12/2021	£400,000	397,233	0.15
16/4/2029	£900,000	1,099,831	0.43	Digital Stout Holding			
British				3.75% 17/10/2030	£133,000	148,288	0.06
Telecommunications				Direct Line Insurance			
3.625% 21/11/2047	£200,000	221,960	0.09	Group 4.75% variable			
Broadgate Financing				perpetual	£344,000	284,075	0.11
4.821% 5/7/2036	£540,000	731,286	0.28	Dong Energy 5.75%			
Broadgate Financing				9/4/2040	£250,000	391,487	0.15
5.098% 5/4/2035	£130,000	145,154	0.06	Electricite de France			
Cadent Finance				5.5% 27/3/2037	£300,000	427,084	0.17
2.625% 22/9/2038	£950,000	976,235	0.38	Electricite de France			
Cadent Finance 2.75%				5.5% 17/10/2041	£400,000	589,762	0.23
22/9/2046	£868,000	889,836	0.34	Electricite de France			
Citigroup 2.75%				5.875% variable			
24/1/2024	£402,000	423,263	0.16	perpetual	£500,000	536,458	0.21
Citigroup 5.15%				Electricite de France			
21/5/2026	£942,000	1,150,841	0.45	6% 23/1/2114	£500,000	802,451	0.31
Coventry Building				Electricite de France			
Society 1.875%				6% variable			
24/10/2023	£383,000	393,280	0.15	perpetual	£600,000	654,500	0.25
CPUK Finance 7.239%				Electricite de France			
28/2/2042	£1,110,000	1,350,932	0.52	6.125% 2/6/2034	£200,000	293,574	0.11
Credit Suisse Group				Electricite de France			
2.125% variable				6.25% 30/5/2028	£650,000	886,340	0.34
12/9/2025	£920,000	929,543	0.36	Enel Finance 5.75%			
Credit Suisse Group				14/9/2040	£1,584,000	2,274,480	0.88
Funding 3%				European			
27/5/2022	£1,093,000	1,145,422	0.44	Investment Bank			
CYBG 3.125%				4.5% 7/3/2044	£4,110,000	6,574,100	2.55
variable 22/6/2025	£438,000	430,206	0.17	Eversholt Funding			
				6.697% 22/2/2035	£790,000	1,035,880	0.40

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Gatwick Funding 3.125% 28/9/2041	£561,000	600,974	0.23	HSBC Holdings 2.256% variable 13/11/2026*	£583,000	593,005	0.23
Gatwick Funding 5.75% 23/1/2037	£680,000	977,283	0.38	HSBC Holdings 5.875% variable perpetual*	£200,000	210,100	0.08
GE Capital UK Funding 5.875% 18/1/2033	£1,365,000	1,734,300	0.67	HSBC Holdings 6% 29/3/2040*	£1,825,000	2,443,412	0.95
GE Capital UK Funding 8% 14/1/2039	£500,000	774,675	0.30	HSBC Holdings 7% 7/4/2038*	£350,000	510,870	0.20
General Motors Financial 2.25% 6/9/2024	£645,000	647,221	0.25	Imperial Brands 4.875% 7/6/2032	£680,000	827,834	0.32
GKN Holdings 3.375% 12/5/2032	£100,000	99,990	0.04	Imperial Brands 5.5% 28/9/2026	£490,000	592,933	0.23
GlaxoSmithkline Capital 4.25% 18/1/2045	£800,000	1,088,007	0.42	ING Bank 5.375% 15/4/2021	£430,000	462,103	0.18
Glencore 6% 3/4/2022	£173,000	192,572	0.07	ING Croep 3% 18/2/2026	£300,000	321,433	0.12
Goldman Sachs 3.125% 25/7/2029	£352,000	377,615	0.15	Innogy Finance 4.75% 31/1/2034	£1,000,000	1,286,096	0.50
Goldman Sachs 4.25% 29/1/2026	£100,000	113,523	0.04	Innogy Finance 6.125% 6/7/2039	£350,000	539,405	0.21
Great Rolling Stock 6.5% 5/4/2031	£600,000	662,006	0.26	Innogy Finance 6.25% 3/6/2030	£342,000	478,428	0.19
Greene King Finance 4.0643% 15/3/2035	£496,000	469,792	0.18	Intu (SCS) Finance 3.875% 17/3/2028	£950,000	915,032	0.35
Hammerson 6% 23/2/2026	£303,000	349,851	0.14	Intu (SCS) Finance 4.25% 17/9/2035	£300,000	278,847	0.11
Heathrow Funding 2.75% 9/8/2051	£155,000	158,463	0.06	Intu Metrocentre Finance 4.125% 6/12/2028	£790,000	762,429	0.30
Heathrow Funding 5.875% 13/5/2041	£782,000	1,211,359	0.47	Italy (Government of) 6% 4/8/2028	£540,000	671,802	0.26
Heathrow Funding 6% 20/3/2020	£1,840,000	1,895,752	0.73	JT International Financial Services 2.75% 28/9/2033	£114,000	120,332	0.05
Heathrow Funding 7.125% 14/2/2024	£1,170,000	1,436,898	0.56	Juturna Euro Loan Conduit 5.0636% 10/8/2033	£366,000	387,122	0.15
HSBC Holdings 2.175% variable 27/6/2023*	£485,000	493,876	0.19				

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KFW 5.75% 7/6/2032	£3,295,000	5,102,903	1.98	Mexico (Government of)			
Koninklijke 5.75% 17/9/2029	£346,000	416,523	0.16	5.625% 19/3/2114	£250,000	269,923	0.10
Korea Development Bank 1.75% 15/12/2022	£500,000	508,990	0.20	Mondelez International			
LafargeHolcim Sterling Finance (Netherlands) 3% 12/5/2032	£177,000	185,409	0.07	4.5% 3/12/2035	£490,000	596,771	0.23
LCR Finance 5.1% 7/3/2051	£750,000	1,394,010	0.54	Motability Operations Group			
Leeds Building Society 3.75% variable 25/4/2029	£150,000	151,095	0.06	2.375% 14/3/2032	£515,000	544,438	0.21
Legal & General 5.125% variable 14/11/2048	£419,000	462,458	0.18	Motability Operations Group 2.375% 3/7/2039	£440,000	447,081	0.17
Lloyds Banking Group 2.25% 16/10/2024	£1,247,000	1,265,397	0.49	Network Rail 4.75% 29/11/2035	£2,050,000	3,070,872	1.19
Lloyds Banking Group 7.625% 22/4/2025	£930,000	1,196,522	0.46	Northumbrian Water Finance 2.375% 5/10/2027	£464,000	485,476	0.19
London & Quadrant 2.75% 20/7/2057	£304,000	287,978	0.11	Orange 8.125% 20/11/2028	£470,000	722,056	0.28
London & Quadrant 4.625% 5/12/2033	£540,000	685,022	0.27	Orsted 2.5% 16/5/2033	£161,000	172,983	0.07
Manchester Airport Group Funding 2.875% 30/9/2044	£294,000	307,377	0.12	Pension Insurance 7.375% variable perpetual	£500,000	505,000	0.20
Marks & Spencer 3.25% 10/7/2027	£250,000	250,400	0.10	PGH Capital 4.125% 20/7/2022	£595,000	620,602	0.24
Marston's Issuer 5.1576% variable 15/10/2027	£599,000	546,185	0.21	Phoenix Group 5.75% variable perpetual	£313,000	271,246	0.11
Marston's Issuer 5.1774% variable 15/7/2032	£208,000	226,985	0.09	Prudential 5% 20/7/2055	£200,000	216,038	0.08
				Quadrant Housing 7.93% 10/2/2033	£280,000	384,416	0.15
				RCI Banque 1.875% 8/11/2022	£462,000	468,266	0.18
				Royal Bank of Scotland 3.125% variable 28/3/2027	£2,017,000	2,075,162	0.80
				Royal Bank of Scotland 5.125% 13/1/2024	£1,600,000	1,890,379	0.73

