

HSBC Investment Funds

Annual Report and Accounts

15 January 2019

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).

HSBC Global Asset Management (UK) Limited - Directors

C.A. Berman (resigned 27 September 2018)

C.S. Cheetham

A.S. Clark

A.C. Corfield

P. G. P. Dew (appointed 11 December 2018)

P.J.F. Glaze

M.G. McDonald

J.M. Munro

T.J. Palmer

J. R. Paterson (appointed 27 November 2018)

Contents

Directors' Report	4	Statement of Authorised Corporate Director's (ACD) Responsibilities	198
Market Review	5		
Notes to the Company Financial Statements	10	Statement of the Depositary's Responsibilities	199
HSBC Investment Funds		Independent Auditor's Report	200
Balanced	14	General Information	202
UK Growth & Income	48	Important Notes	205
Income	65	Important Changes to the Company and/or Fund Documentation	206
Monthly Income	79	Other Information	209
Gilt & Fixed Interest	103	Corporate Shareholders	210
Corporate Bond	120	Risk and Reward Profile	212
Global Equity Income	148	Directory	213
Global High Income Bond	165	Quick Reference Guide	214
Employee Remuneration Disclosure	195		

Director's Report

We are pleased to present the Annual Report and Financial Statements for HSBC Investment Funds Open-Ended Investment Company (OEIC), ("the Company"), covering the year from 16 January 2018 to 15 January 2019.

HSBC OEICs are investment companies with variable capital under regulation 12 (Authorisation) of the OEIC Regulations. All Funds within the OEIC are classed as securities funds.

The ACD, HSBC Global Asset Management (UK) Limited, is incorporated in England and Wales under number 1917956 and authorised and regulated by the Financial Conduct Authority.

The Company is an umbrella company comprising various Funds, each of which is operated as a distinct Fund, with its own portfolio of investments.

Each Fund has the investment powers equivalent to those of a securities company.

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.

A.C. Corfield

Director

A.S. Clark

Director

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

22 March 2019

Market Review

Welcome to the Annual Report for the HSBC Investment Funds Open-Ended Investment Company (OEIC). The report covers the year 16 January 2018 to 15 January 2019.

Please do take the time to look through the report and if you have any questions, contact our Customer Services on 0800 358 3011*.

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). If you also have shares in another HSBC OEIC, you will receive a separate statement and report when it is due.**

Economic Overview

Global economic growth slowed over the period, in aggregate, with the UK, European, Japanese and emerging-market economies all showing signs of a weakening trend in GDP growth. The US economy continued to be robust, growing at an annualised rate of 4.2% in the second quarter of the year, the highest for nearly four years. US third-quarter GDP was lower, at 3.4% annualised growth, but still strong relative to other developed economies. Chinese GDP growth also slowed, with the preliminary figure for the fourth quarter producing the lowest GDP growth rate since 2009.

Labour markets tightened, most notably in the US, the UK and Japan, while improving modestly in Europe. President Trump succeeded in pushing through major corporate and income tax cuts, which provided impetus to the US economy. However, with the exception of the US, consumer spending and industrial growth remained subdued, affected by low wage growth and uncertainties surrounding trade.

Major central banks continued along their path of gradual quantitative tightening. The US Federal Reserve (the Fed) persevered in its quantitative tightening policy, with interest rates rising to the range of 2.25–2.5% by the end of the period. The Bank of England (BoE) raised rates in August to 0.75%. The European Central Bank (ECB) kept rates unchanged but stated that it would terminate its asset-purchase programme at the end of 2018, while indicating that interest rates were unlikely to rise until at least the autumn of 2019. The Bank of Japan (BoJ) began to reduce the scale of its own bond-buying programme, while also announcing that it would defer its 2.0% inflation target. Overall, inflation remained reasonably low across major economies, but there were creeping pressures from higher food and oil prices. Oil rose to near four-year highs in late September, peaking in early October, before plummeting thereafter.

Global Equities

Global equity markets were down over the review period. The final quarter of the year saw markets fall sharply after making relatively good progress through the first three quarters of the year. Despite several markets hitting all-time highs during the period, the sell-off in the final quarter meant that nearly all markets suffered negative returns through the period. Concerns about tightening monetary policy, the durability of the economic recovery and disappointing corporate earnings intensified in the final few months. The feud between the US and its major trading counterparts was also a constant factor in market movements. The key trading relationship between the US and China continued to worsen through the period, with higher tariffs being implemented on an ever-wider range of goods. The first two weeks of 2019 saw markets recover their poise somewhat with markets rebounding from the lows of 2018.

Major central banks continued along their path of gradual quantitative tightening, with four rate raises by the Fed, even though inflation remained reasonably low across major economies. Oil rose to near four-year highs in late September, before plunging from early October on fears of oversupply and waning demand. Strength in the US dollar caused problems for those emerging-market economies with high levels of dollar-denominated debt. Turkey and Argentina were two examples, with their currencies dropping dramatically and interest rates rising to extreme levels. In Europe, political uncertainty was widespread. In Germany, Mrs Merkel announced that she would step down as party leader in 2018, and as chancellor in 2021. In Italy, an impasse between the EU and the new Italian coalition developed over the latter's spending plans and potential breach of EU's budget-deficit restrictions. The situation improved when the Italian government agreed to reduce the figure for its projected deficit. The uncertainties of Brexit continued to affect investor sentiment as UK and EU officials worked towards a transition deal, although the likelihood of no deal had risen considerably by the end of the period.

UK Equities

The UK market was weaker over the period. The FTSE 100 set a new all-time high in May, driven by strong earnings momentum and the weak pound, which boosted overseas earnings of a large portion of companies in the index. It subsequently fell back on the prospect of slowing economic growth triggered, in the main, by Brexit, as well as wider concerns about the global trade dispute.

Brexit negotiations caused sterling to weaken, especially as the prospects of a no-deal Brexit rose significantly towards the end of the period. Prime Minister Theresa May's so-called Chequers proposal, released in July, rather than unifying the government, led to high-profile resignations. The draft withdrawal agreement, announced in November, elicited an even worse reaction, with several more resignations and deep divisions exposed in parliament. The deal was voted down in the Commons, in a record defeat for a government motion, and Prime Minister May faced a no confidence motion, which she survived.

While labour data was strong, with unemployment falling to levels not seen since the mid 1970s (4.0% in November), wage and productivity growth lagged, so that consumer-spending growth and, consequently, GDP growth remained modest. Wage growth was, however, showing signs of accelerating in the final months of the period. GDP grew 1.3% in the first quarter on an annualised basis, following a previous quarter of 1.6% annualised growth. It recovered to an annualised pace of 1.5% in the third quarter of 2018. The annual rate of CPI fell over the period, despite the weakness in sterling, and higher oil and food prices, from the 3.0% level in January 2018 to 2.1% in December. The BoE, however, continued to raise interest rates from historic low levels, by a further 0.25% to 0.75% in August. These hikes were justified by the BoE on the basis of the tight labour market and rising input inflation, not least from higher oil prices.

UK Bonds

The UK fixed-income market produced positive returns over the period, with a strong final quarter of 2018 boosting returns, as investors favoured the safety of bonds over equities. Sentiment for much of the year had been negatively impacted by the global trend towards quantitative tightening and the interest-rate hike carried out by the BoE. Yields rose by more at the shorter end, as interest rates rose and the yield curve subsequently flattened over the period. This flattening partly reflected demand from investors at the long end for higher-yielding bonds.

The BoE raised interest rates by a further 0.25% hike in August, for only the second time this cycle, taking the benchmark interest rate to 0.75%. While the UK inflation rate remained largely subdued, falling back to the 2.1% mark by December, having been above 3.0% in the final months of 2017, the BoE was wary of the tight labour market and rising fuel prices.

The 10-year government bond yield spiked in early 2018 on the back of fears over rising wage inflation emanating from the US. The backdrop of global trade friction and difficult Brexit negotiations, as well as potentially higher inflation, meant that UK bonds were quite volatile through the remainder of the period. Yields spiked higher again in September and early October, following the August rate hike, and as oil prices rose. However, they sank back significantly in the final months of the period as equity markets experienced marked volatility and turmoil. The increasing possibility of a no-deal Brexit also caused investors to seek the relative security of bonds over equities.

Europe Ex-UK Equities

This was a weak period for European ex UK equities, with global trade concerns and political machinations in Europe influencing investor sentiment. European equities fell markedly in October and December, in line with other major markets, as investors became more risk averse and concerned about a peaking in economic and earnings growth as well as tightening monetary policy. The market bounced back from its low point of the period, set in December, in the early weeks of 2019.

In December, the ECB brought to an end its quantitative-easing programme, but the bank assured markets that interest-rate hikes should not be expected before the autumn of 2019. Economic growth slowed through the period. Eurozone GDP, which had grown at an annual pace of 2.3% in the first quarter of 2018, rose by 1.8% in the third quarter. The ECB cut its growth forecasts for the Eurozone for 2018 and 2019. Unemployment improved gradually within the Eurozone (from 8.6% in January 2018 to 7.9% in December) but was still approximately double the rate prevailing in both the UK and the US.

There was political drama too. A coalition of more populist, anti-establishment parties, the Five Star Movement and the League, gained power in Italy. Bond yields spiked materially higher as the new coalition government spelled out its intentions on tax cuts and higher spending. This caused friction with the EU, especially when the Italian government refused to back down over its budgetary plans – the EU deemed these to be excessive and potentially in breach of its members' budget deficit parameters. In Germany, Chancellor Angela Merkel's power base eroded further with polls and local elections showing diminishing support for her, while populist parties such as the right-wing, anti-immigration Alternative for Germany party grew in support. Following the local elections, Mrs Merkel announced that she would be stepping down as party leader at the end of the year and as chancellor in 2021.

US equities

US equities were down in local-currency terms over the period, but up slightly in sterling. Although the returns were disappointing after such a strong showing in the first three quarters of 2018, the US market was the best performing major market. The S&P 500, the Dow Jones and Nasdaq indices all set new all-time highs during the period. In August, the S&P 500 broke the record for its longest-ever bull market run as it clocked up its 3,453rd day of upward movement (without any setback of more than 20% from its peak). US equities pushed higher through most of the period but experienced a marked sell-off in the final months of the year, before recovering a little in early 2019. The sell-off was on the back of investor concerns over tightening monetary policy, and weaker economic and earnings prospects. Strong economic growth, driven by the substantial tax cuts passed by Congress at the end of 2017, had underpinned equities and caused the US dollar to strengthen materially against major currencies.

Second-quarter annualised GDP growth was 4.2%, the highest for nearly four years. Third-quarter GDP fell back to 3.4%. Strong earnings momentum was another factor driving markets, with earnings growth particularly visible in the technology sector, which led the market. However, there were signs of growth peaking in the third-quarter results season, and the technology sector was also at the centre of the year-end sell-offs. Expectations of rising inflation prompted the Fed to increase interest rates, which had climbed to the range of 2.25% - 2.5% by the end of the period after four increases.

The trade war between the US and China continued apace, with the scope of the tariffs widening substantially as President Trump targeted a further \$200-billion-worth of Chinese imports in September; China responded with its own measures. The US mid-term elections created a split Congress, with the Democrats achieving a majority in the House of Representatives but the Republicans gaining control of the Senate.

Japan Equities

The Japanese market was weaker over the period, with much of the damage done in the final few months of 2018. The trade dispute between China and the US, as well as the tariffs imposed by the US administration on Japanese steel, were a particular source of unease for investors in Japanese equities. Slowing global economic growth and monetary tightening (albeit not in Japan) were additional factors clouding the backdrop. The benchmark Nikkei index had risen to a 26-year high early in 2018, on positive sentiment towards the domestic economy. However, a run of eight consecutive quarters of GDP growth, the best for nearly 30 years, came to an end in the first quarter of 2018 when GDP growth contracted by 1.3% on an annualised basis. After a strong recovery in the second quarter, the third quarter saw GDP fall again, by 2.5% on an annualised basis, although the figure was distorted by the severe flooding and earthquake in the west of Japan. Unemployment hit new 30-year lows, with the rate down to 2.2% in May.

On the political front, Prime Minister Shinzo Abe experienced a torrid time as a scandal, concerning allegations of cronyism, and more specifically a favourable land sale to a colleague, weakened his authority and caused his popularity rating to plummet. Despite this, he managed to win a further term as leader of the governing LDP party.

The BoJ kept monetary conditions loose. It maintained its flat to negative interest rate of -0.1% and its yield-curve control programme to keep the 10-year Japanese Government Bond yield at 0%, which included unlimited government bond purchases by the central bank. The BoJ also pushed back its long-term inflationary target of 2.0%, suggesting it was no longer a rigid or realistic target in the near term.

Asia Ex-Japan Equities

This was a period of equity-market losses for the region, as sentiment was affected by global trade friction and its potential consequences for Asian manufacturing businesses. Of the major markets, China was among the weakest, as investors remained concerned about the trade dispute with the US and the slowdown in the economy. The People's Bank of China took steps during the period to ease liquidity by cutting banks' reserve requirement ratios, and by flooding the money markets with record amounts of liquidity, early in 2019, fearful of banking conditions and economic downturn. Preliminary figures for fourth-quarter GDP in China revealed annualised growth of 6.4%, the weakest since the global financial crisis.

The Indian market was one of the best-performing markets over the period. The Sensex index achieved a new all-time high in August, before falling back. The Reserve Bank of India began to raise interest rates, for the first time in over four years, in response to the strong economy and rising inflation. However, GDP slowed to 7.1% growth, on an annual basis, in the third quarter of 2018, with inflation easing back later in the period.

Markets in Asia were also generally unsettled by the potential impact on emerging economies of higher US interest rates. Central banks in Indonesia and the Philippines raised interest rates to stem falls in their respective currencies. The rise in the US dollar threatened higher inflation while fuelling worries about the high aggregate level of US-dollar-denominated debt across the region.

Emerging Markets Equities

This was a weak period for emerging-market equities. Latin American markets performed far better than their European, Asian and Middle Eastern counterparts. The overall weakness in emerging markets was largely due to the brewing trade dispute between China and the US, and as US monetary policy tightened further, causing the US dollar to gain against currencies in the region. This in turn created a problem for countries with large outstanding amounts of US-dollar denominated debt. This all came to a head in the late summer when the Turkish lira and the Argentinian peso both collapsed against the US dollar. Both the respective Turkish and Argentinian central banks responded by raising interest rates massively – in the case of Turkey to 24%, and in the case of Argentina to 60%. These actions had some success in stabilising the currencies. However, Argentina ended a tumultuous year with its economy in recession and inflation close to 50%.

There was geopolitical turmoil in other countries such as Venezuela, where US sanctions added to domestic difficulties and led to social unrest. In Brazil, concerns surrounding the tightly fought presidential election initially kept investors on the sidelines. However, the eventual presidential election victory of reformist Jair Bolsonaro was taken well by the market, with Brazil becoming one of the best-performing global markets over the review period.

In Asia, the Chinese market was notably weak as growth slowed. The People's Bank of China, faced with falling GDP growth, took measures to boost banking liquidity. Preliminary figures for fourth quarter GDP in China revealed annualised growth of 6.4%, the weakest since the global financial crisis.

*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 January 2019.*

Notes to the Company Financial Statements

for the year ended 15 January 2019

Accounting Policies

a. Basis of Accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in compliance with FRS102 and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Association ("IA") in May 2014.

Unless otherwise stated all other accounting policies are consistent with those of the prior year.

b. Revenue

Dividends on equities and investment funds are recognised when the security is quoted ex-dividend.

Interest on fixed interest securities is accounted for on an effective yield basis. Interest on deposits are accounted for on an accruals basis. Other revenue is accounted for on a receipts basis.

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue but does not form part of the distribution.

Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

Rebates received from collective investment schemes are recognised on an accruals basis and are treated as revenue or capital as appropriate to the circumstances, depending on the treatment of the management charge in the underlying collective investment scheme.

Any reported revenue from an offshore fund in excess of any distributions is recognised as revenue after the end of the reporting period, no later than the date when the reporting fund makes this information available.

c. Expenses

All expenses, other than those relating to the purchase and sale of investments are charged to revenue when incurred.

For purposes of calculating the distribution, the Authorised Corporate Director's fee and registration fee are transferred to capital for HSBC Global Equity Income, HSBC Global High Income Bond, HSBC Income, HSBC Monthly Income and HSBC UK Growth & Income.