# Portfolio statement

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## As at 31 July 2019

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019	BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019	BID VALUE (£)	% OF NET TOTAL ASSETS
Saga 3.375% 12/5/2024	£581,000	500,532	0.19	Thames Water Utilities 2.375% 3/5/2023	£995,000	1,003,655	0.39
Sanctuary Capital 5%26/4/2047	£510,000	755,360	0.29	Time Warner Cable 5.25% 15/7/2042	£338,000	395,649	0.15
Santander UK Group Holdings 2.92% variable 8/5/2026	£300,000	307,614	0.12	UBS 1.25% 10/12/2020	£315,000	316,242	0.12
Santander UK Group Holdings 6.75% variable perpetual	£200,000	208,740	0.08	UK Treasury 0.5% 22/7/2022	£1,400,000	1,405,558	0.54
Scentre Management 2.375% 8/4/2022	£880,000	906,918	0.35	UK Treasury 1.5% 22/1/2021	£1,750,000	1,777,230	0.69
Severn Trent 6.125% 26/2/2024	£396,000	478,341	0.19	UK Treasury 1.5% 22/7/2026	£320,000	342,950	0.13
Sky 4% 26/11/2029	£700,000	852,815	0.33	UK Treasury 1.5% 22/7/2047	£150,000	156,026	0.06
SNCF Réseau 5% 11/3/2052	£230,000	385,536	0.15	UK Treasury 1.625% 22/10/2071	£340,000	388,923	0.15
SNCF Réseau 5.25% 31/1/2035	£1,070,000	1,576,378	0.61	UK Treasury 2.75% 7/9/2024	£315,000	352,520	0.14
Society of Lloyds 4.75% 30/10/2024	£1,340,000	1,484,111	0.58	UK Treasury 3.25% 22/1/2044	£180,000	252,981	0.10
South Eastern Power Networks 5.625% 30/9/2030	£780,000	1,063,243	0.41	UK Treasury 4% 7/3/2022	£490,000	536,124	0.21
Svenska Handelsbanken 1.625% 18/6/2022	£472,000	480,267	0.19	UK Treasury 4.25% 7/12/2027	£1,600,000	2,088,544	0.81
Swedbank 1.25% 29/12/2021	£402,000	402,569	0.16	UK Treasury 4.25% 7/9/2039	£315,000	486,048	0.19
Telefonica Emisiones 5.375% 2/2/2026	£240,000	291,865	0.11	UK Treasury 4.5% 7/9/2034	£106,000	157,951	0.06
Telereal Securitisation 4.01% 10/12/2033	£1,500,000	1,239,669	0.48	UK Treasury 4.75% 7/12/2030	£230,000	330,588	0.13
Telereal Securitisation 5.4252% 10/12/2031	£140,000	154,913	0.06	UK Treasury 4.75% 7/12/2038	£680,000	1,103,538	0.43
Telereal Securitisation 6.1645% 10/12/2033	£182,000	210,532	0.08	UK Treasury 6% 7/12/2028	£480,000	716,261	0.28
				Unique Pub Finance 5.659% 30/6/2027	£424,000	302,574	0.12
				United Utilities Water Finance 2% 3/7/2033	£308,000	313,253	0.12

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## As at 31 July 2019

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019	BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019	BID VALUE (£)	% OF NET TOTAL ASSETS
Verizon Communications 2.5% 8/4/2031	£250,000	262,609	0.10	WPP Finance 2.875% 14/9/2046	£498,000	445,984	0.17
Virgin Money 3.375% variable 24/4/2026	£264,000	271,448	0.11	Yorkshire Building Society 3.375% variable 13/9/2028	£280,000	270,845	0.10
Vodafone 3% 12/8/2056	£887,000	831,784	0.32	Yorkshire Water 6.5876% 21/2/2023	£1,684,000	2,001,342	0.77
Volkswagen Financial Services 1.875% 7/9/2021	£200,000	202,063	0.08	<b>Total sterling denominated bonds</b>		<b>135,561,053</b>	<b>52.53</b>
Volkswagen International Finance 3.375% 16/11/2026	£400,000	427,319	0.17	<b>EURO DENOMINATED BONDS (0.67%; 31/01/19 1.25%)</b>			
Wellcome Trust 2.517% 7/2/2118	£100,000	108,355	0.04	Assicurazioni Generali 7.75% variable 12/12/2042	€200,000	219,124	0.08
Wells Fargo & Company 1.375% 30/6/2022	£880,000	884,336	0.34	Assicurazioni Generali 10.125% variable 10/7/2042	€100,000	114,151	0.04
Wells Fargo & Company 2% 28/7/2025	£925,000	944,232	0.37	Innogy Finance 5.75% 14/2/2033	€345,000	509,138	0.20
Western Power Distribution Holding 2.375% 16/5/2029	£264,000	276,262	0.11	Medtronic Global Holdings 1.75% 2/7/2049	€195,000	181,120	0.07
Western Power Distribution Holding 3.875% 17/10/2024	£353,000	394,759	0.15	UniCredit 6.95% 31/10/2022	€90,000	97,351	0.04
Western Power Distribution Holding 5.75% 23/3/2040	£800,000	1,210,831	0.47	Verizon Communications 0.875% 8/4/2027	€647,000	614,822	0.24
Western Power Distribution Holding 5.75% 10/12/2040	£100,000	160,865	0.06	<b>Total euro denominated bonds</b>		<b>1,735,706</b>	<b>0.67</b>
Western Power Distribution Holdings 3.5% 16/10/2026	£200,000	213,116	0.08	<b>INDONESIAN RUPIAH DENOMINATED BONDS (0.32%; 31/01/19 0.42%)</b>			
Westfield America Manage 2.625% 30/3/2029	£300,000	315,976	0.12	Indonesia (Government of) 6.125% 15/5/2028	IDR4,580,000,000	246,731	0.09
				Indonesia (Government of) 8.25% 15/5/2029	IDR4,077,000,000	252,298	0.10