Where a Fund has more than one share class, each share class may suffer different expenses. Consequently, the level of net revenue attributable to each share class will differ.

d. Taxation

Corporation tax is charged at 20% of the revenue liable to corporation tax less expenses.

Where overseas tax has been deducted from overseas revenue, that tax can, in some instances, be set off against corporation tax payable by the Fund by way of a double taxation refund.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.

Deferred tax assets are recognised only to the extent that the Authorised Corporate Director considers that it is more likely than not that there will be taxable profits from which the underlying timing differences can be deducted.

e. Investments

Investments are initially recognised at fair value on the date the contract is entered into. The listed investments of the Company have been valued at bid prices at the closing valuation point on 15 January 2019. The valuation of unlisted investments is based on the Authorised Corporate Director's assessment of their estimated fair value. Suspended securities are valued initially at the suspended price but are subject to constant review. Revaluation gains or losses are recognised in the Statement of Total Return. Investments cease to be recognised on the date a contract for sale is entered into or when the Company's interest in the investment is extinguished or terminated.

f. Exchange Rates

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 15 January 2019. Forward foreign currency contracts held at the end of the accounting year are valued at the price required to close out the contract at the balance sheet date.

Any gains or losses as a result of foreign currency transactions are applied to the capital of the Funds.

g. Distributions

Where the revenue from investments exceeds the expenses, a distribution will be made. Should expenses exceed revenue, there will be no distribution and the shortfall will be transferred to capital.

For the purpose of calculating the distribution, revenue on debt securities is computed as the higher of the amount determined on an accrual of coupon basis and an effective yield basis. A reconciliation of the net distribution to the net revenue of the Fund as reported in the Statement of Total Return is shown in note 7.

The policies of the Funds are to determine the amount available for distribution on a coupon basis, with distributions to shareholders monthly on the 15th of every month for Monthly Income and Global High Income Bond, quarterly on 15 March, 15 June, 15 September and 15 December for Global Equity Income, Corporate Bond and Gilt & Fixed Interest and semi-annually on 15 March and 15 September for all other Funds within this OEIC.

h. Derivatives

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value at 15 January 2019. Where the fair value of the derivative is positive, it is carried as a derivative asset and where negative as a derivative liability. The gain or loss on remeasurement to fair value is taken to capital gains or losses.

The ACD monitors that any exposure is covered globally to ensure adequate cover from within the sub-fund is available to meet the sub-fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions. The ACD has adopted the commitment approach to determine the global market risk exposure in relation to the futures held.

Financial Instruments

In pursuing its Investment Objective, the Company holds a number of financial instruments. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Company's financial instruments and the Authorised Corporate Director's policies for managing these risks in each of the Funds are summarised below. These policies have been applied throughout the year.

General Risk Management Process

The management of financial instruments is fundamental to the management of the Company's business. The Company's risk management process is managed by the ACD and oversight of these functions is carried out by the Depositary. This is organised by function with distinct separation of responsibility between managers, dealers and investment administration personnel.

Risks specific to each Fund are managed by the relevant Fund Manager. In addition, these teams are supported by a series of committees which are responsible for oversight and monitoring of the risk management process, the investment process, and performance and operational processes. Those committees and their responsibilities are discussed below.

Risk Management Committee (RMC)

The most senior risk management forum for the business is the Risk Management Committee. The RMC sits on a quarterly basis. The RMC is responsible for all aspects of risk policy and control supported by a number of specialist committees. The RMC monitors and controls key business risks, including reviewing the internal control and assurance framework and risk profile, and considering the activities of Business Risk Internal Audit. In addition the Committee considers reports from other committees that assess the nature and extent of risks.

Valuation Committee (VC)

The VC meets on a monthly basis and its role is to ensure robust pricing policies across the fund range and to provide oversight of any exception to these policies that might arise from time to time. The committee reports into the RMC.

Business Risk and Control Committee (BRCC)

The BRCC is the principal forum for overseeing the management of operational risk and internal control within HSBC Global Asset Management (UK) Limited. Where the level of risk is in excess of appetite or tolerance the BRCC must ensure appropriate action is taken to address the underlying issue or escalate to the RMC and document acceptance of the risk.

Product Committee (PC)

The PC meets monthly and provides independent oversight of product development to ensure that the investment guidelines and risks in new products, or significant changes to existing products have been reviewed and challenged from the perspective of customers, the investment teams, the systems and risk management processes used to deal and monitor positions and the wider business strategy. This includes considering whether a product is consistent with the concept of 'Treating Customers Fairly'.

The same approach applies where the use of new instruments is proposed (including derivatives), whether for a new or an existing product. All new products will in the first instance be considered by the Company. Proposed changes to existing products will be considered significant when they materially alter the product characteristics. This may occur due to changes in the market or due to changing internal or external risks.

Market Price Risk

Market price risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Company holds. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Authorised Corporate Director in pursuance of the Investment Objective and Policy as set out in the Instrument of Incorporation.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

Foreign Currency Risk

Foreign currency risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

A proportion of the Company's investment portfolio is invested in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The Authorised Corporate Director may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to sterling on the date of receipt. Where applicable, the assets by value denominated in foreign currencies is disclosed in the Fund Financial Statements.

Interest Rate Risk

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates.

The Company invests in fixed and floating rate securities. The revenue of the Company may be affected by changes to interest rates relevant to particular securities or as a result of the Authorised Corporate Director being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. Where applicable, the value of interest bearing assets is disclosed in the Fund Financial Statements.

Liquidity Risk

The Company's assets comprise mainly of readily realisable securities. The main liability of the Company is the redemption of any shares that investors wish to sell. Assets of the Company may need to be sold if insufficient cash is available to finance such redemptions.

Credit Risk

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Company has fulfilled its responsibilities. The Company only buys and sells investments through brokers which have been approved by the Authorised Corporate Director as acceptable counterparties.

In current market conditions, exposure to cash within the Fund could be at risk if the counterparty fails. All cash is held at HSBC (HSBC is rated AA- by Standard and Poor's) and exposure is limited to a maximum 10% of the value of the Fund. All assets held within the Depositary are ring-fenced. The banks and Depositary used by the Company and the ACD are subject to regular revisions.

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 39% 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 favourable 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 these 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 23% 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

After almost a decade of extremely strong performance across asset markets, in 2018 the majority of markets delivered negative returns. The start of the year saw a regime shift, with the end of synchronised growth across regions and the beginning of cyclical divergence. Due to the sharp decline in the value of financial assets in Q4, during 2018 we saw a fall in the value of the HSBC Balanced OEIC. During 2018 the portfolio retained a modest pro-risk stance, with a preference towards equities over government bonds. Major changes to the portfolio are listed below:

February: added to positions in global high yield and Russian equity.

March: increased the allocation to UK equities and reduced the high yield allocation.

April: overweight to the global financial sector was closed after lower taxes, a steepening yield curve, and easing regulation resulted in prices rising.

May: trimmed overweight to Russian equity and closed the overweight to European equity as valuations narrowed and economic momentum in Europe began to waver.

August: closed overweight to Brazilian and Indian local currency debt. The portfolio remained overweight to EMD local. Closed overweight to Russian equity as market values rose and undervaluation was removed.

December: implemented sterling currency hedge on half of global equity exposure, in response to currency risk created by Brexit uncertainty.

Largest Net Sales: HSBC GIF Global Short Duration High Yield Bond, iShares DJ Euro STOXX MidCap UCITS ETF and HSBC Japan Index Fund.

Largest Net Purchases: HSBC GIF Global Emerging Markets Local Debt, iShares Core MSCI Emerging Markets IMI UCITS ETF and HSBC FTSE All-Share Index Fund.

Investment Performance

During the year under review, the value of the shares in the Fund decreased by 5.90%.

(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 January 2019

	Retail Income	Retail Accumulation	Income C	Accumulation C	Institutional Accumulation
Price	135.6p xd	206.3p	135.4p xd	217.1p	218.1p
Distribution payable (on 15 March 2019) per share net	0.469470p	0.702861p	1.149363p	1.825387p	2.563992p
Current net estimated yield	1.55%	1.53%	2.57%	2.52%	3.17%
Annual ACD charge	1.50%	1.50%	0.55%	0.55%	0.00%

We wrote to shareholders on 23 January 2019 to communicate changes to the Balanced Fund. For further information and the current Prospectus and Key Investor Information Document please visit our website.

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
UNITED KINGDOM - 43.86% (43.40%)			
Antofagasta	126,572	1,046	0.30
Aon	607	71	0.02
Ascential	271,360	1,070	0.31
Ashmore Group	329,195	1,223	0.35
AstraZeneca	46,945	2,608	0.75
Aviva	560,310	2,249	0.65
BAE Systems	310,729	1,571	0.45
Barclays	1,407,265	2,239	0.65
BHP Billiton	181,027	2,920	0.84
BP	944,942	4,938	1.43
British American Tobacco	122,823	3,075	0.89
British Telecom Group	847,967	1,950	0.56
Card Factory	254,340	432	0.13
Coats Group	2,035,243	1,726	0.50
Compass Group	127,398	2,110	0.61
Croda International	25,338	1,242	0.36
Diageo	54,979	1,514	0.44
Essentra	314,779	1,155	0.33
European Investment Bank 2.15% 18/1/2027	£58,500,000	498	0.14
GlaxoSmithKline	276,029	4,164	1.20
Great Portland Estates	83,533	582	0.17
Halfords Group	232,560	536	0.16
+HSBC	627,854	4,028	1.16
+HSBC Corporate Bond Fund	3,320,143	7,254	2.10
+HSBC FTSE All-Share Index Fund	1,552,119	5,013	1.45
+HSBC FTSE All World Index Fund	22,301,213	32,582	9.42
+^HSBC Japan Index Fund	12,935,473	16,079	4.65
+HSBC UK Multi-Factor Equity Fund	1,081,341	3,395	0.98
Ibstock	452,883	1,049	0.30
Informa	182,091	1,177	0.34
John Wood Group	106,322	606	0.18
Land Securities	69,559	603	0.17
Network Rail 4.625% 21/7/2020	£138,000	145	0.04
Prudential	229,770	3,328	0.96
QinetiQ	455,878	1,389	0.40
Reckitt Benckiser	33,117	2,070	0.60
RELX	30,283	493	0.14
Rentokil Initial	549,687	1,881	0.54
Rio Tinto	26,623	1,039	0.30
Royal Bank of Scotland	1,079,277	2,481	0.72
Royal Dutch Shell A	8,102	192	0.06
Royal Dutch Shell B	236,216	5,662	1.64
Sage Group	238,960	1,441	0.42
Segro	99,375	619	0.18
Sensata Technologies Holdings	467	17	0.01

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Smiths Group	45,109	648	0.19
SSP Group	186,420	1,290	0.37
Tesco	311,362	679	0.20
Treasury 1.5% 22/7/2047	£364,000	341	0.10
Treasury 1.625% 22/10/2071	£131,000	130	0.04
Treasury 1.625% 22/10/2028	£320,000	331	0.10
Treasury 1.75% 22/7/2019	£700,000	703	0.20
Treasury 1.75% 7/9/2022	£1,070,000	1,104	0.32
Treasury 2.25% 7/9/2023	£143,000	152	0.04
Treasury 2.5% 22/7/2065	£282,600	360	0.10
Treasury 2.75% 7/9/2024	£860,000	944	0.27
Treasury 3.25% 22/1/2044	£222,000	287	0.08
Treasury 3.5% 22/1/2045	£179,000	242	0.07
Treasury 3.75% 7/9/2021	£170,000	183	0.05
Treasury 3.75% 22/7/2052	£246,000	373	0.11
Treasury 4.25% 7/6/2032	£724,000	968	0.28
Treasury 4.25% 7/3/2036	£656,200	913	0.26
Treasury 4.25% 7/9/2039	£178,000	256	0.07
Treasury 4.25% 7/12/2040	£201,000	293	0.08
Treasury 4.25% 7/12/2046	£370,000	570	0.16
Treasury 4.25% 7/12/2055	£779,000	1,326	0.38
Treasury 4.5% 7/3/2019	£732,000	736	0.21
Treasury 4.5% 7/12/2042	£137,000	210	0.06
Treasury 4.75% 7/3/2020	£960,000	1,003	0.29
Treasury 4.75% 7/12/2030	£101,000	138	0.04
Treasury 4.75% 7/12/2038	£114,000	173	0.05
Unilever	91,977	3,751	1.08
Vodafone Group	374,170	556	0.16
Weir Group	43,745	606	0.18
WHSmith	59,272	1,101	0.32
Total United Kingdom		151,829	43.86

UNITED STATES - 9.60% (8.43%)

3M Co	1,042	154	0.04
Abbott Laboratories	3,008	165	0.05
AbbVie	2,776	185	0.05
Abiomed	67	17	0.01
Activision	1,285	47	0.01
Acuity Brands	97	9	0.00
Adobe	745	141	0.04
Advanced Micro Devices	1,180	19	0.01
Aflac	1,660	60	0.02
Agilent Technologies	657	36	0.01
AIG	1,583	52	0.02
Air Products & Chemicals	507	61	0.02
Akamai Techs	404	20	0.01

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Alcoa Upstream	266	6	0.00
Alexion Pharmaceuticals	358	31	0.01
Align Technology	66	10	0.00
Allstate	798	52	0.02
Alphabet A	509	432	0.13
Alphabet C	525	441	0.13
Altria Group	3,175	119	0.03
Amazon.com	702	918	0.27
Ameren	654	34	0.01
American Electric Power	760	45	0.01
American Express	1,413	108	0.03
American Tower	849	108	0.03
Ameriprise Financial	260	23	0.01
AmerisourceBergen	255	15	0.00
Amgen	1,046	163	0.05
Amphenol Corporation A	721	46	0.01
Anadarko Petroleum	950	35	0.01
Analog Devices	804	55	0.02
Annaly Mortgage Management	3,013	24	0.01
Anthem	466	95	0.03
Apache	810	20	0.01
Apple	7,975	953	0.28
Applied Materials	1,968	52	0.02
Archer Daniels Midland	1,261	43	0.01
Arconic	1,463	23	0.01
AT&T	12,549	300	0.09
Autodesk	411	44	0.01
Automatic Data Processing	726	75	0.02
Autozone	34	22	0.01
AvalonBay Communities	271	38	0.01
Avery Dennison	350	26	0.01
Baker Hughes	945	17	0.00
Bank of New York Mellon	1,826	70	0.02
Baxter International	1,045	55	0.02
BB&T	1,635	59	0.02
Becton Dickinson	490	88	0.03
Berkshire Hathaway A	1	230	0.07
Berkshire Hathaway B	1,935	298	0.09
Best Buy	531	23	0.01
Biogen IDEC	330	87	0.03
BioMarin Pharmaceutical	446	33	0.01
Bank of America	16,276	337	0.10
BlackRock	212	66	0.02
Boeing	1,021	281	0.08
Booking Holdings	73	97	0.03
Boston Properties	429	40	0.01

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Boston Scientific	3,302	95	0.03
Brighthouse Financial	149	4	0.00
Bristol Myers Squibb	2,689	104	0.03
Broadcom	695	139	0.04
Broadridge Financial Solutions	404	32	0.01
Brown & Brown	1,378	30	0.01
Brown-Forman B	1,133	41	0.01
Cabot Oil & Gas	1,009	20	0.01
Campbell Soup Company	385	11	0.00
Capital One Financial	910	58	0.02
Cardinal Health	671	25	0.01
Carnival	940	39	0.01
Caterpillar	870	89	0.03
CB Richard Ellis Group	661	22	0.01
CBS	917	34	0.01
CDK Global	269	10	0.00
Celgene	1,190	82	0.02
Centene	347	34	0.01
CenturyLink	1,973	25	0.01
Cerner	564	24	0.01
CH Robinson Worldwide	427	28	0.01
Charter Communications A	369	85	0.02
Cheniere Energy	785	40	0.01
Chevron	2,972	260	0.08
Chicago Mercantile Exchange	676	96	0.03
Chipotle Mexican Grill	57	23	0.01
Cimarex Energy	210	12	0.00
Cintas	137	19	0.01
Cisco Systems	7,330	252	0.07
Citigroup	4,620	221	0.06
Citrix Systems	284	24	0.01
Clorox	324	39	0.01
CMS Energy	640	25	0.01
Coca-Cola	6,214	231	0.07
Cognizant Technology Solutions A	1,150	59	0.02
Colgate-Palmolive	1,500	73	0.02
Comcast A	8,275	231	0.07
Comerica	642	37	0.01
ConAgra Foods	1,492	25	0.01
Concho Resources	341	33	0.01
Conoco Phillips	2,183	113	0.03
Consolidation Edison (New York registered)	640	38	0.01
#Consolidated Packaging	8,526	-	0.00
Constellation Brands A	232	29	0.01
Continental Resources	328	12	0.00
Corning	2,376	56	0.02