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## As at 31 July 2019

HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019			BID VALUE (£)	% OF NET TOTAL ASSETS	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019			BID VALUE (£)	% OF NET TOTAL ASSETS			
Indonesia (Government of) 8.375% 15/3/2034 IDR5,338,000,000					330,401	0.13	Alcoa 5.9% 1/2/2027			\$268,000	240,488	0.09
Total Indonesian rupiah denominated bonds					829,430	0.32	Ally Financial 4.625% 19/5/2022			\$422,000	357,045	0.14
MEXICAN PESO DENOMINATED BONDS (0.18%; 31/01/19 0.36%)							Ally Financial 4.625% 30/3/2025			\$88,000	76,580	0.03
Mexican Bonos 8.5% 18/11/2038 MXN100,700					460,629	0.18	ALROSA Finance 4.65% 9/4/2024			\$200,000	169,863	0.07
Total Mexican peso denominated bonds					460,629	0.18	Altice Financing 6.625% 15/2/2023			\$244,000	205,012	0.08
SOUTH AFRICAN RAND DENOMINATED BONDS (0.20%; 31/01/19 0.00%)							Altice Luxembourg 10.5% 15/5/2027			\$452,000	390,833	0.15
South Africa (Republic of) 8.875% 28/2/2035 ZAR9,480,649					512,647	0.20	American Express 5.2% variable perpetual			\$415,000	340,412	0.13
Total South African rand denominated bonds					512,647	0.20	Archrock Partners LP Archrock 6.875% 1/4/2027			\$178,000	153,003	0.06
US DOLLAR DENOMINATED BONDS (39.40%; 31/01/19 40.49%)							ARD Finance 7.125% 15/9/2023			\$481,000	404,123	0.16
Acadia Healthcare 5.125% 1/7/2022 \$304,000					249,206	0.10	Ardagh Packaging Finance 4.625% 15/5/2023			\$200,000	167,422	0.06
Acadia Healthcare 5.625% 15/2/2023 \$269,000					221,417	0.09	Ardagh Packaging Finance 7.25% 15/5/2024			\$294,000	253,439	0.10
Acadia Healthcare 6.5% 1/3/2024 \$350,000					292,989	0.11	Argentina (Republic of) 4.625% 11/1/2023			\$1,365,000	930,847	0.36
Adani Ports Special Economic Z 3.375% 24/7/2024 \$200,000					163,110	0.06	Argentina (Republic of) 6.875% 22/4/2021			\$625,000	458,114	0.18
Adient US 7% 15/5/2026 \$406,000					336,551	0.13	Argentina (Republic of) 6.875% 11/1/2048			\$2,065,000	1,277,502	0.49
AK Steel 7.5% 15/7/2023 \$258,000					215,742	0.08	Ascent Resources Utica Holdings 7% 1/11/2026			\$176,000	114,990	0.04
Alcoa 5.87% 23/2/2022 \$110,000					96,125	0.04	Avolon Holdings 5.125% 1/10/2023			\$350,000	303,736	0.12

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## As at 31 July 2019

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019	BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019	BID VALUE (£)	% OF NET TOTAL ASSETS
Banco Mercantil del Norte SAGrand 7.5% variable perpetual	\$200,000	164,972	0.06	Capitol Investment Merger 10% 1/8/2024	\$120,000	100,943	0.04
Barclays Bank 7.875% variable perpetual	\$200,000	169,872	0.07	Carlson Travel 6.75% 15/12/2023	\$533,000	439,650	0.17
Bausch Health 5.5% 1/3/2023	\$49,000	40,243	0.02	Cascades 5.5% 15/7/2022	\$351,000	289,526	0.11
Bausch Health 5.5% 1/11/2025	\$215,000	182,613	0.07	CCO Holdings 5% 1/2/2028	\$267,000	223,395	0.09
Bausch Health 5.75% 15/8/2027	\$90,000	77,361	0.03	CCO Holdings 5.125% 1/5/2027	\$209,000	177,239	0.07
Bausch Health 6.125% 15/4/2025	\$246,000	206,683	0.08	CCO Holdings 5.5% 1/5/2026	\$810,000	691,290	0.27
Bausch Health 8.5% 31/1/2027	\$140,000	124,999	0.05	CCO Holdings 5.875% 1/4/2024	\$183,000	155,246	0.06
Blue Cube Spinco 10% 15/10/2025	\$169,000	155,101	0.06	Centene 4.75% 15/5/2022	\$145,000	120,339	0.05
Blue Racer Midstream 6.125% 15/11/2022	\$808,000	659,888	0.26	Centene 5.375% 1/6/2026	\$44,000	37,866	0.01
BNP Paribas 5.125% variable perpetual	\$200,000	154,388	0.06	Centene 6.125% 15/2/2024	\$191,000	163,398	0.06
Boyd Gaming 6.875% 15/5/2023	\$125,000	105,787	0.04	Chemours 5.375% 15/5/2027	\$290,000	208,420	0.08
Boyne USA 7.25% 1/5/2025	\$265,000	235,631	0.09	Chemours 6.625% 15/5/2023	\$131,000	107,455	0.04
Buenos Aires (Province of) 9.125% 16/3/2024	\$600,000	411,618	0.16	Chemours 7% 15/5/2025	\$424,000	339,653	0.13
Cablevision Systems 5.875% 15/9/2022	\$433,000	375,588	0.15	Clearwater Paper 5.375% 1/2/2025	\$630,000	475,928	0.18
Calpine 5.75% 15/1/2025	\$452,000	369,145	0.14	Cleveland-Cliffs 5.875% 1/6/2027	\$725,000	593,990	0.23
Calpine 6% 15/1/2022	\$323,000	266,240	0.10	CNOOC Finance 4.375% 2/5/2028	\$575,000	515,156	0.20
Camelot Finance 7.875% 15/10/2024	\$442,000	377,674	0.15	Colbun 3.95% 11/10/2027	\$200,000	167,330	0.06
Capital One Financial 5.55% variable perpetual	\$200,000	165,380	0.06	CommScope 5% 15/6/2021	\$228,000	186,206	0.07
				CommScope 6% 1/3/2026	\$383,000	318,658	0.12

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## As at 31 July 2019

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CommScope 6%				Dish DBS 5.875%			
15/6/2025	\$198,000	147,152	0.06	15/7/2022	\$50,000	41,274	0.02
Corp Nacional del				Dish DBS 5.875%			
Cobre de Chile 4.5%				15/11/2024	\$85,000	64,561	0.02
1/8/2047	\$400,000	357,730	0.14	Dish DBS 6.75%			
Cosan 5.5%				1/6/2021	\$182,000	154,725	0.06
20/9/2029	\$286,000	235,046	0.09	Dominican Republic			
Costa Rica				6.4% 5/6/2049	\$160,000	139,166	0.05
(Republic of) 7%				Dominican Republic			
4/4/2044	\$600,000	499,209	0.19	6.85% 27/1/2045	\$825,000	752,105	0.29
Côte d'Ivoire				Eagle Holding 7.625%			
(Government of)				15/5/2022	\$878,000	720,642	0.28
5.375% 23/7/2024	\$200,000	166,177	0.06	Ecuador (Republic of)			
Côte d'Ivoire				10.75% 31/1/2029	\$200,000	182,939	0.07
(Government of)				Ecuador (Republic of)			
5.75% 31/12/2032				7.875% 23/1/2028	\$300,000	240,108	0.09
Step	\$202,000	142,119	0.06	Ecuador (Republic of)			
Côte d'Ivoire				8.875% 23/10/2027	\$260,000	218,976	0.08
(Government of)				Ecuador (Republic of)			
6.375% 3/3/2028	\$480,000	393,428	0.15	9.65% 13/12/2026	\$200,000	175,997	0.07
Credit Agricole				Egypt (Republic of)			
6.625% variable				7.903% 21/2/2048	\$200,000	169,586	0.07
perpetual	\$357,000	291,851	0.11	Egypt (Republic of)			
Crestwood				8.50% 31/1/2047	\$950,000	845,841	0.33
Midstream				El Salvador			
Partners LP				(Government of)			
5.625% 1/5/2027	\$258,000	208,033	0.08	7.1246% 20/1/2050	\$260,000	215,525	0.08
CSC Holdings				El Salvador			
10.875% 15/10/2025	\$222,000	206,520	0.08	(Government of)			
CSC Holdings				7.625% 1/2/2041	\$150,000	132,151	0.05
6.5% 1/2/2029	\$674,000	606,872	0.24	El Salvador			
Dell 7.1% 15/4/2028	\$503,000	463,173	0.18	(Government of)			
Diamond 1				8.25% 10/4/2032	\$100,000	93,205	0.04
Finance/Diamond				Eldorado Resorts			
2 Finance 2 7.125%				6% 15/9/2026	\$826,000	730,456	0.28
15/6/2024	\$548,000	473,283	0.18	Eldorado Resorts			
Diamond Sports				7% 1/8/2023	\$500,000	427,233	0.17
5.375% 15/8/2026	\$490,000	406,683	0.16	Electricite de France			
Diamond Sports				5.25% variable			
6.625% 15/8/2027	\$490,000	408,934	0.16	perpetual	\$196,000	164,074	0.06