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
CoStar Group	157	44	0.01
Costco Wholesale	755	124	0.04
Coty	1,408	8	0.00
Crown Castle International	746	63	0.02
CSX	1,893	96	0.03
Cummins	354	38	0.01
CVS Health	2,248	112	0.03
Danaher	1,111	91	0.03
Davita	160	7	0.00
Deere & Company	473	58	0.02
Dell Technologies	760	26	0.01
Dentsply Sirona	542	17	0.00
Devon Energy	976	20	0.01
Digital Realty Trust	420	35	0.01
Discover Financial Services	801	39	0.01
Discovery Communications A	350	7	0.00
Discovery Communications C	568	11	0.00
Dish Network	357	8	0.00
Dollar General	499	44	0.01
Dollar Tree Stores	493	37	0.01
Dominion Resources	1,006	54	0.02
Dover	206	13	0.00
DowDuPont	3,952	170	0.05
DTE Energy	351	30	0.01
Duke Energy	1,038	69	0.02
Duke Realty	1,604	35	0.01
DXC Technology	613	29	0.01
E*Trade Financial	662	25	0.01
Eastman Chemicals	350	21	0.01
Eaton	945	52	0.02
eBay	1,868	45	0.01
Ecolab	602	70	0.02
Edison International	711	31	0.01
Edwards Lifesciences	371	47	0.01
Electronic Arts	600	42	0.01
Eli Lilly	1,749	160	0.05
Emerson Electric	1,369	66	0.02
Entergy	434	29	0.01
EOG Resources	1,032	79	0.02
EQT Corporation	580	9	0.00
Equinix Real Estate Investment Trust	145	43	0.01
Equitrans Midstream	464	8	0.00
Equity Residential	779	42	0.01
Essex Property Trust	125	25	0.01
Estee Lauder	271	26	0.01
Eversource Energy	684	35	0.01

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Exelon	1,640	59	0.02
Expedia	275	25	0.01
Expeditors International Washington	235	12	0.00
Extra Space Storage	232	17	0.00
Exxon Mobil	6,810	381	0.11
Evergy	693	30	0.01
F5 Networks	243	31	0.01
Facebook	4,109	478	0.14
Fastenal	731	31	0.01
Fedex	492	66	0.02
Fidelity National Information	818	67	0.02
Fifth Third Bancorp	2,110	42	0.01
FirstEnergy	1,103	33	0.01
Fiserv	679	40	0.01
#Flight International	62	-	0.00
Fluor New	488	14	0.00
Ford Motor	7,977	55	0.02
Fortive Corporation	672	37	0.01
Fortune Brands Home and Security	617	20	0.01
Franklin Resources	883	21	0.01
Freeport McMoRan	2,695	24	0.01
Gap	373	7	0.00
Gartner	139	14	0.00
General Dynamics	265	34	0.01
General Electric	14,822	101	0.03
General Mills	1,425	47	0.01
General Motors	3,029	89	0.03
Genuine Parts	349	26	0.01
Gilead Sciences	2,370	127	0.04
Global Payments	499	44	0.01
Goldman Sachs	620	87	0.03
Goodyear Tire & Rubber	468	7	0.00
Grainger W.W.	129	30	0.01
Halfmoon	635	97	0.03
Halliburton	1,440	34	0.01
Harley-Davidson	357	10	0.00
Hartford Financial Services	971	34	0.01
HCA Holdings	443	45	0.01
Health Care Property Investors	1,142	26	0.01
Hess Corporation	665	27	0.01
Hewlett-Packard	3,194	36	0.01
HollyFrontier	303	13	0.00
Home Depot	1,885	260	0.08
Honeywell International	1,302	140	0.04
Host Marriott	1,605	22	0.01
HP	1,895	31	0.01

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Humana	302	68	0.02
Huntington Ingalls Industries	245	38	0.01
International Business Machines	1,536	146	0.04
Illinois Tool Works	517	52	0.02
Illumina	303	72	0.02
Incyte	332	20	0.01
Intel	8,109	308	0.09
IntercontinentalExchange	1,142	66	0.02
International Paper	774	27	0.01
Intuit	522	86	0.02
Intuitive Surgical	256	103	0.03
IPG Photonics Corporation	82	8	0.00
Iron Mountain	994	27	0.01
J.B. Hunt Transport Services	77	6	0.00
Jabil Circuit	1,068	21	0.01
Jacobs Engineering Group	515	24	0.01
Jefferies Financial Group	1,129	17	0.00
Johnson & Johnson	4,618	466	0.13
JPMorgan Chase & Co	5,314	422	0.12
Juniper Networks	1,337	29	0.01
Kellogg	687	32	0.01
Keurig Dr Pepper	527	11	0.00
KeyCorp	3,601	46	0.01
Keysight Technologies	509	27	0.01
Kimberly-Clark	666	61	0.02
Kimco Realty	1,121	14	0.00
Kinder Morgan	3,507	47	0.01
KLA Tencor	476	34	0.01
Kohl's	578	30	0.01
Kraft Heinz	1,089	40	0.01
Kroger	1,152	26	0.01
L3 Communications	315	44	0.01
Lam Research	313	34	0.01
Lamb Weston	411	22	0.01
Las Vegas Sands	909	40	0.01
Leggett & Platt	553	17	0.00
Lennar	321	11	0.00
Liberty Broadband A	101	6	0.00
Liberty Broadband C	249	15	0.00
Liberty Global C	1,645	27	0.01
Liberty Siriusxm Group	305	9	0.00
Liberty Siriusxm Group C	458	14	0.00
Lincoln National	344	15	0.00
Lowe's Companies	1,671	124	0.04
Lululemon Athletica	173	19	0.01
M&T Bank	276	33	0.01

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Macy's	627	12	0.00
Marathon Oil Company	1,700	21	0.01
Marathon Petroleum Corporation	1,335	67	0.02
#Marriott International	96,061	-	0.00
Marriott International new A	645	55	0.02
Marsh & McLennan	1,130	72	0.02
Martin Marietta Materials	87	12	0.00
Masco	996	24	0.01
Mastercard	1,386	213	0.06
Mattel	715	7	0.00
McDonald's	1,427	202	0.06
McKesson	422	41	0.01
Merck & Co	4,301	250	0.07
Metlife	1,643	56	0.02
Mettler Toledo	44	20	0.01
MGM Resorts International	700	15	0.00
Microchip Technology	87	5	0.00
MicronTechnology	1,757	47	0.01
Microsoft	12,576	1,031	0.30
Mohawk Industries	168	16	0.00
Molson Coors Brewing B	501	24	0.01
Mondelez International	2,750	92	0.03
Monster Beverage	764	33	0.01
Moody's	449	54	0.02
Morgan Stanley Dean Witter & Co	2,310	77	0.02
Motorola Solutions	456	41	0.01
Murphy Oil	742	16	0.00
NASDAQ Stock Market	222	14	0.00
National-Oilwell	593	14	0.00
Network Appliance	755	37	0.01
NetFlix	775	215	0.06
Newell Brands	881	14	0.00
Newmont Mining	1,049	25	0.01
News Corporation A	1,275	12	0.00
NextEra Energy	765	104	0.03
Nike B	2,153	131	0.04
Nisource	871	18	0.01
Noble Energy	911	16	0.00
Norfolk Southern	636	81	0.02
Northern Trust	558	38	0.01
Nuance Communications	1,562	18	0.01
Nucor	632	28	0.01
Nvidia	1,058	124	0.04
NVR	4	8	0.00
Occidental Petroleum	1,176	60	0.02
Omnicom	585	35	0.01

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
ONEOK	401	19	0.01
Oracle	4,900	185	0.05
O'Reilly Automotive	153	41	0.01
Paccar	788	37	0.01
Packaging Corporation of America	387	27	0.01
Palo Alto Networks	191	30	0.01
Parker-Hannifin	196	24	0.01
Paychex	629	33	0.01
PayPal	2,324	166	0.05
PepsiCo	2,338	199	0.06
Pfizer	9,430	315	0.09
Philip Morris International	2,824	155	0.04
Phillips 66	749	54	0.02
Pioneer Natural Resources	378	42	0.01
PNC Financial Services Group	850	80	0.02
Polaris Industries	194	13	0.00
PPG Industries	650	51	0.01
PPL	1,517	35	0.01
Principal Financial Group	741	27	0.01
Procter & Gamble	4,202	302	0.09
Progressive	1,235	60	0.02
Prologis	899	44	0.01
Prudential Financial	823	57	0.02
Public Service Enterprise Group	1,076	43	0.01
Public Storage	286	46	0.01
PVH Corp	126	10	0.00
Qualcomm	2,300	100	0.03
Quest Diagnostics	456	30	0.01
Red Hat	393	54	0.02
Regeneron Pharmaceuticals	136	43	0.01
Regions Financial	2,742	32	0.01
Republic Services A	625	37	0.01
Resideo Technologies	216	4	0.00
Rockwell Automation	317	39	0.01
Roper Technologies	52	11	0.00
Ross Stores	736	52	0.02
S&P Global	583	83	0.02
Salesforce.com	1,361	159	0.05
SBA Communications	279	37	0.01
Schlumberger	2,157	70	0.02
Schwab (Charles)	2,140	74	0.02
Sealed Air	257	7	0.00
Sempra Energy	536	47	0.01
ServiceNow	362	53	0.02
Sherwin-Williams	126	37	0.01
Simon Property	441	59	0.02

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Snap-on	137	17	0.00
Southern	1,692	62	0.02
Splunk	296	27	0.01
Sprint	4,004	19	0.01
Square A	668	34	0.01
Stanley Black & Decker	344	35	0.01
Starbucks	2,589	130	0.04
State Street	787	42	0.01
Stryker	643	81	0.02
SunTrust Banks	1,251	55	0.02
Southwest Airlines	678	26	0.01
Symantec	1,890	29	0.01
Synchrony Financial	1,486	30	0.01
Sysco	892	44	0.01
T Rowe Price Group	487	35	0.01
Take Two Interactive	189	16	0.00
Tapestry	681	19	0.01
Target	1,318	70	0.02
Tesla Motors	238	64	0.02
Texas Instruments	1,776	135	0.04
The Mosaic Company	1,115	27	0.01
Thermo Fisher Scientific	706	130	0.04
TJX Companies	2,810	104	0.03
Toll Brothers	466	13	0.00
TransDigm Group	182	50	0.01
Travelers	650	62	0.02
Trimble Navigation	278	8	0.00
TripAdvisor	395	17	0.00
Twenty-First Century Fox A	1,268	48	0.01
Twenty-First Century Fox B	663	25	0.01
Twitter	1,163	30	0.01
Tyson Foods	157	7	0.00
UDR	1,185	38	0.01
Ulta Beauty	81	18	0.01
Under Armour A	452	7	0.00
Under Armour C	706	10	0.00
Union Pacific	1,215	145	0.04
United Technologies	1,673	145	0.04
UnitedHealth Group	1,624	326	0.09
United Parcel Services	1,242	95	0.03
US Bancorp	2,606	98	0.03
US Treasury 1.625% 15/5/2026	\$80,000	58	0.02
US Treasury 2% 15/2/2022	\$852,000	655	0.19
US Treasury 2.25% 15/11/2024	\$422,000	324	0.09
US Treasury 2.25% 15/8/2027	\$250,000	189	0.05
US Treasury 2.25% 15/11/2027	\$698,000	526	0.15

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
US Treasury 2.5% 15/8/2023	\$200,000	156	0.05
US Treasury 2.5% 15/5/2024	\$323,000	252	0.07
US Treasury 2.625% 15/11/2020	\$500,000	391	0.11
US Treasury 2.875% 31/10/2020	\$500,000	393	0.11
US Treasury 3.375% 15/5/2044	\$255,000	210	0.06
US Treasury 4.375% 15/11/2039	\$325,000	309	0.09
United Rentals	187	17	0.00
VF	569	32	0.01
Valero Energy	828	51	0.01
Varian Medical Systems	100	10	0.00
Ventas	285	13	0.00
VeriSign	380	48	0.01
Verizon Communications	7,089	322	0.09
Vertex Pharmaceuticals	449	65	0.02
Visa A	3,051	327	0.09
Vornado Realty Trust	379	19	0.01
Wal-Mart Stores	2,291	172	0.05
Walgreens Boots Alliance	1,372	77	0.02
Walt Disney	2,767	241	0.07
Waste Management	935	68	0.02
Waters	116	18	0.01
WEC Energy Group	824	45	0.01
Wells Fargo & Co	7,026	261	0.08
Wells Fargo & Co 1.375% 30/6/2022	\$143,000	139	0.04
Welltower	686	39	0.01
Western Digital	598	18	0.01
Western Union	1,665	23	0.01
Weyerhaeuser	2,250	42	0.01
Whirlpool	162	16	0.00
WI Treasury Note 2.125% 30/6/2021	\$280,000	217	0.06
Williams Companies	1,789	36	0.01
Workday A	253	32	0.01
Worldpay A	265	17	0.00
Wynn Resorts	128	11	0.00
Xcel Energy	1,382	54	0.02
Xerox	613	11	0.00
Xilinx	686	49	0.01
XPO Logistics	104	5	0.00
Xylem	637	34	0.01
Yum! Brands	762	54	0.02
Yum! China	879	24	0.01
Zimmer Holdings	465	38	0.01
Zoetis	1,036	69	0.02
Total United States		33,065	9.60

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
AUSTRALIA - 0.05% (0.04%)			
Australia (Government) 2.75% 21/4/2024	AUD\$113,000	66	0.02
Australia (Government) 4.75% 21/4/2027	AUD\$155,000	104	0.03
Total Australia		170	0.05
BELGIUM - 0.16% (0.32%)			
Belgium 2.25% 22/6/2023	€106,000	105	0.03
KBC Group	8,309	436	0.13
Total Belgium		541	0.16
BERMUDA - 0.05% (0.32%)			
Invesco	1,123	16	0.00
Renaissancere Holdings	151	16	0.00
Shenzhen International	123,000	186	0.05
Total Bermuda		218	0.05
BRITISH VIRGIN ISLAND - 0.00% (0.00%)			
Capri Holdings	349	11	0.00
Total British Virgin Island		11	0.00
CANADA - 0.03% (0.03%)			
Canada (Government) 1.5% 1/6/2026	C\$80,000	46	0.01
Canada (Government) 3.5% 1/12/2045	C\$36,000	27	0.01
Shopify A	157	19	0.01
Total Canada		92	0.03
CAYMAN ISLANDS - 0.72% (0.88%)			
Alibaba Group	2,702	318	0.09
China Biologic Products Holdings	4,516	283	0.08
Herbalife Nutrition	418	19	0.01
MGM China Holdings	132,000	173	0.05
Sea	25,746	245	0.07
Sunny Optical Technology Group	26,200	181	0.05
Tencent Holdings	23,900	785	0.23
#Tencent Holdings Rights	6	-	0.00
Tencent Music Entertainment Group	15,134	147	0.04
Vipshop Holdings ADR	77,342	356	0.10
Total Cayman Islands		2,507	0.72
CHANNEL ISLANDS - 0.71% (0.91%)			
Amdocs	543	25	0.01
Aptiv	291	16	0.00
Ferguson	43,758	2,299	0.66
Heathrow 6.75% 3/12/2026	£100,000	129	0.04
Total Channel Islands		2,469	0.71