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Electricite de France 6% 22/1/2114	\$740,000	707,839	0.27	Golden Nugget 6.75% 15/10/2024	\$438,000	368,251	0.14
Embarq 7.995% 1/6/2036	\$511,000	405,854	0.16	Golden Nugget 8.75% 1/10/2025	\$441,000	384,095	0.15
Empresa de Transmision Electric 5.125% 2/5/2049	\$200,000	177,760	0.07	Gray Escrow 7% 15/5/2027	\$253,000	223,322	0.09
Empresas Publicas de Medellin 4.25% 18/7/2029	\$200,000	167,912	0.07	Greif 6.5% 1/3/2027	\$356,000	302,736	0.12
Energy Transfer Partners 6.25% variable perpetual	\$309,000	235,819	0.09	Gulfport Energy 6% 15/10/2024	\$1,000,000	628,772	0.24
EnLink Midstream Partners 6% variable perpetual	\$507,000	323,384	0.13	Harsco 5.75% 31/7/2027	\$53,000	44,583	0.02
Export Import Bank of China 3.25% 28/11/2027	\$260,000	216,987	0.08	HCA 4.125% 15/6/2029	\$180,000	150,587	0.06
Export Import Bank of India 3.875% 1/2/2028	\$200,000	169,014	0.07	HCA 4.5% 15/2/2027	\$195,000	169,178	0.07
Financial & Risk US Holdings 8.25% 15/11/2026	\$552,000	498,826	0.19	HCA 4.75% 1/5/2023	\$54,000	47,068	0.02
Genesis Energy 5.625% 15/6/2024	\$923,000	740,616	0.29	HCA 5.375% 1/2/2025	\$261,000	230,521	0.09
GFL Environmental 5.625% 1/5/2022	\$71,000	58,420	0.02	HCA 5.875% 15/2/2026	\$150,000	136,286	0.05
Ghana (Republic of) 10.75% 14/10/2030	\$200,000	207,012	0.08	HCA 7.5% 15/2/2022	\$726,000	656,480	0.25
Ghana (Republic of) 7.625% 16/5/2029	\$550,000	458,821	0.18	Herc Holdings 5.5% 15/7/2027	\$493,000	403,133	0.16
Ghana (Republic of) 8.125% 26/3/2032	\$510,000	423,240	0.16	HudBay Minerals 7.25% 15/1/2023	\$550,000	463,780	0.18
Global Aircraft Leasing 6.5% 15/9/2024	\$479,000	389,475	0.15	HudBay Minerals 7.625% 15/1/2025	\$42,000	35,545	0.01
Go Daddy Operating 5.25% 1/12/2027	\$335,000	284,878	0.11	Hungary (Republic of) 5.375% 25/3/2024	\$650,000	594,340	0.23
				IAMGOLD 7% 15/4/2025	\$612,000	524,807	0.20
				ICICI Bank 5.75% 16/11/2020	\$160,000	135,102	0.05
				Indonesia (Government of) 4.35% 11/1/2048	\$200,000	171,730	0.07

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Indonesia (Government of) 4.75% 18/7/2047	\$300,000	268,365	0.10	KazMunayGas National 5.75% 19/4/2047	\$500,000	467,230	0.18
Indonesia (Government of) 5.25% 17/1/2042	\$600,000	566,451	0.22	Kenya (Republic of) 8% 22/5/2032	\$600,000	519,694	0.20
Indonesia (Government of) 6.625% 17/2/2037	\$400,000	429,005	0.17	L Brands 6.875% 1/11/2035	\$36,000	26,167	0.01
Indonesia (Government of) 7.75% 17/1/2038	\$675,000	804,479	0.31	LABL Escrow Issuer 10.5% 15/7/2027	\$62,000	51,015	0.02
Indonesia (Government of) 8.5% 12/10/2035	\$100,000	123,934	0.05	LABL Escrow Issuer 6.75% 15/7/2026	\$359,000	299,057	0.12
Infor US 6.5% 15/5/2022	\$250,000	207,746	0.08	Lebanon (Republic of) 6% 27/1/2023	\$100,000	67,767	0.03
Informatica 7.125% 15/7/2023	\$471,000	391,394	0.15	Lebanon (Republic of) 6.1% 4/10/2022	\$113,000	78,097	0.03
Intelsat Jackson Holding 8.5% 15/10/2024	\$681,000	554,833	0.21	Lebanon (Republic of) 6.85% 23/3/2027	\$650,000	413,798	0.16
inVentiv Group 7.5% 1/10/2024	\$356,000	303,099	0.12	Lebanon (Republic of) 6.85% 25/5/2029	\$73,000	45,191	0.02
Jacobs Entertainment 7.875% 1/2/2024	\$726,000	629,977	0.24	Level 3 Financing 5.375% 15/8/2022	\$251,000	206,015	0.08
Jaguar Holding 6.375% 1/8/2023	\$303,000	256,428	0.10	Level 3 Financing 5.375% 15/1/2024	\$179,000	148,179	0.06
Jamaica (Government of) 8% 15/3/2039	\$300,000	310,550	0.12	Level 3 Financing 5.625% 1/2/2023	\$41,000	33,920	0.01
JBS USA 5.5% 15/1/2030	\$145,000	118,717	0.05	Level 3 Financing 6.125% 15/1/2021	\$131,000	107,534	0.04
JBS USA 6.5% 15/4/2029	\$606,000	531,416	0.21	Manitowoc 9% 1/4/2026	\$425,000	348,396	0.13
JPMorgan 5% variable perpetual	\$300,000	247,458	0.10	Match Group 5.625% 15/2/2029	\$250,000	217,955	0.08
KazMunayGas National 4.75% 19/4/2027	\$200,000	176,585	0.07	Mattamy Group 6.875% 15/12/2023	\$404,000	342,317	0.13
				Medco Oak Tree 7.375% 14/5/2026	\$240,000	197,966	0.08

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## As at 31 July 2019

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MEDNAX 6.25% 15/1/2027	\$792,000	641,011	0.25	Navistar International 6.625% 1/11/2025	\$360,000	301,360	0.12
Mexico (Government of) 4.125% 21/1/2026	\$500,000	427,641	0.17	New Gold 6.25% 15/11/2022	\$557,000	434,428	0.17
Mexico (Government of) 4.15% 28/03/2027	\$650,000	552,817	0.21	New Gold 6.375% 15/5/2025	\$296,000	209,106	0.08
Mexico (Government of) 4.35% 15/1/2047	\$1,300,000	1,032,515	0.40	Nigeria (Republic of) 7.625% 28/11/2047	\$710,000	583,088	0.23
Mexico (Government of) 4.5% 22/4/2029	\$575,000	500,123	0.19	Nigeria (Republic of) 7.696% 23/2/2038	\$200,000	168,541	0.07
MGM Growth Properties 5.75% 1/2/2027	\$252,000	222,067	0.09	Nova Chemicals 4.875% 1/6/2024	\$360,000	302,889	0.12
Mineral Resources 8.125% 1/5/2027	\$203,000	173,249	0.07	Nova Chemicals 5% 1/5/2025	\$124,000	104,308	0.04
MMC Finance 4.1% 11/4/2023	\$200,000	165,860	0.06	Nova Chemicals 5.25% 1/6/2027	\$314,000	267,410	0.10
Mountain Province Diamonds 8% 15/12/2022	\$181,000	146,528	0.06	NRG Energy 5.25% 15/6/2029	\$260,000	223,488	0.09
MPH Acquisition 7.125% 1/6/2024	\$410,000	324,786	0.13	Oasis Petroleum 6.25% 1/5/2026	\$212,000	164,032	0.06
MPT Operating Partnership 4.625% 1/8/2029	\$134,000	110,838	0.04	Oman (Government of) 5.375% 8/3/2027	\$907,000	724,282	0.28
MTS Systems 5.75% 15/8/2027	\$107,000	89,789	0.03	Oman (Government of) 5.625% 17/1/2028	\$305,000	246,227	0.10
Nationstar Mortgage Holdings 8.125% 15/7/2023	\$272,000	230,749	0.09	Oman (Government of) 6% 1/8/2029	\$240,000	196,634	0.08
Navient 5% 26/10/2020	\$116,000	96,690	0.04	Oman (Government of) 6.75% 17/1/2048	\$750,000	576,639	0.22
Navient 6.125% 25/3/2024	\$460,000	394,974	0.15	ONGC Videsh 4.625% 15/7/2024	\$550,000	478,071	0.19
Navient 6.75% 15/6/2026	\$326,000	275,188	0.11	ONGC Videsh Vankorneft 3.75% 27/7/2026	\$450,000	375,184	0.15
				Panama (Republic of) 3.16% 23/1/2030	\$625,000	512,974	0.20