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
CHINA (INCLUDING HONG KONG) - 0.95% (0.98%)			
AIA Group	85,400	592	0.17
Aluminum Corporation of China	448,000	119	0.03
BAIC Motor Corporation H	422,000	197	0.06
BOC Hong Kong Holdings	132,500	390	0.11
China Construction Bank	541,700	355	0.10
China Longyuan Power Group H	421,000	236	0.07
China Shenhua Energy	108,000	201	0.06
China State Construction International Holdings	289,000	202	0.06
China Telecom Corporation	588,000	242	0.07
CNOOC	193,000	244	0.07
Guangdong Investment	82,000	125	0.04
Ping An Insurance H	35,500	248	0.07
Xinyi Glass	174,000	150	0.04
Total China (Including Hong Kong)		3,301	0.95
DENMARK - 0.29% (0.35%)			
Danske Bank	17,323	265	0.08
Novo Nordisk B	20,066	741	0.21
Total Denmark		1,006	0.29
FRANCE - 1.73% (1.71%)			
Arkema	5,215	376	0.11
AXA	26,671	469	0.14
Cap Gemini	6,359	515	0.15
Carrefour	23,190	329	0.10
France (Government) 0% 25/5/2022	€50,000	45	0.01
France (Government) 1% 25/5/2027	€400,000	374	0.11
France (Government) 3% 25/4/2022	€83,000	82	0.02
France (Government) 3.25% 25/5/2045	€70,000	87	0.03
France (Government) 4% 25/10/2038	€69,000	92	0.03
Natixis Banques Populaires	80,527	307	0.09
Orange	39,806	478	0.14
Publicis Groupe	8,513	398	0.12
Renault	6,308	315	0.09
Saint Gobain	12,154	313	0.09
Societe Generale	12,375	320	0.09
Total SA	20,839	874	0.25
Vinci	8,189	537	0.16
Total France		5,911	1.73

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
GERMANY - 1.13% (1.34%)			
Allianz (registered)	4,812	769	0.22
Bayer	8,262	479	0.14
Bundesrepublik Deutschland 1.75% 4/7/2022	€238,000	229	0.07
Continental	2,418	284	0.08
Deutsche Post	17,595	383	0.11
German (Government) 3.5% 4/7/2019	€28,000	25	0.01
German (Government) 4.25% 4/7/2039	€81,000	123	0.04
KFW 1.625% 5/6/2020	€220,000	222	0.06
SAP	9,071	723	0.21
Siemens	7,349	641	0.19
Total Germany		3,878	1.13
INDIA - 0.13% (0.08%)			
Tata Motors ADR	12,391	126	0.04
Vedanta	35,169	305	0.09
Total India		431	0.13
INDONESIA - 0.09% (0.19%)			
Adaro Energy	1,734,500	140	0.04
Matahari Department	519,000	179	0.05
Total Indonesia		319	0.09
IRELAND - 4.31% (6.33%)			
Accenture	1,075	123	0.04
Allegion	256	16	0.00
Allergan	686	82	0.02
DCC (London listed)	30,444	1,950	0.56
+^HSBC Global Liquidity Fund	3,879,607	3,880	1.12
+^HSBC Sterling Liquidity Fund	689	1	0.00
Ingersoll-Rand	505	37	0.01
^iShares Core MSCI Emerging Markets IMI UCITS ETF	277,559	5,797	1.68
^iShares MSCI Europe ex-UK UCITS ETF	32,366	828	0.24
Jazz Pharmaceuticals	173	17	0.00
Johnson Controls International	1,943	48	0.01
Linde	884	109	0.03
Medtronic	2,377	160	0.05
Nvent Electric	294	5	0.00
Pentair	256	8	0.00
Perrigo	167	6	0.00
Ryanair	99,408	888	0.26
Smurfit Kappa Group	45,260	988	0.29
Total Ireland		14,943	4.31

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
ISRAEL - 0.01% (0.01%)			
Check Point Software Technologies	294	24	0.01
Total Israel		24	0.01
ITALY - 0.61% (0.67%)			
BTP Italy 5% 1/3/2022	€226,000	225	0.07
BTP Italy 5% 1/8/2039	€40,000	43	0.01
Buoni Poliennali Del Tes 0.1% 15/4/2019	€50,000	45	0.01
Buoni Poliennali Del Tes 1.25% 1/12/2026	€420,000	345	0.10
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	95	0.03
Enel	144,466	672	0.19
Prysmian	20,126	321	0.09
UniCredit	39,245	352	0.10
Total Italy		2,141	0.61
JAPAN - 0.50% (0.44%)			
Japan (5 Year Issue) 0.1% 20/6/2021	¥20,000,000	145	0.04
Japan (10 Year Issue) 0.1% 20/12/2026	¥10,000,000	73	0.02
Japan (20 Year Issue) 0.6% 20/9/2037	¥5,000,000	37	0.01
Japan (30 Year Issue) 0.3% 20/6/2046	¥23,600,000	154	0.04
Japan (Government) 0.6% 20/3/2023	¥27,150,000	201	0.06
Japan (Government) 0.8% 20/9/2020	¥20,000,000	146	0.04
Japan (Government) 1.3% 20/9/2019	¥26,250,000	191	0.06
Japan (Government) 1.8% 20/3/2032	¥60,800,000	529	0.15
Japan (Government) 1.8% 20/3/2043	¥29,150,000	267	0.08
Total Japan		1,743	0.50
LIBERIA - 0.01% (0.01%)			
Royal Caribbean Cruises	422	35	0.01
Total Liberia		35	0.01
LUXEMBOURG - 26.49% (28.08%)			
ArcelorMittal	17,607	302	0.09
+^HSBC GIF Indian Equity Fund	7,276	1,082	0.31
+^HSBC GIF Global Emerging Markets Local Debt	3,721,086	26,638	7.70
+^HSBC GIF Global Real Estate Equity	2,238,789	17,752	5.13
+^HSBC GIF Economic Scale US Equity Fund	148,716	5,051	1.46
+^HSBC GIF Economic Scale Index GEM Equity Fund	1,066,702	8,968	2.59
+^HSBC GIF Global Yield Bond Fund	726,578	6,817	1.97
+^HSBC GIF Frontier Markets Fund	276,174	3,491	1.01
+^HSBC GIF Global Emerging Markets Bond	1,903,536	17,686	5.11
^Lyxor Core US TIPS UCITS ETF	44,032	3,362	0.97
L'Occitane International	245,000	351	0.10
Samsonite International	72,300	174	0.05
Total Luxembourg		91,674	26.49

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
MALAYSIA - 0.08% (0.05%)			
Lotte Chemical Titan	137,900	121	0.04
Tenaga Nasional	46,800	123	0.04
Total Malaysia		244	0.08
NETHERLANDS - 0.95% (1.09%)			
Core Laboratories	273	15	0.00
ING Groep Certificates	48,581	431	0.12
Koninklijke Ahold Delhaize	28,192	561	0.16
Koninklijke DSM	7,978	545	0.16
Koninklijke Philips	19,705	541	0.16
Lyondell Basell Industries	622	41	0.01
Netherlands (Government) 2.25% 15/7/2022	€5,000	5	0.00
Netherlands (Government) 2.75% 15/1/2047	€130,000	170	0.05
NXP Semiconductors	450	27	0.01
Randstad	9,518	349	0.10
Unilever	14,852	618	0.18
Total Netherlands		3,303	0.95
SINGAPORE - 0.04% (0.25%)			
Flex	1,814	11	0.00
Singapore Exchange	34,400	145	0.04
Total Singapore		156	0.04
SOUTH KOREA - 0.43% (0.65%)			
BNK Financial Group	44,655	212	0.06
Hyundai Motor	1,361	120	0.03
POSCO	1,151	206	0.06
Samsung Electro-Mechanics	2,230	151	0.04
Samsung Electronics	19,392	555	0.16
SK Hynix	6,511	290	0.08
Total South Korea		1,534	0.43
SPAIN - 0.28% (0.36%)			
Banco Santander	160,574	611	0.18
Bonos y Obligaciones del Estado 1.95% 30/4/2026	€125,000	119	0.03
Bonos y Obligaciones del Estado 4.4% 31/10/2023	€127,000	135	0.04
Bonos y Obligaciones del Estado 5.15% 31/10/2044	€53,000	72	0.02
Spain (Government) 1.45% 31/10/2027	€50,000	45	0.01
Total Spain		982	0.28
SWEDEN - 0.12% (0.12%)			
Sweden Government 1% 12/11/2026	SEK285,000	26	0.01
Volvo B	36,788	390	0.11
Total Sweden		416	0.12

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
SWITZERLAND - 1.23% (1.10%)			
Chubb	838	87	0.03
Nestlé (registered)	20,979	1,388	0.40
Novartis (registered)	17,042	1,173	0.34
Roche Holding participating	5,279	1,074	0.31
TE Connectivity	856	52	0.02
UBS Group	45,124	462	0.13
Total Switzerland		4,236	1.23
TAIWAN - 0.42% (0.47%)			
Catcher	26,000	137	0.04
Largan Precision	1,000	90	0.03
MediaTek	46,000	271	0.08
Nanya Technology	70,000	95	0.03
Taiwan Semiconductor Manufacturing	117,067	654	0.19
Yageo	20,000	159	0.05
Total Taiwan		1,406	0.42
THAILAND - 0.06% (0.00%)			
Intouch Holdings	103,000	120	0.03
Siam Commercial Bank	35,400	116	0.03
Total Thailand		236	0.06
FORWARD FOREIGN EXCHANGE CONTRACTS - 0.08% (0.01%)			
#Sold \$384,000 for £300,637 (settled 12/2/2019)		1	0.00
#Sold \$4,036,000 for £3,159,817 (settled 12/2/2019)		13	0.00
#Sold \$68,216,864 for £53,437,261 (settled 31/1/2019)		218	0.07
#Sold \$800,000 for £623,967 (settled 12/2/2019)		-	0.00
#Sold £115,555 for €128,000 (settled 11/2/2019)		(1)	0.00
#Sold £152,782 for \$194,000 (settled 12/2/2019)		(2)	0.00
#Sold £187,355 for SEK 2,180,000 (settled 25/1/2019)		3	0.00
#Sold £304,425 for \$384,000 (settled 12/2/2019)		(5)	0.00
#Sold £55,408 for C\$ 95,000 (settled 11/2/2019)		1	0.00
#Sold £855,044 for €950,110 (settled 31/1/2019)		(6)	0.00
#Sold ¥1,345,658,923 for £9,754,217 (settled 31/1/2019)		67	0.02
#Sold ¥340,000,000 for £2,358,714 (settled 12/2/2019)		(90)	(0.03)
#Sold €15,881,585 for £14,261,350 (settled 31/1/2019)		76	0.02
#Sold €2,910,000 for £2,598,473 (settled 11/2/2019)		(2)	0.00
#Sold €20,000 for £18,106 (settled 11/2/2019)		-	0.00
#Sold €211,000 for £187,042 (settled 25/1/2019)		(1)	0.00
#Sold €31,000 for £28,088 (settled 11/2/2019)		-	0.00
#Sold AUD 298,000 for £172,255 (settled 11/2/2019)		5	0.00
#Sold C\$ 214,000 for £127,247 (settled 11/2/2019)		1	0.00
#Sold SEK 297,000 for £25,642 (settled 22/2/2019)		-	0.00
Total Forward Foreign Exchange Contracts		278	0.08

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Portfolio of investments		329,099	95.12
Net other assets		16,894	4.88
Net assets		345,993	100.00

+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.

Comparative Tables

for the year ended 15 January 2019

Retail Income	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	147.30p	140.40p	118.40p
Return before operating charges*	(6.47p)	11.22p	25.72p
Operating charges**	(2.33p)	(2.35p)	(2.13p)
Return after operating charges*	(8.80p)	8.87p	23.59p
Distributions on income share	(2.10p)	(1.97p)	(1.59p)
Closing net asset value per share	136.40p	147.30p	140.40p
*after direct transaction costs of:***	0.09p	0.14p	0.21p
Performance			
Return after charges	(5.97%)	6.32%	19.92%
Other information			
Closing net asset value	£2,078,940	£2,377,825	£2,421,429
Closing number of shares	1,524,650	1,614,574	1,724,994
Operating charges - OCF	1.72%	1.75%	1.70%
Direct transaction costs	0.06%	0.10%	0.17%
Prices			
Highest share price	147.50p	148.60p	140.60p
Lowest share price	132.00p	136.70p	114.10p

Retail Accumulation	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	220.70p	207.50p	173.00p
Return before operating charges*	(9.89p)	16.70p	37.63p
Operating charges**	(3.51p)	(3.50p)	(3.13p)
Return after operating charges*	(13.40p)	13.20p	34.50p
Distributions on accumulation share	(3.15p)	(2.92p)	(2.33p)
Retained distributions on accumulation share	3.15p	2.92p	2.33p
Closing net asset value per share	207.30p	220.70p	207.50p
*after direct transaction costs of:***	0.14p	0.20p	0.31p
Performance			
Return after charges	(6.07%)	6.36%	19.94%
Other information			
Closing net asset value	£40,746,078	£46,722,925	£46,436,672
Closing number of shares	19,652,616	21,173,725	22,383,335
Operating charges - OCF	1.72%	1.75%	1.70%
Direct transaction costs	0.06%	0.10%	0.17%
Prices			
Highest share price	222.70p	222.00p	207.20p
Lowest share price	200.00p	201.90p	166.40p

**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.

Comparative Tables

for the year ended 15 January 2019

Income C	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	147.00p	140.10p	118.20p
Return before operating charges*	(6.47p)	11.23p	25.63p
Operating charges**	(0.95p)	(0.96p)	(0.87p)
Return after operating charges*	(7.42p)	10.27p	24.76p
Distributions on income share	(3.48p)	(3.37p)	(2.86p)
Closing net asset value per share	136.10p	147.00p	140.10p
*after direct transaction costs of:***	0.09p	0.14p	0.21p
Performance			
Return after charges	(5.05%)	7.33%	20.95%
Other information			
Closing net asset value	£15,354,776	£17,795,166	£17,844,376
Closing number of shares	11,282,484	12,105,747	12,738,241
Operating charges - OCF	0.74%	0.77%	0.72%
Direct transaction costs	0.06%	0.10%	0.17%
Prices			
Highest share price	147.30p	149.00p	141.00p
Lowest share price	132.30p	136.40p	113.70p

Accumulation C	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	229.70p	213.80p	176.60p
Return before operating charges*	(10.30p)	17.38p	38.52p
Operating charges**	(1.50p)	(1.48p)	(1.32p)
Return after operating charges*	(11.80p)	15.90p	37.20p
Distributions on accumulation share	(5.47p)	(5.17p)	(4.29p)
Retained distributions on accumulation share	5.47p	5.17p	4.29p
Closing net asset value per share	217.90p	229.70p	213.80p
*after direct transaction costs of:***	0.14p	0.21p	0.32p
Performance			
Return after charges	(5.14%)	7.44%	21.10%
Other information			
Closing net asset value	£2,838,763	£3,013,311	£2,670,208
Closing number of shares	1,302,673	1,311,967	1,248,693
Operating charges - OCF	0.74%	0.77%	0.72%
Direct transaction costs	0.06%	0.10%	0.17%
Prices			
Highest share price	233.00p	231.00p	213.50p
Lowest share price	210.10p	208.20p	170.00p

**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 Tables

for the year ended 15 January 2019

Institutional Accumulation	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	229.40p	212.20p	174.10p
Return before operating charges*	(10.25p)	17.24p	38.15p
Operating charges**	(0.05p)	(0.04p)	(0.05p)
Return after operating charges*	(10.30p)	17.20p	38.10p
Distributions on accumulation share	(6.92p)	(6.57p)	(5.50p)
Retained distributions on accumulation share	6.92p	6.57p	5.50p
Closing net asset value per share	219.10p	229.40p	212.20p
*after direct transaction costs of:***	0.14p	0.21p	0.32p
Performance			
Return after charges	(4.49%)	8.11%	21.88%
Other information			
Closing net asset value	£284,974,425	£317,038,216	£312,196,904
Closing number of shares	130,084,399	138,204,929	147,127,293
Operating charges - OCF	0.09%	0.12%	0.07%
Direct transaction costs	0.06%	0.10%	0.17%
Prices			
Highest share price	233.60p	230.70p	211.90p
Lowest share price	211.10p	206.60p	167.60p
**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.			

Statement of Total Return

for the year ended 15 January 2019

	Notes	15.1.19		15.1.18	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(29,347)		18,507
Revenue	3	11,421		11,526	
Expenses	4	(930)		(993)	
Interest payable and similar charges		-		(1)	
Net revenue before taxation		10,491		10,532	
Taxation	5	1,019		(182)	
Net revenue after taxation			11,510		10,350
Total (deficit)/return before distributions			(17,837)		28,857
Distributions	6		(10,461)		(10,527)
Change in net assets attributable to shareholders from investment activities			(28,298)		18,330

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2019

	15.1.19		15.1.18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		386,947		381,570
Amounts receivable on creation of shares	1,139		1,388	
Amounts payable on cancellation of shares	(23,688)		(24,288)	
		(22,549)		(22,900)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(28,298)		18,330
Retained distribution on accumulation shares		9,893		9,947
Closing net assets attributable to shareholders		345,993		386,947

Balance Sheet

as at 15 January 2019

	Notes	15.1.19		15.1.18	
		£'000	£'000	£'000	£'000
Assets					
Investments			329,206		381,622
Current assets					
Debtors	8	2,559		674	
Cash and bank balances		15,105		5,171	
Total current assets			17,664		5,845
Total assets			346,870		387,467
Liabilities					
Investment liabilities			(107)		(34)
Creditors					
Distribution payable on income shares		(137)		(149)	
Other creditors	9	(633)		(337)	
Total creditors			(770)		(486)
Total liabilities			(877)		(520)
Net assets attributable to shareholders			345,993		386,947

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 July 2018				
Group 2: Shares purchased from 16 July 2018 to 15 January 2019				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.19</i>	<i>Distribution paid 15.3.18</i>
Retail Income				
Group 1	0.469470	-	0.469470	0.461215
Group 2	0.152882	0.316588	0.469470	0.461215
Retail Accumulation				
Group 1	0.702861	-	0.702861	0.689582
Group 2	0.300747	0.402114	0.702861	0.689582
Income C				
Group 1	1.149363	-	1.149363	1.169430
Group 2	0.690525	0.458838	1.149363	1.169430
Accumulation C				
Group 1	1.825387	-	1.825387	1.811287
Group 2	0.450980	1.374407	1.825387	1.811287
Institutional Accumulation				
Group 1	2.563992	-	2.563992	2.542342
Group 2	2.563992	0.000000	2.563992	2.542342

Distribution Tables (pence per share)

for the year ended 15 January 2019

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 paid 15.9.18</i>	<i>Distribution paid 15.9.17</i>
Retail Income				
Group 1	1.630000	-	1.630000	1.510000
Group 2	1.240000	0.390000	1.630000	1.510000
Retail Accumulation				
Group 1	2.450000	-	2.450000	2.230000
Group 2	1.780000	0.670000	2.450000	2.230000
Income C				
Group 1	2.330000	-	2.330000	2.200000
Group 2	1.940000	0.390000	2.330000	2.200000
Accumulation C				
Group 1	3.640000	-	3.640000	3.360000
Group 2	2.790000	0.850000	3.640000	3.360000
Institutional Accumulation				
Group 1	4.360000	-	4.360000	4.030000
Group 2	4.360000	0.000000	4.360000	4.030000

Notes to the Financial Statements

for the year ended 15 January 2019

	15.1.19 £'000	15.1.18 £'000
1. Accounting Policies		
The accounting policies are set out on pages 10 and 11.		
2. Net Capital (Losses)/Gains		
The net capital (losses)/gains during the year comprise:		
Currency (losses)/gains	(236)	66
Transaction (charges)/rebates	(19)	29
Management fee rebates	38	27
Capital special dividends	318	20
Capital US REIT income	6	-
(Losses)/gains on forward foreign currency contracts	(473)	546
(Losses)/gains on non-derivative securities	(28,981)	17,819
Net capital (losses)/gains	(29,347)	18,507
3. Revenue		
UK dividends (net)	3,568	3,782
Property investment income	8	-
Overseas dividends	1,838	1,940
Dividend distributions from overseas authorised ICVCs and unit trusts	1,311	1,159
Unfranked distributions from UK authorised ICVCs and unit trusts	36	15
Franked distributions from UK authorised ICVCs and unit trusts	1,154	680
Interest on bonds and other debt securities	3,514	3,947
Bank interest	15	3
Management fee rebates	(23)	-
Total revenue	11,421	11,526
4. Expenses		
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
Authorised Corporate Director's charge	789	842
Registration fee	76	81
Safe custody fee	19	18
	884	941
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	38	39
Other expenses:		
Audit fee	5	5
Report and accounts fee	-	5
Other Professional fees	3	3
	8	13
Total expenses	930	993

15.1.19
£'000

15.1.18
£'000

5. Taxation**a) Analysis of charge in year:**

Overseas tax	181	179
Irrecoverable income tax	-	3
Total current tax charge for the year (note 5b)	181	182
Deferred tax (note 5c)	(1,200)	-
Total tax for the year (note 5b)	(1,019)	182

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

Net revenue before taxation	10,491	10,532
Corporation tax at 20%	2,098	2,106
Effects of:		
Revenue not subject to taxation	(1,568)	(1,506)
Taxable revenue in capital	8	5
Irrecoverable overseas tax	181	179
Utilisation of excess management expenses	(1,737)	(605)
Tax relief on overseas tax suffered	(1)	-
Irrecoverable income tax	-	3
Current tax charge for the year (note 5a)	(1,019)	182

c) Provision for deferred taxation

Asset at the start of the year	-	-
Deferred tax credit in profit and loss account for the year (note 5a)	1,200	-
Asset at the end of the year	1,200	-

At 15 January 2019, there is a potential deferred tax asset of £3,952,301 (15.1.18: £5,689,312) in relation to surplus management expenses. Based on the judgement of the ACD, it is not probable that the Fund will generate sufficient taxable profits in the future to utilise these expenses and as such, a deferred tax asset has not been crystallised in respect of this portion of the surplus expenses.

6. Distributions

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

Interim dividend distribution	6,692	6,560
Final dividend distribution	3,634	3,832
	10,326	10,392
Add: Amounts deducted on cancellation of shares	140	140
Deduct: Amounts received on issue of shares	(5)	(5)
Net distribution for the year	10,461	10,527

7. Movement Between Net Revenue and Distributions

Net revenue after taxation	11,510	10,350
Equalisation on conversions	-	1
Effective yield transferred from capital	151	176
Deferred tax credit	(1,200)	-
Net distribution for the year	10,461	10,527

	15.1.19	15.1.18
	£'000	£'000
8. Debtors		
Amounts receivable for creation of shares	-	27
Sales awaiting settlement	280	106
Accrued revenue	901	397
Overseas tax recoverable	171	144
Income tax recoverable	7	-
Deferred tax	1,200	-
Total debtors	2,559	674

9. Other Creditors		
Amounts payable for cancellation of shares	125	84
Purchases awaiting settlement	374	179
Accrued expenses	114	57
Compensation payment due	17	17
Management fee rebates	3	-
Total other creditors	633	337

10. Reconciliation of Shares

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>	<i>Institutional Accumulation</i>
Opening shares issued at 16.1.18	1,614,574	21,173,725	12,105,747	1,311,967	138,204,929
Share movements 16.1.18 to 15.1.19					
Shares issued	4,138	88,881	379,161	189,572	-
Shares cancelled	(94,062)	(1,583,504)	(1,202,424)	(224,164)	(8,120,530)
Shares converted	-	(26,486)	-	25,298	-
Closing shares issued at 15.1.19	1,524,650	19,652,616	11,282,484	1,302,673	130,084,399

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Institutional Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%	%
As at 15.1.19	0.00	0.14	100.00	0.00	0.00
As at 15.1.18	0.00	0.04	100.00	0.00	0.00

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement.

The balance due to the ACD (including amounts due to associates and agents) at the year end was £231,081 (15.1.18: £100,513), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £159,716,682 (15.1.18: £184,881,726) in Authorised Investment Funds managed by HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC Holdings totalled £111,859,375 (15.1.18: £153,185,461).

There were no shares held by the Trustee or its associates.

The following parties hold a material holding in the Fund as at the year end date:

There were no material holdings in the Retail Income shares (15.1.18: none).

There were no material holdings in the Retail Accumulation shares (15.1.18: none).

Turnsonic (nominees) Limited - 98.52% (15.1.18: 98.60%) of the Income C shares.

Turnsonic (nominees) Limited - 33.15% (15.1.18: 39.65%) of the Accumulation C shares.

HSBC Global Custody Nominee (UK) Limited - 100.00% (15.1.18: 100.00%) of the Institutional Accumulation shares.

The ACD does not have information to determine if individuals' holdings within the nominee accounts are material.

Related party transactions are disclosed within notes 3 and 4. Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 to 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

	<i>Portfolio of investments</i>		<i>Net other assets /(liabilities)</i>		<i>Net assets</i>	
	15.1.19	<i>15.1.18</i>	15.1.19	<i>15.1.18</i>	15.1.19	<i>15.1.18</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Sterling*	190,455	231,764	15,803	4,920	206,258	236,684
Australian dollar	175	167	1	1	176	168
Canadian dollar	74	125	-	-	74	125
Danish krone	1,006	1,356	23	17	1,029	1,373
Euro	19,228	22,526	130	473	19,358	22,999
Hong Kong dollar	5,151	6,146	-	-	5,151	6,146
Indonesian rupiah	319	723	-	-	319	723
Japanese yen	2,218	2,175	226	9	2,444	2,184
Korean won	1,534	2,527	17	2	1,551	2,529
Malaysian ringgit	244	187	-	-	244	187
Singapore dollar	145	705	-	-	145	705
Swedish krona	416	461	-	-	416	461
Swiss franc	4,097	4,093	49	25	4,146	4,118
Taiwanese new dollar	1,406	1,833	175	43	1,581	1,876
Thai baht	236	-	-	-	236	-
United States dollar	102,395	106,800	470	(131)	102,865	106,669
Total	329,099	381,588	16,894	5,359	345,993	386,947

*No currency risk as base currency.

Interest Rate Risk

The interest rate profile of the Fund's financial assets and liabilities at 15 January 2019 was:

	<i>Floating rate financial assets/(liabilities)**</i>		<i>Fixed rate financial assets</i>		<i>Financial assets/(liabilities) not carrying interest</i>		<i>Total</i>	
	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sterling	14,764	4,932	12,373	11,707	179,121	220,045	206,258	236,684
Australian dollar	-	-	170	170	6	(2)	176	168
Canadian dollar	-	-	73	125	1	-	74	125
Danish krone	-	-	-	-	1,029	1,373	1,029	1,373
Euro	(3)	274	2,504	2,891	16,857	19,834	19,358	22,999
Hong Kong dollar	(42)	(80)	-	-	5,193	6,226	5,151	6,146
Indonesian rupiah	-	-	-	-	319	723	319	723
Japanese yen	216	-	2,241	2,159	(13)	25	2,444	2,184
Korean won	-	2	-	-	1,551	2,527	1,551	2,529
Malaysian ringgit	-	-	-	-	244	187	244	187
Singapore dollar	-	-	-	-	145	705	145	705
Swedish krona	-	-	26	27	390	434	416	461
Swiss franc	-	-	-	-	4,146	4,118	4,146	4,118
Taiwanese new dollar	175	43	-	-	1,406	1,833	1,581	1,876
Thai baht	-	-	-	-	236	-	236	-
United States dollar	(5)	-	3,680	2,541	99,190	104,128	102,865	106,669
Total	15,105	5,171	21,067	19,620	309,821	362,156	345,993	386,947

**Floating rate interest was earned at rates based on LIBOR (London Interbank Offered Rate) or international equivalent.

	<i>Fixed rate financial assets weighted average interest rate</i>		<i>Fixed rate financial assets weighted average period for which rate is fixed</i>	
	15.1.19	15.1.18	15.1.19	15.1.18
	%	%	Years	Years
Sterling	1.35	1.37	15.55	17.01
Australian dollar	2.13	2.67	7.10	8.10
Canadian dollar	2.04	2.12	14.59	10.53
Euro	0.93	0.68	10.08	8.24
Japanese yen	0.10	0.13	10.94	10.26
Swedish krona	0.26	0.64	7.83	8.83
United States dollar	2.66	2.39	7.15	8.45

The bond ratings for the portfolio at 15 January 2019 were:

Investment	<i>Bid value £'000</i>	<i>Total net assets %</i>
Bond credit rating*		
AAA	1,366	0.40
AA+	3,679	1.07
AA	12,564	3.64
A+	1,744	0.51
A	139	0.04
A-	129	0.04
BBB+	371	0.11
BBB	795	0.23
Unrated	280	0.08
Total bonds	21,067	6.12

*ratings supplied by Standard & Poor's.

13. Shareholders' Funds

This Fund has a retail share class, an institutional share class and C share class.

The annual ACD charge on the retail share class is 1.50%, nil on the institutional share class and 0.55% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 33 to 35. The distribution per share class is given in the Distribution Tables on pages 37 and 38.

All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 15 to 32, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

Counterparty	<i>Forward Currency £'000</i>		<i>Total £'000</i>	
	2019	2018	2019	2018
Goldman Sachs	70	56	70	56
JP Morgan Securities	203	-	203	-
Citi Group	-	4	-	4
Royal Bank of Scotland	8	-	8	-

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 January 2019 there was no collateral held in respect of the above derivatives (2018: £nil).

15. Contingent Liabilities and Commitments

At the year end the Fund had no contingent liabilities or commitments (15.1.18: none).

16. Portfolio Transaction Costs

For the year ended 15 January 2019	Purchases	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total purchases costs							
Equity transactions	41,723	16	0.04	30	0.07	138	0.33
Bond transactions	7,567	-	-	-	-	-	-
Pooled investment vehicles	68,501	5	0.01	-	-	-	-
Corporate Actions	68	-	-	-	-	-	-
Total purchases before transaction costs	117,859	21		30		138	
Transaction costs	189						
Total purchases after commission, tax and fees	118,048						

	Sales	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total sales costs							
Equity transactions	48,764	18	0.04	3	0.01	18	0.04
Bond transactions	5,257	-	-	-	-	-	-
Pooled investment vehicles	86,518	7	0.01	-	-	-	-
Corporate Actions	1,411	-	-	-	-	-	-
Total sales before transaction costs	141,950	25		3		18	
Transaction costs	(46)						
Total sales after commission, tax and fees	141,904						

Commissions, taxes and fees as % of average Net Assets

Commissions	0.01%
Taxes	0.01%
Other expenses	0.04%

At the balance sheet date the portfolio dealing spread was 0.04%, being the difference between the respective bid and offer prices for the Fund's investments.

For the year ended 15 January 2018	Purchases	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total purchases costs							
Equity transactions	64,760	44	0.07	-	-	225	0.35
Bond transactions	6,268	-	-	-	-	-	-
Pooled investment vehicles	134,370	5	-	-	-	-	-
Corporate Actions	25	-	-	-	-	-	-
Total purchases before transaction costs	205,423	49		-		225	
Transaction costs	274						
Total purchases after commission, tax and fees	205,697						

	Sales	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total sales costs							
Equity transactions	132,719	71	0.05	-	-	20	0.02
Bond transactions	35,899	-	-	-	-	-	-
Pooled investment vehicles	33,097	3	0.01	-	-	-	-
Corporate Actions	2,569	-	-	-	-	-	-
Total sales before transaction costs	204,284	74		-		20	
Transaction costs	(94)						
Total sales after commission, tax and fees	204,190						

Commissions, taxes and fees as % of average Net Assets

Commissions	0.03%
Taxes	0.00%
Other expenses	0.07%

At the balance sheet date the portfolio dealing spread was 0.04%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 January 2019

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	142,078	-	-	142,078
Bonds	18,863	2,204	-	21,067
Pooled investment vehicles	9,987	155,689	-	165,676
Derivatives	-	385	-	385
	170,928	158,278	-	329,206
Investment Liabilities				
Derivatives	-	(107)	-	(107)
	-	(107)	-	(107)

For the year ended 15 January 2018

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	167,701	-	-	167,701
Bonds	17,166	2,455	-	19,621
Pooled investment vehicles	17,627	176,605	-	194,232
Derivatives	-	68	-	68
	202,494	179,128	-	381,622
Investment Liabilities				
Derivatives	-	(34)	-	(34)
	-	(34)	-	(34)

18. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 January 2019 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £32,909,885 (15.1.18: £38,158,803).

Currency risk sensitivity:

If the exchange rate at 15 January 2019 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £13,973,305 (15.1.18: £15,026,349).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.1.18: no significant exposure).

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 year the FTSE All Share fell by 7.5%. The Consumer Staples and Financial sectors were the worst performers, whilst Healthcare advanced. Over the same time the Fund marginally underperformed the index.

Allocation effects, residual to stock selection, were negative given an underweight exposure to Healthcare and overweight exposure to Technology. Partially offsetting this was an underweight exposure to Consumer Staples.