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Panama (Republic of)				Petroleos Mexicanos			
6.7% 26/1/2036	\$200,000	224,580	0.09	6.35% 12/2/2048	\$1,267,000	903,027	0.35
Panther BF Aggregator				Petroleos Mexicanos			
2 LP Pant 6.25%				6.5% 23/1/2029	\$511,000	408,577	0.16
15/5/2026	\$212,000	179,147	0.07	Petroleos Mexicanos			
Paraguay				6.75% 21/9/2047	\$460,000	339,989	0.13
(Republic of)				PetSmart 5.875%			
5.4% 30/3/2050	\$210,000	192,945	0.07	01/06/2025	\$359,000	289,850	0.11
Park Aerospace				Phosagro Bond			
Holdings 4.5%				Funding 3.949%			
15/3/2023	\$25,000	21,176	0.01	24/4/2023	\$370,000	306,087	0.12
Park Aerospace				Pisces Midco 8%			
Holdings 5.25%				15/4/2026	\$155,000	123,423	0.05
15/8/2022	\$69,000	59,484	0.02	PLA Administradora			
Parsley Energy				Industrial 4.962%			
5.25% 15/8/2025	\$375,000	308,557	0.12	18/7/2029	\$240,000	194,928	0.08
Party City Holdings				Plains All American			
6.625% 1/8/2026	\$344,000	270,407	0.10	6.125% variable			
PBF Holding 7%				perpetual			
15/11/2023	\$1,000,000	847,564	0.33	31/12/2199	\$483,000	380,444	0.15
PBF Logistics				Plastipak Holdings			
6.875% 15/5/2023	\$570,000	477,153	0.18	6.25% 15/10/2025	\$788,000	578,394	0.22
Pertamina 6.5%				Polaris Intermediate			
7/11/2048	\$260,000	269,460	0.10	8.5% 1/12/2022	\$532,000	401,895	0.16
Peru				PPL Capital Funding			
(Republic of)				6.7% variable			
2.844% 20/6/2030	\$839,000	690,345	0.27	30/3/2067	\$475,000	351,561	0.14
Petrobras Global				Prestige Brands			
Finance 6.9%				5.375% 15/12/2021	\$225,000	186,987	0.07
19/3/2049	\$600,000	549,014	0.21	Prime Security			
Petroleos de Peru				Services Borrower			
4.75% 19/6/2032	\$208,000	183,294	0.07	5.25% 15/4/2024	\$41,000	34,155	0.01
Petroleos de				Qatar			
Venezuela 6%				(Government of)			
16/5/2024	\$800,000	91,470	0.04	4.625% 2/6/2046	\$220,000	207,845	0.08
Petroleos de				Qatar			
Venezuela 6%				(Government of)			
15/11/2026	\$500,000	57,169	0.02	4.817% 14/3/2049	\$255,000	241,057	0.09
Petroleos Mexicanos				Qatar			
5.35% 12/2/2028	\$1,830,000	1,375,358	0.53	(Government of)			
				5.103% 23/4/2048	\$400,000	392,596	0.15

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## As at 31 July 2019

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019	BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 JULY 2019	BID VALUE (£)	% OF NET TOTAL ASSETS
Rayonier AM Products 5.5% 1/6/2024	\$668,000	436,441	0.17	Saudi Arabian Oil 4.375% 16/4/2049	\$200,000	168,013	0.07
Refinitiv US Holdings 6.25% 15/05/2026	\$170,000	149,598	0.06	Scientific Games International 10% 1/12/2022	\$209,000	177,730	0.07
Regional Care Hospital Partners 9.75% 1/12/2026	\$44,000	38,136	0.01	Scientific Games International 5% 15/10/2025	\$400,000	334,028	0.13
Republic of Uruguay 5.1% 18/6/2050	\$45,000	42,026	0.02	Scientific Games International 8.25% 15/3/2026	\$523,000	457,149	0.18
Reynolds Group 5.125% 15/7/2023	\$178,000	147,915	0.06	Select Medical 6.25% 15/8/2026	\$599,000	496,537	0.19
Reynolds Group 5.75% 15/10/2020	\$352,000	279,640	0.11	Senegal (Republic of) 8.75% 13/5/2021	\$200,000	177,908	0.07
Reynolds Group 6.875% 15/2/2021	\$335,000	94,810	0.04	Serbia (Government of) 7.25% 28/9/2021	\$300,000	267,715	0.10
Reynolds Group 7% 15/7/2024	\$179,000	151,122	0.06	Service Corporation International 5.125% 1/6/2029	\$160,000	137,694	0.05
Romania (Government of) 6.125% 22/1/2044	\$408,000	422,605	0.16	SFR 7.375% 1/5/2026	\$343,000	298,509	0.12
Royal Bank of Scotland 8.625% variable perpetual	\$475,000	413,455	0.16	Silversea Cruise Finance 7.25% 1/2/2025	\$678,000	592,478	0.23
Russian Federation 4.75% 27/5/2026	\$1,600,000	1,402,326	0.54	Sinopec Group 3.25% 13/9/2027	\$400,000	331,932	0.13
Saudi Arabia (Government of) 4.375% 16/4/2029	\$360,000	324,268	0.13	Sinopec Group 4.25% 12/9/2028	\$950,000	847,625	0.33
Saudi Arabia (Government of) 4.5% 26/10/2046	\$340,000	293,642	0.11	Sirius XM Radio 5.5% 1/7/2029	\$493,000	421,251	0.16
Saudi Arabia (Government of) 5% 17/4/2049	\$725,000	671,745	0.26	Sociedad Quimica y Minera de Chi 4.25% 7/5/2029	\$200,000	171,996	0.07
Saudi Arabia (Government of) 5.25% 16/1/2050	\$275,000	263,613	0.10	SPARC EM SPC Panama Metro Line 0% 5/12/2022	\$300,000	197,769	0.08
Saudi Arabian Oil 3.5% 16/4/2029	\$200,000	167,101	0.06	Sprint 7.125% 15/6/2024	\$1,021,000	913,059	0.35