At the stock level, detractors from relative performance included Shire, a position not held in the portfolio, which advanced on news that Japan's Takeda was considering the company as an acquisition target. Furthermore, British American Tobacco fell during the year as the FDA issued an advanced notice stating that it was developing a standard to set maximum nicotine levels in cigarettes, and it was considering a ban on menthol cigarettes.

Contributors included, Microsoft, which delivered stellar returns and benefitted from analyst upgrades on the back of cloud growth. Additionally, BHP Group performed well as Chinese policymakers pledged to invest more heavily in infrastructure, spurring demand for metals. The stock was also buoyed by the declaration of a special dividend with the net proceeds from the sale of its onshore US assets not returned via an off-market buy-back.

During the year major purchases included Reckitt Benckiser, Ryanair, and Smurfit Kappa whilst Centrica, Imperial Brands and Rio Tinto were sold.

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 year under review, the value of the shares in the Fund decreased by 10.42%.

(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 January 2019

	Retail Income	Retail Accumulation	Retail B Income	Retail B Accumulation
Price	63.74p xd	125.2p	69.83p xd	137.3p
Distribution payable (on 15 March 2019) per share net	1.275739p	2.470584p	1.406835p	2.701652p
Current net estimated yield	4.51%	4.30%	4.42%	4.28%
Annual ACD charge	1.50%	1.50%	0.60%	0.60%
	CTF Accumulation	Income C	Accumulation C	
Price	127.3p	67.38p xd	130.9p	
Distribution payable (on 15 March 2019) per share net	2.512855p	1.355117p	2.569937p	
Current net estimated yield	4.30%	4.42%	4.28%	
Annual ACD charge	1.15%	0.80%	0.80%	

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Oil & Gas - 13.28% (13.65%)			
BP	9,919,926	51,842	5.97
John Wood Group	1,079,983	6,154	0.71
Royal Dutch Shell A	2,419,700	57,238	6.60
Total Oil & Gas		115,234	13.28
Basic Materials - 7.55% (8.53%)			
Antofagasta	1,421,864	11,747	1.35
BHP	1,877,497	30,280	3.49
Croda International	263,884	12,936	1.49
Rio Tinto	271,207	10,583	1.22
Total Basic Materials		65,546	7.55
Industrials - 19.27% (14.60%)			
BAE Systems	3,321,291	16,792	1.94
Coats Group	21,472,270	18,208	2.10
DCC (London listed)	226,402	14,501	1.67
Essentra	3,320,991	12,181	1.40
Ferguson	487,540	25,610	2.95
Ibstock	5,180,561	11,998	1.38
QinetiQ	4,783,672	14,576	1.68
Rentokil Initial	5,473,399	18,730	2.16
Ryanair Holdings	1,136,852	10,159	1.17
Smiths Group	472,819	6,787	0.78
Smurfit Kappa Group	518,074	11,304	1.30
Weir Group	465,500	6,452	0.74
Total Industrials		167,298	19.27
Consumer Goods - 12.44% (10.93%)			
British American Tobacco	1,290,568	32,316	3.72
Diageo	562,696	15,494	1.79
Reckitt Benckiser	347,502	21,726	2.50
Unilever	942,946	38,458	4.43
Total Consumer Goods		107,994	12.44
Healthcare - 8.56% (6.32%)			
AstraZeneca	510,828	28,382	3.27
GlaxoSmithKline	3,041,123	45,878	5.29
Total Healthcare		74,260	8.56

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Consumer Services - 10.94% (11.76%)			
Ascential	2,858,944	11,276	1.30
Card Factory	2,665,913	4,524	0.52
Compass Group	1,264,977	20,954	2.42
Halfords Group	1,893,102	4,362	0.50
Informa	1,653,775	10,693	1.23
SSP Group	1,983,715	13,723	1.58
Tesco	3,291,717	7,179	0.83
WHSmith	668,944	12,429	1.43
Wolters Kluwer certificates	206,805	9,777	1.13
Total Consumer Services		94,917	10.94
Telecommunications - 2.62% (4.79%)			
BT Group	6,646,492	15,284	1.76
Vodafone Group	4,996,473	7,426	0.86
Total Telecommunications		22,710	2.62
Utilities - 0.00% (2.54%)			
Financials - 20.74% (20.97%)			
Ashmore Group	3,450,520	12,822	1.48
Aviva	5,552,450	22,282	2.57
Barclays	14,278,117	22,714	2.62
Great Portland Estates	883,262	6,157	0.71
+HSBC Holdings (London listed)	6,609,199	42,398	4.88
Land Securities	735,496	6,377	0.73
Prudential	2,396,769	34,717	4.00
Royal Bank of Scotland	11,325,189	26,037	3.00
Segro REIT	1,052,733	6,552	0.75
Total Financials		180,056	20.74
Technology - 2.88% (4.27%)			
Microsoft	131,129	10,751	1.24
Sage Group	2,365,044	14,266	1.64
Total Technology		25,017	2.88
Portfolio of investments		853,032	98.28
Net other assets		14,908	1.72
Net assets		867,940	100.00
+related party			

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

Unless otherwise stated, all investments are listed equities.

Comparative Tables

for the year ended 15 January 2019

Retail Income			
Change in net assets per share	15.1.19	15.1.18	15.1.17
Opening net asset value per share	74.57p	72.60p	64.47p
Return before operating charges*	(6.57p)	6.02p	11.71p
Operating charges**	(1.14p)	(1.20p)	(1.13p)
Return after operating charges*	(7.71p)	4.82p	10.58p
Distributions on income share	(2.83p)	(2.85p)	(2.45p)
Closing net asset value per share	64.03	74.57p	72.60p
*after direct transaction costs of:***	0.15p	0.20p	0.22p
Performance			
Return after charges	(10.34%)	6.64%	16.41%
Other information			
Closing net asset value	£7,120,639	£9,380,149	£33,198,426
Closing number of shares	11,121,075	12,578,951	45,726,050
Operating charges - OCF	1.64%	1.64%	1.64%
Direct transaction costs	0.21%	0.27%	0.32%
Prices			
Highest share price	75.42p	76.91p	73.41p
Lowest share price	62.54p	70.37p	60.70p

Retail Accumulation			
Change in net assets per share	15.1.19	15.1.18	15.1.17
Opening net asset value per share	140.60p	131.80p	113.00p
Return before operating charges*	(12.62p)	11.01p	20.79p
Operating charges**	(2.18p)	(2.21p)	(1.99p)
Return after operating charges*	(14.80p)	8.80p	18.80p
Distributions on accumulation share	(5.38p)	(5.21p)	(4.32p)
Retained distributions on accumulation share	5.38p	5.21p	4.32p
Closing net asset value per share	125.80p	140.60p	131.80p
*after direct transaction costs of:***	0.28p	0.36p	0.39p
Performance			
Return after charges	(10.53%)	6.68%	16.64%
Other information			
Closing net asset value	£34,992,948	£42,563,385	£45,193,224
Closing number of shares	27,820,775	30,271,585	34,301,078
Operating charges - OCF	1.64%	1.64%	1.64%
Direct transaction costs	0.21%	0.27%	0.32%
Prices			
Highest share price	142.20p	140.80p	131.40p
Lowest share price	120.40p	127.70p	106.40p

**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.

Comparative Tables

for the year ended 15 January 2019

Retail B Income	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	80.85p	77.90p	68.51p
Return before operating charges*	(7.14p)	6.51p	12.51p
Operating charges**	(0.47p)	(0.49p)	(0.50p)
Return after operating charges*	(7.61p)	6.02p	12.01p
Distributions on income share	(3.09p)	(3.07p)	(2.62p)
Closing net asset value per share	70.15	80.85p	77.90p
*after direct transaction costs of:***	0.16p	0.21p	0.23p
Performance			
Return after charges	(9.41 %)	7.73%	17.53%
Other information			
Closing net asset value	£87,126,771	£105,300,370	£105,209,207
Closing number of shares	124,208,556	130,241,889	135,065,386
Operating charges - OCF	0.60%	0.60%	0.62%
Direct transaction costs	0.21%	0.27%	0.32%
Prices			
Highest share price	82.06p	82.84p	78.77p
Lowest share price	68.43p	75.53p	64.53p

Retail B Accumulation	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	152.50p	141.50p	120.20p
Return before operating charges*	(13.71p)	11.89p	22.19p
Operating charges**	(0.89p)	(0.89p)	(0.89p)
Return after operating charges*	(14.60p)	11.00p	21.30p
Distributions on accumulation share	(5.88p)	(5.63p)	(4.63p)
Retained distributions on accumulation share	5.88p	5.63p	4.63p
Closing net asset value per share	137.90p	152.50p	141.50p
*after direct transaction costs of:***	0.31p	0.39p	0.41p
Performance			
Return after charges	(9.57%)	7.77%	17.72%
Other information			
Closing net asset value	£3,518,413	£5,289,011	£5,380,358
Closing number of shares	2,551,857	3,467,134	3,802,932
Operating charges - OCF	0.60%	0.60%	0.62%
Direct transaction costs	0.21%	0.27%	0.32%
Prices			
Highest share price	154.80p	152.80p	141.00p
Lowest share price	131.90p	137.20p	113.20p

**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 Tables

for the year ended 15 January 2019

CTF Accumulation	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	142.40p	133.30p	114.20p
Return before operating charges*	(12.80p)	11.17p	20.97p
Operating charges**	(1.70p)	(2.07p)	(1.87p)
Return after operating charges*	(14.50p)	9.10p	19.10p
Distributions on accumulation share	(5.47p)	(5.28p)	(4.38p)
Retained distributions on accumulation share	5.47p	5.28p	4.38p
Closing net asset value per share	127.90p	142.40p	133.30p
*after direct transaction costs of:***	0.29p	0.37p	0.39p
Performance			
Return after charges	(10.18%)	6.83%	16.73%
Other information			
Closing net asset value	£545,987,595	£588,158,438	£532,685,483
Closing number of shares	426,882,268	412,960,153	399,660,437
Operating charges - OCF	1.15%	1.50%	1.52%
Direct transaction costs	0.21%	0.27%	0.32%
Prices			
Highest share price	144.10p	142.60p	132.90p
Lowest share price	122.40p	129.20p	107.50p

Income C	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	78.25p	75.62p	66.66p
Return before operating charges*	(6.91p)	6.30p	12.14p
Operating charges**	(0.67p)	(0.70p)	(0.65p)
Return after operating charges*	(7.58p)	5.60p	11.49p
Distributions on income share	(2.98p)	(2.97p)	(2.53p)
Closing net asset value per share	67.69p	78.25p	75.62p
*after direct transaction costs of:***	0.16p	0.21p	0.23p
Performance			
Return after charges	(9.69%)	7.41%	17.23%
Other information			
Closing net asset value	£166,200,366	£203,685,900	£187,981,195
Closing number of shares	245,548,885	260,296,821	248,584,862
Operating charges - OCF	0.91%	0.91%	0.92%
Direct transaction costs	0.21%	0.27%	0.32%
Prices			
Highest share price	79.34p	80.32p	76.46p
Lowest share price	66.04p	73.32p	62.79p

**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 Tables

for the year ended 15 January 2019

Accumulation C	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	145.90p	135.70p	115.60p
Return before operating charges*	(13.14p)	11.47p	21.24p
Operating charges**	(1.26p)	(1.27p)	(1.14p)
Return after operating charges*	(14.40p)	10.20p	20.10p
Distributions on accumulation share	(5.60p)	(5.39p)	(4.43p)
Retained distributions on accumulation share	5.60p	5.39p	4.43p
Closing net asset value per share	131.50p	145.90p	135.70p
*after direct transaction costs of:***	0.29p	0.37p	0.40p
Performance			
Return after charges	(9.87%)	7.52%	17.39%
Other information			
Closing net asset value	£22,993,075	£28,026,784	£27,936,741
Closing number of shares	17,491,615	19,211,671	20,585,177
Operating charges - OCF	0.91%	0.91%	0.92%
Direct transaction costs	0.21%	0.27%	0.32%
Prices			
Highest share price	147.90p	146.10p	135.30p
Lowest share price	125.70p	131.60p	108.90p
**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 year ended 15 January 2019

		15.1.19		15.1.18	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(125,305)		41,276
Revenue	3	38,085		37,477	
Expenses	4	(10,460)		(12,209)	
Net revenue before taxation		27,625		25,268	
Taxation	5	(406)		(480)	
Net revenue after taxation			27,219		24,788
Total (deficit)/return before distributions			(98,086)		66,064
Distributions	6		(37,567)		(36,876)
Change in net assets attributable to shareholders from investment activities			(135,653)		29,188

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2019

		15.1.19		15.1.18	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			982,404		937,585
Amounts receivable on creation of shares		32,257		32,194	
Amounts payable on cancellation of shares		(36,935)		(41,075)	
			(4,678)		(8,881)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)			(135,653)		29,188
Retained distribution on accumulation shares			25,867		24,512
Closing net assets attributable to shareholders			867,940		982,404

Balance Sheet

as at 15 January 2019

		15.1.19		15.1.18	
	Notes	£'000	£'000	£'000	£'000
Assets					
Investments			853,032		966,338
Current assets					
Debtors	8	5,937		3,066	
Cash and bank balances		19,637		19,274	
Total current assets			25,574		22,340
Total assets			878,606		988,678
Liabilities					
Creditors					
Distribution payable on income shares		(5,217)		(5,149)	
Other creditors	9	(5,449)		(1,125)	
Total liabilities			(10,666)		(6,274)
Net assets attributable to shareholders			867,940		982,404

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 July 2018				
Group 2: Shares purchased from 16 July 2018 to 15 January 2019				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.19</i>	<i>Distribution paid 15.3.18</i>
Retail Income				
Group 1	1.275739	-	1.275739	1.211099
Group 2	0.463478	0.812261	1.275739	1.211099
Retail Accumulation				
Group 1	2.470584	-	2.470584	2.244451
Group 2	1.041976	1.428608	2.470584	2.244451
Retail B Income				
Group 1	1.406835	-	1.406835	1.311209
Group 2	0.631734	0.775101	1.406835	1.311209
Retail B Accumulation				
Group 1	2.701652	-	2.701652	2.420939
Group 2	0.665481	2.036171	2.701652	2.420939
CTF Accumulation				
Group 1	2.512855	-	2.512855	2.264614
Group 2	0.968473	1.544382	2.512855	2.264614
Income C				
Group 1	1.355117	-	1.355117	1.263390
Group 2	0.607288	0.747829	1.355117	1.263390
Accumulation C				
Group 1	2.569937	-	2.569937	2.316971
Group 2	1.230828	1.339109	2.569937	2.316971

Distribution Tables (pence per share)

for the year ended 15 January 2019

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 paid 15.9.18</i>	<i>Distribution paid 15.9.17</i>
Retail Income				
Group 1	1.550000	-	1.550000	1.640000
Group 2	1.090000	0.460000	1.550000	1.640000
Retail Accumulation				
Group 1	2.910000	-	2.910000	2.970000
Group 2	0.670000	2.240000	2.910000	2.970000
Retail B Income				
Group 1	1.680000	-	1.680000	1.760000
Group 2	1.020000	0.660000	1.680000	1.760000
Retail B Accumulation				
Group 1	3.180000	-	3.180000	3.210000
Group 2	1.630000	1.550000	3.180000	3.210000
CTF Accumulation				
Group 1	2.960000	-	2.960000	3.020000
Group 2	1.450000	1.510000	2.960000	3.020000
Income C				
Group 1	1.620000	-	1.620000	1.710000
Group 2	0.970000	0.650000	1.620000	1.710000
Accumulation C				
Group 1	3.030000	-	3.030000	3.070000
Group 2	1.720000	1.310000	3.030000	3.070000

Notes to the Financial Statements

for the year ended 15 January 2019

	15.1.19	<i>15.1.18</i>
	£'000	<i>£'000</i>
1. Accounting Policies		
The accounting policies are set out on pages 10 and 11.		
2. Net Capital (Losses)/Gains		
The net capital (losses)/gains during the year comprise:		
Currency (losses)/gains	(8)	113
Transaction (charges)/rebates	(3)	71
Capital special dividends	3,069	-
(Losses)/gains on non-derivative securities	(128,363)	41,092
Net capital (losses)/gains	(125,305)	41,276
3. Revenue		
UK dividends (net)	31,944	31,872
Property investment income	87	-
Overseas dividends	5,943	5,560
Bank interest	33	6
Rebate to control charge for CTF and Retail B classes	78	39
Total revenue	38,085	37,477
4. Expenses		
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
Authorised Corporate Director's charge	10,081	11,783
Registration fee	270	305
Safe custody fee	18	17
	10,369	12,105
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	85	87
Other expenses:		
Audit fee	5	6
Report and accounts fee	1	11
	6	17
Total expenses	10,460	12,209

15.1.19 15.1.18
£'000 £'000

5. Taxation

a) Analysis of charge in year:

Overseas tax	406	480
Total tax for the year (note 5b)	406	480

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

Net revenue before taxation	27,625	25,268
Corporation tax at 20%	5,525	5,054
Effects of:		
Revenue not subject to taxation	(7,577)	(7,486)
Current year expenses not utilised	2,052	2,432
Irrecoverable overseas tax	406	480
Current tax charge for the year (note 5a)	406	480

c) Provision for deferred taxation

At 15 January 2019, there is a potential deferred tax asset of £35,381,432 (15.1.18 : £33,328,924) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or prior year.