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## As at 31 July 2019

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Sprint Communications				Targa Resources			
6% 15/11/2022	\$450,000	389,563	0.15	Partners 5.375%			
Sprint Nextel 11.5%				1/2/2027	\$399,000	339,222	0.13
15/11/2021	\$331,000	315,267	0.12	Taylor Morrison			
Sri Lanka				Communities			
(Republic of)				5.875% 15/6/2027	\$250,000	213,361	0.08
5.75% 18/4/2023	\$210,000	171,718	0.07	Telenet Finance			
Sri Lanka				Luxembourg 5.5%			
(Republic of)				1/3/2028	\$600,000	496,141	0.19
5.875% 25/7/2022	\$485,000	399,621	0.15	Tempo Acquisition			
Sri Lanka				6.75% 1/6/2025	\$751,000	632,503	0.24
(Republic of) 6.25%				Tenet Healthcare			
4/10/2020	\$250,000	207,032	0.08	6% 1/10/2020	\$95,000	79,816	0.03
Sri Lanka				Tenet Healthcare			
(Republic of) 6.75%				6.25% 1/2/2027	\$219,000	183,391	0.07
18/4/2028	\$800,000	640,308	0.25	Tenet Healthcare			
Sri Lanka				8.125% 1/4/2022	\$825,000	720,094	0.28
(Republic of) 7.55%				T-Mobile USA 6.5%			
28/3/2030	\$205,000	170,343	0.07	15/1/2026	\$342,000	297,380	0.12
Sri Lanka				Truck Hero 8.5%			
(Republic of) 7.85%				21/4/2024	\$230,000	187,135	0.07
14/3/2029	\$381,000	323,200	0.13	Turkey (Republic of)			
SSE 4.75% variable				4.875% 9/10/2026	\$200,000	149,047	0.06
16/9/2077	\$700,000	569,284	0.22	Turkey (Republic of)			
State Grid Overseas				5.125% 17/2/2028	\$1,800,000	1,341,707	0.52
3.50% 4/5/2027	\$1,075,000	911,892	0.35	Turkey (Republic of)			
Sunoco LP Sunoco				5.625% 30/3/2021	\$400,000	332,296	0.13
Finance 6%				Turkey (Republic of)			
15/4/2027	\$212,000	182,229	0.07	5.75% 11/5/2047	\$650,000	447,905	0.17
Surgery Center				Turkey (Republic of)			
Holdings 10%				6% 25/3/2027	\$450,000	355,568	0.14
15/4/2027	\$265,000	212,095	0.08	Turkey (Republic of)			
Talen Energy				6.625% 17/2/2045	\$375,000	287,306	0.11
Supply 6.625%				Turkey (Republic of)			
15/1/2028	\$149,000	116,668	0.05	8% 14/2/2034	\$75,000	66,061	0.03
Targa Resources				UBS 7% variable			
Partners 4.25%				perpetual	\$600,000	538,087	0.21
15/11/2023	\$225,000	183,931	0.07	UBS 7.125% variable			
Targa Resources				perpetual	\$100,000	82,697	0.03
Partners 5.25%							
1/5/2023	\$12,000	9,898	-				

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Ukraine (Government of) 7.375% 25/9/2032	\$255,000	211,589	0.08	VOC Escrow 5% 15/2/2028	\$51,000	42,484	0.02
Ukraine (Government of) 7.75% 1/9/2027	\$560,000	482,557	0.19	Vodafone 6.25% variable 3/10/2078	\$445,000	378,075	0.15
United Mexican 6.05% 11/1/2040	\$400,000	391,608	0.15	Warrior Met Coal 8.0% 1/11/2024	\$581,000	495,839	0.19
United Rentals North America 6.5% 15/12/2026	\$78,000	68,798	0.03	William Lyon Homes 6.625% 15/7/2027	\$493,000	400,617	0.16
United States Treasury NoteBond 2.875% 15/5/2049	\$675,000	591,343	0.23	Wyndham Destinations 5.1% 1/10/2025	\$412,000	368,376	0.14
United States Treasury NoteBond 3% 15/2/2049	\$1,100,000	985,988	0.38	XPO Logistics 6.75% 15/8/2024	\$463,000	403,067	0.16
Unitymedia 6.125% 15/1/2025	\$438,000	373,133	0.14	Zambia (Republic of ) 8.97% 30/7/2027	\$200,000	116,586	0.05
Vale Overseas 6.875% 10/11/2039	\$375,000	374,801	0.15	Zayo Group 6% 1/4/2023	\$930,000	779,462	0.30
Venezuela (Republic of) 7.75% 13/10/2019	\$250,000	31,136	0.01	<b>Total US dollar denominated bonds</b>		<b>101,682,851</b>	<b>39.40</b>
Venezuela (Republic of) 9% 7/5/2023	\$615,000	72,829	0.03	<b>FORWARD FOREIGN EXCHANGE CONTRACTS ((1.69%)%; 31/01/19 1.78%)</b>			
Venezuela (Republic of) 9.25% 15/9/2027	\$409,000	50,939	0.02	Sold euros	€2,355,000		
Viking Cruises 5.875% 15/9/2027	\$986,000	833,444	0.32	For sterling (Expires 7/8/2019)	£2,091,407	(50,456)	(0.02)
Virgin Media Secured Finance 5.25% 15/1/2026	\$432,000	360,750	0.14	Sold euros	€190,000		
Virgin Media Secured Finance 5.5% 15/5/2029	\$200,000	167,340	0.06	For sterling (Expires 7/8/2019)	£170,399	(2,405)	-
Vistra Operations 5% 31/7/2027	\$470,000	392,962	0.15	Sold euros	€190,000		
				For US dollars (Expires 16/9/2019)	\$215,157	2,292	-
				Sold sterling	£563,079		
				For euros (Expires 7/8/2019)	€630,000	9,903	-
				Sold sterling	£340,256		
				For euros (Expires 7/8/2019)	€382,000	7,171	-

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Sold sterling	£20,000			For US dollars	\$304,645	(4,443)	-
For US dollars	\$25,083	483	-	(Expires 13/11/2019)			
(Expires 2/8/2019)				Sold Mexican			
Sold sterling	£35,000			peso	MXN4,796,806		
For US dollars	\$43,912	859	-	For US dollars	\$245,876	(2,023)	-
(Expires 2/8/2019)				(Expires 13/11/2019)			
Sold sterling	£59,880,000			Sold US dollars	\$215,883		
For US dollars	\$72,909,888	(340,500)	(0.13)	For euros	€190,000	(2,884)	-
(Expires 2/8/2019)				(Expires 16/9/2019)			
Sold sterling	£49,500,000			Sold US dollars	\$76,171,823		
For US dollars	\$60,216,141	(326,438)	(0.13)	For sterling	£59,935,000	(2,268,253)	(0.88)
(Expires 2/8/2019)				(Expires 2/8/2019)			
Sold sterling	£238,339			Sold US dollars	\$61,111,234		
For US dollars	\$303,000	9,028	-	For sterling	£48,000,000	(1,904,511)	(0.74)
(Expires 8/8/2019)				(Expires 2/8/2019)			
Sold sterling	£267,527			Sold US dollars	\$2,075,488		
For US dollars	\$340,000	10,046	-	For sterling	£1,639,989	(54,891)	(0.02)
(Expires 8/8/2019)				(Expires 2/8/2019)			
Sold sterling	£358,938			Sold US dollars	\$3,438,000		
For US dollars	\$452,000	10,071	-	For sterling	£2,715,676	(91,076)	(0.03)
(Expires 8/8/2019)				(Expires 8/8/2019)			
Sold sterling	£1,000			Sold US dollars	\$150,000		
For US dollars	\$1,220	(5)	-	For sterling	£118,276	(4,183)	-
(Expires 4/9/2019)				(Expires 8/8/2019)			
Sold Indonesian				Sold US dollars	\$73,026,816		
rupiah	IDR8,825,349,185			For sterling	£59,880,000	340,215	0.13
For US dollars	\$601,510	(12,807)	-	(Expires 4/9/2019)			
(Expires 19/12/2019)				Sold US dollars	\$60,312,349		
Sold Indonesian				For sterling	£49,500,000	326,497	0.13
rupiah	IDR4,405,210,731			(Expires 4/9/2019)			
For US dollars	\$307,419	(571)	-	Sold US dollars	\$323,052		
(Expires 19/12/2019)				For Indonesian			
Sold Indonesian				rupiah	IDR4,645,171,800	1,505	-
rupiah	IDR4,315,807,280			(Expires 19/12/2019)			
For US dollars	\$302,016	118	-	Sold US dollars	\$629,480		
(Expires 19/12/2019)				For South African			
Sold Mexican				rand	ZAR9,205,409	13,515	0.01
peso	MXN5,989,353			(Expires 12/9/2019)			