6. Distributions

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

Interim dividend distribution	20,331	21,039
Final dividend distribution	17,149	15,709
	37,480	36,748
Add: Amounts deducted on cancellation of shares	457	460
Deduct: Amounts received on issue of shares	(370)	(332)
Net distribution for the year	37,567	36,876

7. Movement Between Net Revenue and Distributions

Net revenue after taxation	27,219	24,788
Authorised Corporate Director's charge charged to capital	10,081	11,783
Registration fee transferred to capital	270	305
Corporation tax on taxable items in capital	(3)	-
Net distribution for the year	37,567	36,876

15.1.19 15.1.18
£'000 £'000

8. Debtors

Amounts receivable for creation of shares	120	109
Sales awaiting settlement	2,061	259
Accrued revenue	3,134	1,826
Monies due from ACD	3	451
Overseas tax recoverable	619	421
Total debtors	5,937	3,066

9. Other Creditors

Amounts payable for cancellation of shares	723	588
Purchases awaiting settlement	3,563	-
Accrued expenses	1,163	537
Total other creditors	5,449	1,125

10. Reconciliation of Shares

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Retail B Income</i>	<i>Retail B Accumulation</i>
Opening shares issued at 16.1.18	12,578,951	30,271,585	130,241,889	3,467,134
Share movements 16.1.18 to 15.1.19				
Shares issued	185,167	244,134	5,557,634	34,723
Shares cancelled	(1,437,153)	(2,668,910)	(11,478,913)	(933,729)
Shares converted	(205,890)	(26,034)	(112,054)	(16,271)
Closing shares issued at 15.1.19	11,121,075	27,820,775	124,208,556	2,551,857

	<i>CTF Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.18	412,960,153	260,296,821	19,211,671
Share movements 16.1.18 to 15.1.19			
Shares issued	15,195,673	9,595,420	303,808
Shares cancelled	(1,273,558)	(24,717,143)	(2,032,669)
Shares converted	-	373,787	8,805
Closing shares issued at 15.1.19	426,882,268	245,548,885	17,491,615

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Retail B Income</i>	<i>Retail B Accumulation</i>	<i>CTF Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%	%	%	%
As at 15.1.19	0.88	0.16	0.00	0.00	0.00	0.11	3.30
As at 15.1.18	0.29	0.15	0.00	0.00	0.00	0.11	4.05

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement. The balance due to the ACD (including amounts due to associates and agents) at the year end was £1,751,534 (15.1.18: £542,344), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £42,398,012 (15.1.18: £47,612,128) in HSBC Holdings, the parent company of the ACD. During the period, transactions in HSBC Holdings totalled £7,765,131 (15.1.18: £31,610,190).

There were no shares held by the Trustee or its associates.

The following parties hold a material holding in the Fund as at the year end date:

Hargreaves Lansdown (Nominees) Limited - 23.13% (15.1.18: 21.36%) of the Retail Income shares.

There were no material holdings of the Retail Accumulation shares (15.1.18: nil).

Turnsonic (Nominees) Limited - 98.17% (15.1.18: 98.27%) of the Retail B Income shares.

Torch Nominees Limited - nil (15.1.18: 23.28%) of the Retail B Accumulation shares.

Turnsonic (Nominees) Limited - 100.00% (15.1.18: 100.00%) of the CTF Accumulation shares.

Turnsonic (Nominees) Limited - 94.96% (15.1.18: 95.08%) of the Income C shares.

Turnsonic (Nominees) Limited - 39.18% (15.1.18: 38.16%) of the Accumulation C shares.

The ACD does not have information to determine if individuals' holdings within the nominee accounts are material.

Related party transactions are disclosed within notes 3 and 4. Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements.

Net currency monetary assets and liabilities consist of:

	<i>Portfolio of investments</i>		<i>Net other assets</i>		<i>Net assets</i>	
	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18
	£'000	£'000	£'000	£'000	£'000	£'000
Sterling*	822,346	927,545	12,623	15,043	834,969	942,588
Euro	19,935	22,165	502	835	20,437	23,000
Swiss Franc	-	-	198	188	198	188
United States dollar	10,751	16,628	1,585	-	12,336	16,628
Total	853,032	966,338	14,908	16,066	867,940	982,404

*No currency risk as base currency.

Interest Rate Risk

At the year end, 2.26% (15.1.18: 1.96%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has a retail share class, a retail B share class, a CTF share class, and a C share class.

The annual ACD charge on the retail share class is 1.50%, 1.15% on the CTF share class, 0.60% on the retail B share class and 0.80% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 51 to 54. The distribution per share class is given in the Distribution Tables on pages 56 and 57. All share classes within the OEIC have the same rights on winding up.

14. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.18: none).

15. Portfolio Transaction Costs

For the year ended 15 January 2019	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
Analysis of total purchases costs							
Equity transactions	321,604	97	0.03	1,753	0.55	2	0.00
Pooled investment vehicles	41,253	12	0.03	-	0.00	-	0.00
Total purchases before transaction costs	362,857	109		1,753		2	
Transaction costs	1,864						
Total purchases after commission, tax and fees	364,721						

	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
Analysis of total sales costs							
Equity transactions	310,488	90	0.03	-	0.00	-	0.00
Pooled investment vehicles	39,279	12	0.03	-	0.00	-	0.00
Total sales before transaction costs	349,767	102		-		-	
Transaction costs	(102)						
Total sales after commission, tax and fees	349,665						

Commissions, taxes and fees as % of average Net Assets

Commissions	0.02%
Taxes	0.19%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.08%, being the difference between the respective bid and offer prices for the Fund's investments.

For the year ended 15 January 2018	Purchases	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total purchases costs							
Equity transactions	447,263	259	0.06	680	0.15	1,346	0.30
Total purchases before transaction costs	447,263	259		680		1,346	
Transaction costs	2,285						
Total purchases after commission, tax and fees	449,548						

	Sales	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total sales costs							
Equity transactions	437,038	275	0.06	-	-	-	-
Total sales before transaction costs	437,038	275		-		-	
Transaction costs	(275)						
Total sales after commission, tax and fees	436,763						

Commissions, taxes and fees as % of average Net Assets

Commissions 0.06%

Taxes 0.07%

Other expenses 0.14%

At the balance sheet date the portfolio dealing spread was 0.05%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

16. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 January 2019

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	853,032	-	-	853,032
	853,032	-	-	853,032

For the year ended 15 January 2018

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	966,338	-	-	966,338
	966,338	-	-	966,338

17. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 January 2019 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £85,303,197 (15.1.18: £96,633,813).

Currency risk sensitivity:

If the exchange rate at 15 January 2019 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £3,297,075 (15.1.18: £3,981,656).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.1.18: no significant exposure).

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 year the FTSE All Share fell by 7.5%. The Consumer Staples and Financial sectors were the worst performers, whilst Healthcare advanced. Over the same time the Fund underperformed the index.

Allocation effects, residual to stock selection, were negative given an underweight exposure to Healthcare and overweight exposure to Technology. Partially offsetting this was an underweight exposure to Consumer Staples.

At the stock level, detractors from relative performance included Shire, a position not held in the portfolio, which advanced on news that Japan's Takeda was considering the company as an acquisition target. Furthermore, British American Tobacco fell during the year as the FDA issued an advanced notice stating that it was developing a standard to set maximum nicotine levels in cigarettes, and it was considering a ban on menthol cigarettes.

Contributors included Microsoft, which delivered stellar returns and benefitted from analyst upgrades on the back of cloud growth. Additionally, BHP performed well as Chinese policymakers pledged to invest more heavily in infrastructure, spurring demand for metals. The stock was also buoyed by the declaration of a special dividend with the net proceeds from the sale of its onshore US assets not returned via an off-market buy-back.

During the year major purchases included British American Tobacco, Ryanair Holdings, and Antofagasta, whilst Imperial Brands, Rio Tinto and Centrica were sold.

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 year under review, the value of the shares in the Fund decreased by 11.17%.

(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 January 2019

	Retail Income	Retail Accumulation	Income C	Accumulation C
Price	287.3p xd	601.0p	304.9p xd	628.4p
Distribution payable (on 15 March 2019) per share net	6.151391p	12.591597p	6.513262p	13.136883p
Current net estimated yield	4.64%	4.49%	4.63%	4.48%
Annual ACD charge	1.50%	1.50%	0.80%	0.80%

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Oil & Gas - 15.85% (13.79%)			
BP	2,381,770	12,447	7.75
John Wood Group	221,863	1,264	0.79
Royal Dutch Shell A	496,938	11,755	7.31
Total Oil & Gas		25,466	15.85
Basic Materials - 7.94% (8.68%)			
Antofagasta	261,664	2,162	1.35
BHP Group	358,815	5,787	3.60
Croda International	53,389	2,617	1.63
Rio Tinto	56,114	2,190	1.36
Total Basic Materials		12,756	7.94
Industrials - 15.55% (9.67%)			
BAE Systems	852,170	4,309	2.68
Coats Group	4,104,153	3,480	2.17
DCC (London listed)	43,966	2,816	1.75
Essentra	634,766	2,328	1.45
Ferguson	86,886	4,564	2.84
Ibstock	985,140	2,282	1.42
Rentokil Initial	770,174	2,636	1.64
Smiths Group	93,874	1,348	0.84
Weir Group	87,846	1,218	0.76
Total Industrials		24,981	15.55
Consumer Goods - 9.76% (11.35%)			
British American Tobacco	247,180	6,189	3.85
Diageo	76,497	2,106	1.31
Unilever	180,986	7,381	4.60
Total Consumer Goods		15,676	9.76
Healthcare - 9.17% (6.61%)			
AstraZeneca	95,844	5,325	3.31
GlaxoSmithKline	624,329	9,419	5.86
Total Healthcare		14,744	9.17
Consumer Services - 12.16% (14.44%)			
Ascential	547,619	2,160	1.34
Card Factory	568,161	964	0.60
Compass Group	242,662	4,020	2.50
Halfords Group	378,776	873	0.54
Informa	380,953	2,463	1.53
SSP	187,176	1,295	0.81
Tesco	624,977	1,363	0.85
Ryanair Holdings	217,370	1,942	1.21
WHSmith	133,900	2,488	1.55
Wolters Kluwer certificates	41,701	1,971	1.23
Total Consumer Services		19,539	12.16

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Telecommunications - 3.90% (6.31%)			
BT Group	1,391,851	3,201	1.99
Vodafone Group	2,067,846	3,073	1.91
Total Telecommunications		6,274	3.90
Utilities - 1.00% (2.56%)			
Centrica	1,194,423	1,609	1.00
Total Utilities		1,609	1.00
Financials - 21.39% (20.95%)			
Ashmore Group	685,054	2,546	1.58
Aviva	1,172,735	4,706	2.93
Barclays	2,842,294	4,521	2.81
Great Portland Estates	167,626	1,168	0.73
+HSBC Holdings (London listed)	1,390,638	8,921	5.55
Land Securities	119,940	1,040	0.65
Prudential	394,002	5,707	3.55
Royal Bank of Scotland	2,002,499	4,604	2.87
Segro REIT	186,581	1,161	0.72
Total Financials		34,374	21.39
Technology - 3.04% (4.63%)			
Microsoft	25,284	2,073	1.29
Sage Group	467,097	2,818	1.75
Total Technology		4,891	3.04
Portfolio of investments		160,310	99.76
Net other assets		387	0.24
Net assets		160,697	100.00
+related party			

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

Unless otherwise stated, all investments are listed equities.

Comparative Tables

for the year ended 15 January 2019

Retail Income	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	339.20p	332.20p	294.20p
Return before operating charges*	(32.25p)	26.52p	55.82p
Operating charges**	(5.21p)	(5.49p)	(5.16p)
Return after operating charges*	(37.46p)	21.03p	50.66p
Distributions on income share	(13.34p)	(14.03p)	(12.66p)
Closing net asset value per share	288.40p	339.20p	332.20p
*after direct transaction costs of:***	0.50p	0.65p	0.72p
Performance			
Return after charges	(11.04%)	6.33%	17.22%
Other information			
Closing net asset value	£24,275,916	£31,206,198	£86,047,755
Closing number of shares	8,419,023	9,199,673	25,905,632
Operating charges - OCF	1.64%	1.64%	1.65%
Direct transaction costs	0.16%	0.19%	0.23%
Prices			
Highest share price	343.30p	351.10p	336.50p
Lowest share price	282.10p	320.40p	277.30p

Retail Accumulation	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	679.90p	638.90p	544.20p
Return before operating charges*	(66.14p)	51.74p	104.35p
Operating charges**	(10.56p)	(10.74p)	(9.65p)
Return after operating charges*	(76.70p)	41.00p	94.70p
Distributions on accumulation share	(27.01p)	(27.27p)	(23.64p)
Retained distributions on accumulation share	27.01p	27.27p	23.64p
Closing net asset value per share	603.20p	679.90p	638.90p
*after direct transaction costs of:***	1.01p	1.26p	1.34p
Performance			
Return after charges	(11.28%)	6.42%	17.40%
Other information			
Closing net asset value	£23,496,912	£28,889,810	£29,256,983
Closing number of shares	3,895,321	4,248,891	4,579,147
Operating charges - OCF	1.64%	1.64%	1.65%
Direct transaction costs	0.16%	0.19%	0.23%
Prices			
Highest share price	688.20p	680.90p	637.10p
Lowest share price	577.90p	616.40p	513.00p

**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 Tables

for the year ended 15 January 2019

Income C	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	357.50p	347.50p	305.50p
Return before operating charges*	(34.22p)	27.98p	58.19p
Operating charges**	(3.08p)	(3.25p)	(3.01p)
Return after operating charges*	(37.30p)	24.73p	55.18p
Distributions on income share	(14.10p)	(14.73p)	(13.18p)
Closing net asset value per share	306.10p	357.50p	347.50p
*after direct transaction costs of:***	0.53p	0.68p	0.75p
Performance			
Return after charges	(10.43%)	7.12%	18.06%
Other information			
Closing net asset value	£109,758,435	£136,121,021	£88,135,106
Closing number of shares	35,857,580	38,080,690	25,364,248
Operating charges - OCF	0.92%	0.92%	0.92%
Direct transaction costs	0.16%	0.19%	0.23%
Prices			
Highest share price	362.70p	368.30p	352.00p
Lowest share price	299.40p	335.30p	288.20p

Accumulation C	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	705.80p	658.40p	556.70p
Return before operating charges*	(68.95p)	53.61p	107.25p
Operating charges**	(6.15p)	(6.21p)	(5.55p)
Return after operating charges*	(75.10p)	47.40p	101.70p
Distributions on accumulation share	(28.13p)	(28.19p)	(24.26p)
Retained distributions on accumulation share	28.13p	28.19p	24.26p
Closing net asset value per share	630.70p	705.80p	658.40p
*after direct transaction costs of:***	1.05p	1.30p	1.37p
Performance			
Return after charges	(10.64%)	7.20%	18.27%
Other information			
Closing net asset value	£3,165,579	£3,950,725	£3,777,705
Closing number of shares	501,914	559,760	573,754
Operating charges - OCF	0.92%	0.92%	0.92%
Direct transaction costs	0.16%	0.19%	0.23%
Prices			
Highest share price	716.10p	706.80p	656.50p
Lowest share price	604.00p	635.40p	525.10p