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Sold US dollars	\$327,297				
For South African rand	ZAR4,798,893	7,746	-		
(Expires 12/9/2019)				AAA	6.54% 7.14%
Sold South African rand	ZAR22,829,600			AA+	0.61% 0.38%
For US dollars	\$1,563,114	(31,895)	(0.01)	AA	6.90% 7.26%
(Expires 12/9/2019)				AA-	0.71% 0.62%
<b>Total forward foreign exchange contracts</b>	<b>(4,357,892)</b>	<b>(1.69)</b>		A+	3.19% 2.49%
				A	4.41% 4.50%
				A-	8.83% 7.19%
<b>FUTURES ((0.06%); 31/01/19 (0.06%))</b>				BBB+	14.09% 10.97%
CBT US 5Year Note				BBB	11.94% 12.69%
Future September 2019 (36)	17,776	0.01		BBB-	5.39% 6.67%
CBT US 10Year Ultra				BB+	2.01% 1.96%
Future September 2019 (6)	(14,241)	-		BB	4.82% 5.49%
CBT US Long Bond				BB-	5.14% 5.15%
Future September 2019 (5)	(18,822)	(0.01)		B+	3.97% 2.97%
CBT US Ultra Bond				B	7.55% 6.23%
Future September 2019 (3)	(14,815)	(0.01)		B-	3.14% 3.79%
EUX Euro Bobl Future				CCC+	2.12% 1.99%
September 2019 (11)	(11,003)	-		CCC	0.51% 0.22%
EUX Euro Bund Future				CC	- -
September 2019 (12)	(44,083)	(0.02)		D	0.12% 0.35%
ICF Long Gilt Future				Unrated	1.31% 7.14%
September 2019 (21)	(70,020)	(0.03)			
<b>Total futures contracts</b>	<b>(155,208)</b>	<b>(0.06)</b>			
<b>Portfolio of investments</b>	<b>236,269,216</b>	<b>91.55</b>			
<b>Net other assets</b>	<b>21,794,353</b>	<b>8.45</b>			
<b>Net assets</b>	<b>258,063,569</b>	<b>100.00</b>			

\*Related parties

The securities held are approved and are admitted to an official listing unless otherwise stated.

Total purchases for the period were £71,605,301.

Total sales proceeds for the period were £88,800,612.

†Source: Standard and Poor's and Moody's

# Net asset value per unit and comparative table

This section details in concise figures how the Fund has performed, in terms of the size of the Fund, the price of units and the income distributions made.

## INCOME

Change in net assets per unit	31.07.19	31.01.19	31.01.18	31.01.17
Opening net asset value per unit	108.31p	114.71p	113.97p	109.18p
Return before operating charges*	6.96p	(0.55p)	6.56p	10.80p
Operating charges**	(0.51p)	(1.02p)	(1.08p)	(1.15p)
Return after operating charges*	6.45p	(1.57p)	5.48p	9.65p
Distributions on income unit	(2.48p)	(4.83p)	(4.74p)	(4.86p)
Closing net asset value per unit	112.28p	108.31p	114.71p	113.97p

*after direct transaction costs of***	0.00p	0.00p	0.00p	0.00p
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## Performance

Return after charges	5.96%	(1.37%)	4.81%	8.84%
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## Other information

Closing net asset value	£154,176,415	£149,939,856	£164,173,841	£164,884,032
Closing number of units	137,313,244	138,435,833	143,123,104	144,673,588
Operating charges	0.93%	0.92%	0.92%	1.00%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

## Prices

Highest unit price	114.00p	115.20p	118.60p	121.60p
Lowest unit price	108.60p	106.20p	111.80p	107.70p

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

It includes the operating charges of any collective investment schemes in which the Trust invests.

\*\*\* 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.

# Net asset value per unit and comparative table

This section details in concise figures how the Fund has performed, in terms of the size of the Fund, the price of units and the accumulation distributions made.

## ACCUMULATION

Change in net assets per unit	31.07.19	31.01.19	31.01.18	31.01.17
Opening net asset value per unit	257.45p	261.03p	249.04p	230.73p
Return before operating charges*	16.63p	(1.22p)	14.39p	22.85p
Operating charges**	(1.22p)	(2.36p)	(2.40p)	(2.46p)
Return after operating charges*	15.41p	(3.58p)	11.99p	20.39p
Distributions on accumulation unit	(5.93p)	(11.16p)	(10.53p)	(10.40p)
Retained distributions on accumulation unit	5.93p	11.16p	10.53p	8.32p
Closing net asset value per unit	272.86p	257.45p	261.03p	249.04p

*after direct transaction costs of***	0.00p	0.00p	0.00p	0.00p
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## Performance

Return after charges	5.99%	(1.37%)	4.81%	8.84%
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## Other information

Closing net asset value	£103,887,154	£101,168,387	£111,615,828	£112,753,062
Closing number of units	38,074,123	39,295,915	42,759,197	45,274,947
Operating charges	0.93%	0.92%	0.92%	1.00%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%

## Prices

Highest unit price	274.10p	262.40p	264.60p	261.30p
Lowest unit price	258.10p	249.80p	244.20p	227.50p

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

It includes the operating charges of any collective investment schemes in which the Trust invests.

\*\*\* 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.

## Ongoing charges

For the 12 month period to 31 July 2019:

**0.92%**

For the 12 month period to 31 January 2019:

**0.92%**

The ongoing charges measure the annual charges and expenses of an investment fund. These will affect the returns to the investor. Most European investment funds highlight the ongoing charges to help you compare the annual charges and expenses of different funds.

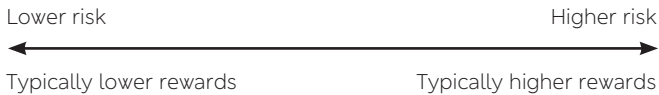
Ex-distribution (XD) dates:

1 February, 1 May, 1 August and 1 November

Income payment dates:

31 March, 30 June, 30 September and 31 December

## Risk and reward profile



1	2	3	4	5	6	7
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### More about this rating

The rating is based on price volatility over the last five years. As it is based on historical data, it may not be a reliable indicator of the future risk profile of the Fund. The rating is not guaranteed and may change over time. The lowest rating does not mean a risk-free investment.

### Why is this Fund in category 3?

Bonds have greater risk than money market instruments (as they tend to have greater credit and interest rate risk), but less risk than shares.

## Authorised status

The Fund is an authorised unit trust under Section 243 of the Financial Services and Markets Act 2000 (authorisation orders) and the Financial Conduct Authority Handbook and is categorised as an Undertakings for Collective Investment in Transferable Securities (UCITS) scheme.

## Certification of financial statements by Directors of the Manager

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

**Paul Spencer (Chief Executive)**

**Phillip Scott (Director)**

**For and on behalf of Marks and Spencer Unit Trust Management Limited.**

**18 September 2019**

# Statement of total return

This section details the income of the Fund over the period of the report and explains how this income is distributed to the investors.

It also provides an analysis of increases and decreases in net assets over the accounting period.

**For the period ended 31 July 2019**

	<b>31.07.19</b>		<b>31.07.18</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Income				
Net capital gains/(losses)		10,306,868		(9,226,163)
Revenue	5,703,815		5,879,752	
Expenses	(1,164,561)		(1,230,873)	
Interest payable and similar charges	(1,363)		(1,150)	
Net revenue before taxation	<u>4,537,891</u>		<u>4,647,729</u>	
Taxation	<u>(21,557)</u>		<u>(23,580)</u>	
Net revenue after taxation		4,516,334		4,624,149
<b>Total return/(deficit) before distributions</b>		<b>14,823,202</b>		<b>(4,602,014)</b>
Distributions/Accumulations		<u>(5,712,816)</u>		<u>(5,852,691)</u>
<b>Change in net assets attributable to Unitholders</b>		<b><u>9,110,386</u></b>		<b><u>(10,454,705)</u></b>

# Statement of change in net assets attributable to Unitholders

**For the period ended 31 July 2019**

	<b>31.07.19</b>		<b>31.07.18</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Opening net assets attributable to Unitholders</b>		<b>251,108,243</b>		<b>275,789,670</b>
Amounts receivable on issue of units	2,091,143		2,035,688	
Amounts payable on cancellation of units	<u>(6,523,654)</u>		<u>(8,190,428)</u>	
		(4,432,511)		(6,154,740)
Change in net assets attributable to Unitholders from investment activities (see above)		9,110,386		(10,454,705)
Retained distribution on accumulation units		2,277,451		2,339,616
Unclaimed distributions		-		13,869
<b>Change net assets attributable to Unitholders</b>		<b><u>258,063,569</u></b>		<b><u>261,533,710</u></b>

# Balance sheet

As at 31 July 2019

	31.07.19		31.01.19	
	£	£	£	£
<b>ASSETS</b>				
<b>Fixed assets:</b>				
Investments		241,539,541		243,778,884
<b>Current assets:</b>				
Debtors	8,953,672		4,122,321	
Cash and bank balances	<u>18,052,463</u>		<u>7,013,799</u>	
<b>Total current assets</b>		<u>27,006,135</u>		<u>11,136,120</u>
<b>TOTAL ASSETS</b>		<b>268,545,676</b>		<b>254,915,004</b>
<b>LIABILITIES</b>				
<b>Investment Liabilities</b>		<b>(5,270,325)</b>		<b>(436,548)</b>
<b>Creditors:</b>				
Distribution payable	(1,737,424)		(1,635,342)	
Other creditors	<u>(3,474,358)</u>		<u>(1,734,871)</u>	
<b>TOTAL LIABILITIES</b>		<u><b>(10,482,107)</b></u>		<u><b>(3,806,761)</b></u>
<b>Net assets attributable to Unitholders</b>		<u><b>258,063,569</b></u>		<u><b>251,108,243</b></u>

# Distribution tables

For the period ended 31 July 2019

## 1st Interim

Group 1: Units purchased prior to 1 February 2019				
Group 2: Units purchased between 1 February 2019 to 30 April 2019				
	<b>Net income 2019 pence per unit</b>	<b>Equalisation 2019 pence per unit</b>	<b>Distribution paid 2019 pence per unit</b>	<b>Distribution paid 2018 pence per unit</b>
<b>Income units</b>				
Group 1	1.2148	-	1.2148	1.1761
Group 2	0.4725	0.7423	1.2148	1.1761
<b>Accumulation units</b>				
Group 1	2.8875	-	2.8875	2.6763
Group 2	1.1230	1.7645	2.8875	2.6763

## 2nd Interim

Group 1: Units purchased prior to 1 May 2019				
Group 2: Units purchased between 1 May 2019 to 31 July 2019				
	<b>Net income 2019 pence per unit</b>	<b>Equalisation 2019 pence per unit</b>	<b>Distribution payable 2019 pence per unit</b>	<b>Distribution paid 2018 pence per unit</b>
<b>Income units</b>				
Group 1	1.2653	-	1.2653	1.2719
Group 2	0.6564	0.6089	1.2653	1.2719
<b>Accumulation units</b>				
Group 1	3.0407	-	3.0407	2.9247
Group 2	1.5773	1.4634	3.0407	2.9247

## Other information

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 (and amended in June 2017).

# Important changes

**No changes have been made to the Fund's Prospectus during the reporting period ending 31 July 2019.**

**The following changes have been made to the Fund's Key Investor Information Document (KIID) during the reporting period ending 31 July 2019:**

**Changes made to the KIID republished 19 February 2019:**

- "Past performance" now includes performance data for 2018.

**The following changes have been made to the Prospectus after the end of the reporting period and prior to publication of the accounts:**

**Changes made to the Prospectus published 7 August 2019**

- Update to the Definitions to include Accumulation unit, Annual Management Charge, Approved Counterparty, Associate, Bond, Bond Index Future, Collective Investment Scheme, Contingent Convertible Bond, Convertible Bonds, Covered Bonds, Credit Rating, Currency Forward Contracts, Derivatives, Efficient Portfolio Management, Eligible Institution, Emerging Markets Equity, Exchange Traded, Growth, Hedge, High Yield Bond, HSBC Group, Income, Income Unit, Initial Charge, Investment Grade, Liquidity, Long Term, Money Market Instrument, Ongoing Charges Figure, Over-the-counter, Preference Shares, Quasi Sovereign Bonds, Return, Stewardship, Sub-Investment grade, UCITS, Volatility and Yield.
- Update to Section 3 "Investment Objective, Policy and Strategy" to clarify the Fund objective, which was to provide a high level of income. The objective has been revised to explain how the Manager defines a high level of income and is "The Fund's objective is to provide a high level of income. We define a high level of income as equal to, or in excess of, the average yield of the funds in the Fund's Investment Association sector, the Strategic Bond sector, over a three year period".

- Updated the investment policy to reflect the maximum percentage which may be invested in convertible bonds and contingent convertible bonds (CoCos).

- Update to the strategy to clarify and explain further the use of the Investment Association Strategic Bond sector as an income target and measure for performance.

Update to Section 7 "Historical Performance" to include details for the Investment Association Strategic Bond sector.

Update to Section 12 "Manager" to update in directorships for Marks and Spencer Unit Trust Management Limited.

Update to Section 31 "Risks" to reflect changes to the Brexit wording and change to name of the Cluster Munitions Policy to the Banned Weapons Policy.

**The following changes have been made to the KIID after the end of the reporting period and prior to publication of the accounts:**

**Changes made to the KIID published 7 August 2019**

- Updated the investment objective of the Fund to clarify the Fund objective, which was to provide a high level of income. The objective has been revised to explain how the Manager defines a high level of income and is "The Fund's objective is to provide a high level of income. We define a high level of income as equal to, or in excess of, the average yield of the funds in the Fund's Investment Association sector, the Strategic Bond sector, over a three year period".
- Added past performance of the Fund's Investment Association sector to the past performance table
- Update to "Practical information" to reflect the new address of the savings and investments team.

A unitholder notice was circulated to all unitholders of the Fund explaining these changes, a copy of which is available at [marksandspencer.com/investments](https://marksandspencer.com/investments)

Please call 0808 005 5555 if you would like to receive this information in an alternative format such as large print, Braille or audio.

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