**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 year ended 15 January 2019

	Notes	15.1.19		15.1.18	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(26,080)		7,428
Revenue	3	7,751		8,630	
Expenses	4	(2,052)		(2,581)	
Net revenue before taxation		5,699		6,049	
Taxation	5	(83)		(98)	
Net revenue after taxation			5,616		5,951
Total (deficit)/return before distributions			(20,464)		13,379
Distributions	6		(7,638)		(8,496)
Change in net assets attributable to shareholders from investment activities			(28,102)		4,883

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2019

	15.1.19		15.1.18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		200,168		207,218
Amounts receivable on creation of shares	4,752		5,663	
Amounts payable on cancellation of shares	(17,358)		(18,953)	
		(12,606)		(13,290)
Dilution adjustment		13		16
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(28,102)		4,883
Retained distribution on accumulation shares		1,224		1,341
Closing net assets attributable to shareholders		160,697		200,168

Balance Sheet

as at 15 January 2019

	Notes	15.1.19		15.1.18	
		£'000	£'000	£'000	£'000
Assets					
Investments			160,310		198,143
Current assets					
Debtors	8	982		3,310	
Cash and bank balances		3,336		1,875	
Total current assets			4,318		5,185
Total assets			164,628		203,328
Liabilities					
Creditors					
Distribution payable on income shares		(2,853)		(2,921)	
Other creditors	9	(1,078)		(239)	
Total liabilities			(3,931)		(3,160)
Net assets attributable to shareholders			160,697		200,168

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 July 2018				
Group 2: Shares purchased from 16 July 2018 to 15 January 2019				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.19</i>	<i>Distribution paid 15.3.18</i>
Retail Income				
Group 1	6.151391	-	6.151391	5.933895
Group 2	1.354356	4.797035	6.151391	5.933895
Retail Accumulation				
Group 1	12.591597	-	12.591597	11.681156
Group 2	5.171192	7.420405	12.591597	11.681156
Income C				
Group 1	6.513262	-	6.513262	6.236187
Group 2	2.867352	3.645910	6.513262	6.236187
Accumulation C				
Group 1	13.136883	-	13.136883	12.090075
Group 2	3.277560	9.859323	13.136883	12.090075

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 paid 15.9.18</i>	<i>Distribution paid 15.9.17</i>
Retail Income				
Group 1	7.190000	-	7.190000	8.100000
Group 2	1.080000	6.110000	7.190000	8.100000
Retail Accumulation				
Group 1	14.420000	-	14.420000	15.590000
Group 2	5.120000	9.300000	14.420000	15.590000
Income C				
Group 1	7.590000	-	7.590000	8.490000
Group 2	4.010000	3.580000	7.590000	8.490000
Accumulation C				
Group 1	14.990000	-	14.990000	16.100000
Group 2	8.890000	6.100000	14.990000	16.100000

Notes to the Financial Statements

for the year ended 15 January 2019

	15.1.19 £'000	15.1.18 £'000
1. Accounting Policies		
The accounting policies are set out on pages 10 and 11.		
2. Net Capital (Losses)/Gains		
The net capital (losses)/gains during the year comprise:		
Currency (losses)/gains	(1)	17
Transaction (charges)/rebates	(3)	15
Capital special dividends	589	-
(Losses)/gains on non-derivative securities	(26,665)	7,396
Net capital (losses)/gains	(26,080)	7,428
3. Revenue		
UK dividends (net)	6,679	7,483
Property investment income	17	-
Overseas dividends	1,050	1,146
Bank interest	5	1
Total revenue	7,751	8,630
4. Expenses		
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
Authorised Corporate Director's charge	1,827	2,319
Registration fee	195	227
Safe custody fee	3	3
	2,025	2,549
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	22	24
Other expenses:		
Audit fee	5	6
Report and accounts fee	-	2
	5	8
Total expenses	2,052	2,581

15.1.19 15.1.18
£'000 £'000

5. Taxation

a) Analysis of charge in year:

Overseas tax	83	98
Total tax for the year (note 5b)	83	98

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

Net revenue before taxation	5,699	6,049
Corporation tax at 20%	1,140	1,210
Effects of:		
Revenue not subject to taxation	(1,546)	(1,726)
Current year expenses not utilised	406	516
Irrecoverable overseas tax	83	98
Current tax charge for the year (note 5a)	83	98

c) Provision for deferred taxation

At 15 January 2019, there is a potential deferred tax asset of £22,231,332 (15.1.18 : £21,825,271) in relation to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or prior year.

6. Distributions

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

Interim dividend distribution	4,085	4,862
Final dividend distribution	3,410	3,485
	7,495	8,347
Add: Amounts deducted on cancellation of shares	196	212
Deduct: Amounts received on issue of shares	(53)	(63)
Net distribution for the year	7,638	8,496

7. Movement Between Net Revenue and Distributions

Net revenue after taxation	5,616	5,951
Authorised Corporate Director's charge charged to capital	1,827	2,319
Registration fee charged to capital	195	227
Equalisation on conversions	-	(1)
Net distribution for the year	7,638	8,496

	15.1.19 £'000	15.1.18 £'000
8. Debtors		
Amounts receivable for creation of shares	3	150
Sales awaiting settlement	224	2,668
Accrued revenue	649	425
Overseas tax recoverable	106	67
Total debtors	982	3,310
9. Other Creditors		
Amounts payable for cancellation of shares	175	135
Purchases awaiting settlement	668	-
Accrued expenses	235	104
Total other creditors	1,078	239

10. Reconciliation of Shares

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.18	9,199,673	4,248,891	38,080,690	559,760
Share movements 16.1.18 to 15.1.19				
Shares issued	136,890	7,065	1,245,589	29,900
Shares cancelled	(767,694)	(336,775)	(3,614,063)	(108,686)
Shares converted	(149,846)	(23,860)	145,364	20,940
Closing shares issued at 15.1.19	8,419,023	3,895,321	35,857,580	501,914

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%
As at 15.1.19	0.83	0.00	0.00	0.00
As at 15.1.18	0.00	0.00	0.00	0.00

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net assets Attributable to Shareholders and the Portfolio Statement. The balance due to the ACD (including amounts due to associates and agents) at the year end was £399,458 (15.1.18: £79,028), further details of such amounts.

At the year end, the Fund held £8,920,943 (15.1.18: £11,126,083) in HSBC Holdings, the parent company of the ACD. During the year, transactions in HSBC Holdings totalled £764,502 (15.1.18: £2,989,957).

There were no shares held by the Trustee or its associates.

The following parties hold a material holding in the Fund as at the year end date:

Turnsonic (Nominees) Limited - 91.67% (15.1.18: 91.75%) of the Income C shares.

Turnsonic (Nominees) Limited - 36.25% (15.1.18: 39.99%) of the Accumulation C Shares.

There were no material holdings of the Retail Income shares (15.1.18: nil).

There were no material holdings of the Retail Accumulation shares (15.1.18: nil).

The ACD does not have information to determine if individuals' holdings within the nominee accounts are material. Related party transactions are disclosed within notes 3 and 4. Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set on pages 12 and 13.

Foreign Currency Risk

A portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets consist of:

	<i>Portfolio of investments</i>		<i>Net other (liabilities)/assets</i>		<i>Net assets</i>	
	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18
	£'000	£'000	£'000	£'000	£'000	£'000
Sterling*	154,324	192,939	(95)	1,756	154,229	194,695
Euro	3,913	2,704	158	250	4,071	2,954
Swiss franc	-	-	20	19	20	19
United States dollar	2,073	2,500	304	-	2,377	2,500
Total	160,310	198,143	387	2,025	160,697	200,168

*No currency risk as base currency.

Interest Rate Risk

At the year end, 2.08% (15.1.18: 0.94%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has a retail share class and C share class.

The annual ACD charge on the retail share class is 1.50% and 0.80% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 68 to 69. The distribution per share class is given in the Distribution Tables on page 71. All share classes within the OEIC have the same rights on winding up.

14. Contingent Liabilities and Commitments

At the year end the Fund had no contingent liabilities or commitments (15.1.18: none).

15. Portfolio Transaction Costs

For the year ended 15 January 2019	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
Analysis of total purchases costs							
Equity transactions	46,115	14	0.03	249	0.54	-	-
Pooled investment vehicles	9,798	3	0.03	-	-	-	-
Total purchases before transaction costs	55,913	17		249		-	
Transaction costs	266						
Total purchases after commission, tax and fees	56,179						

	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
Analysis of total sales costs							
Equity transactions	57,130	16	0.03	-	-	-	-
Pooled investment vehicles	9,936	3	0.03	-	-	-	-
Corporate actions	301						
Total sales before transaction costs	67,367	-	-	-	-	-	-
Transaction costs	(19)	19		-		-	
Total sales after commission, tax and fees	67,348						

Commissions, taxes and fees as % of average Net Assets

Commissions	0.02%
Taxes	0.14%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.07%, being the difference between the respective bid and offer prices for the Fund's investments.

For the year ended 15 January 2018	Purchases	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total purchases costs							
Equity transactions	67,086	37	0.06	93	0.14	208	0.31
Total purchases before transaction costs	67,086						
Transaction costs	338						
Total purchases after commission, tax and fees	67,424						

	Sales	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total sales costs							
Equity transactions	81,215	51	0.06	-	-	-	-
Total sales before transaction costs	81,215						
Transaction costs	(51)						
Total sales after commission, tax and fees	81,164						

Commissions, taxes and fees as % of average Net Assets

Commissions	0.04%
Taxes	0.05%
Other expenses	0.10%

At the balance sheet date the portfolio dealing spread was 0.06%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

16. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 January 2019

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	160,310	-	-	160,310
	160,310	-	-	160,310

For the year ended 15 January 2018

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	198,143	-	-	198,143
	198,143	-	-	198,143

17. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 January 2019 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £16,030,972 (15.1.18: £19,814,288).

Currency risk sensitivity:

If the exchange rate at 15 January 2019 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £646,809 (15.1.18: £547,176).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.1.18: no significant exposure).

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 year the FTSE All Share fell by 7.5%. The Consumer Staples and Financial sectors were the worst performers, whilst Healthcare advanced. Over the same time the Fund underperformed the index.

Allocation effects, residual to stock selection, were negative given an underweight exposure to Healthcare and overweight exposure to Technology. Partially offsetting this was an underweight exposure to Consumer Staples.

At the stock level, detractors from relative performance included Shire, a position not held in the portfolio, which advanced on news that Japan's Takeda was considering the company as an acquisition target. Furthermore, British American Tobacco fell during the year as the FDA issued an advanced notice stating that it was developing a standard to set maximum nicotine levels in cigarettes, and it was considering a ban on menthol cigarettes.

Contributors included Microsoft, which delivered stellar returns and benefitted from analyst upgrades on the back of cloud growth. Additionally, BHP Group performed well as Chinese policymakers pledged to invest more heavily in infrastructure, spurring demand for metals. The stock was also buoyed by the declaration of a special dividend with the net proceeds from the sale of its onshore US assets not returned via an off-market buy-back.

During the year major purchases included Royal Bank of Scotland Group, Ryanair Holdings and British American Tobacco, whilst Imperial Brands, Rio Tinto and Vodafone Group were sold.

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 year under review, the value of the shares in the Fund decreased by 8.68%.

(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 January 2019

	Retail Income	Retail Accumulation	Income C	Accumulation C
Price	133.1p xd	280.6p	139.1p xd	290.6p
Distribution payable (on 15 February 2019) per share net	0.491597p	1.020408p	0.503422p	1.050559p
Current net estimated yield	4.28%	4.18%	4.27%	4.16%
Annual ACD charge	1.25%	1.25%	0.55%	0.55%

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
UNITED KINGDOM - 76.09% (77.79%)			
Government Bonds - 2.26% (2.17%)			
Treasury 1.625% 22/10/2028	£250,000	258	0.19
Treasury 3.25% 22/1/2044	£600,000	776	0.58
Treasury 3.5% 22/1/2045	£900,000	1,218	0.92
Treasury 3.75% 22/7/2052	£500,000	758	0.57
Total Government Bonds		3,010	2.26
Corporate Bonds - 8.38% (8.28%)			
Aviva 6.625% variable rate 3/6/2041	£450,000	486	0.37
Barclays Bank 10% 21/5/2021	£800,000	916	0.69
BAT International 7.25% 12/3/2024	£500,000	604	0.45
Centrica 4.375% 13/3/2029	£281,000	311	0.23
Eastern Power Networks 5.75% 8/3/2024	£891,000	1,035	0.78
Hammerson 6% 23/2/2026	£500,000	567	0.43
Imperial Brands 4.875% 7/6/2032	£112,000	122	0.09
Imperial Brands 8.125% 15/3/2024	£500,000	621	0.47
Legal and General Group 5.5% variable rate 27/6/2064	£221,000	212	0.16
Manchester Airport Group Funding 4.75% 31/3/2034	£317,000	379	0.28
Morrison (WM) Supermarkets 4.75% 4/7/2029	£293,000	331	0.25
Prudential 5.7% variable rate 19/12/2063	£300,000	326	0.25
RL Finance No.2 6.125% variable rate 30/11/2043	£250,000	271	0.20
Severn Trent Water Utilities 3.625% 16/1/2026	£633,000	673	0.51
Southern Gas 4.875% 21/12/2020	£624,000	662	0.50
SSE 3.875% variable rate perpetual	£178,000	177	0.13
Standard Life 5.5% variable rate 4/12/2042	£575,000	628	0.47
Tesco Property Finance 5.4111% 13/7/2044	£500,000	533	0.40
United Utilities 5.625% 20/12/2027	£430,000	537	0.40
Vodafone Group 5.625% 4/12/2025	£250,000	299	0.22
Western Power Distribution 3.875% 17/10/2024	£755,000	813	0.61
Zurich Finance 6.625% variable rate perpetual	£600,000	656	0.49
Total Corporate Bonds		11,159	8.38
Permanent Interest Bearing Securities - 0.56% (0.50%)			
Leeds Building Society 13.375% perpetual	£380,000	741	0.56
Total Permanent Interest Bearing Securities		741	0.56
Oil & Gas - 11.06% (10.06%)			
BP	1,382,294	7,224	5.42
John Wood Group	128,326	731	0.55
Royal Dutch Shell A	286,511	6,777	5.09
Total Oil & Gas		14,732	11.06

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Basic Materials - 5.53% (6.15%)			
Antofagasta	150,160	1,241	0.93
BHP Group	211,189	3,406	2.56
Croda International	30,042	1,473	1.11
Rio Tinto	31,915	1,245	0.93
Total Basic Materials		7,365	5.53
Industrials - 7.72% (6.16%)			
BAE Systems	493,293	2,494	1.87
Coats Group	2,377,207	2,016	1.52
Essentra	367,669	1,349	1.01
Ibstock	618,553	1,433	1.08
Rentokil Initial	440,245	1,507	1.13
Smiths Group	54,020	775	0.58
Weir Group	51,103	708	0.53
Total Industrials		10,282	7.72
Consumer Goods - 7.03% (8.36%)			
British American Tobacco	143,102	3,583	2.69
Diageo	46,723	1,287	0.97
Unilever	110,161	4,493	3.37
Total Consumer Goods		9,363	7.03
Healthcare - 6.54% (4.69%)			
AstraZeneca	56,729	3,152	2.37
GlaxoSmithKline	367,977	5,551	4.17
Total Healthcare		8,703	6.54
Consumer Services - 6.84% (7.58%)			
Ascential	320,188	1,263	0.95
Card Factory	325,826	553	0.41
Compass Group	139,295	2,307	1.73
Halfords Group	202,138	466	0.35
Informa	218,787	1,415	1.06
SSP Group	108,888	753	0.57
Tesco	413,616	902	0.68
WHSmith	77,808	1,446	1.09
Total Consumer Services		9,105	6.84
Telecommunications - 2.85% (4.93%)			
BT Group	830,634	1,910	1.43
Vodafone Group	1,267,874	1,884	1.42
Total Telecommunications		3,794	2.85

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Utilities - 0.70% (1.82%)			
Centrica	691,412	931	0.70
Total Utilities		931	0.70
Financials - 15.40% (14.62%)			
Ashmore Group	394,225	1,465	1.10
Aviva	684,955	2,749	2.07
Barclays	1,646,374	2,619	1.97
Great Portland Estates	98,001	683	0.51
+HSBC Holdings (London listed)	872,102	5,595	4.20
Land Securities	81,607	708	0.53
Prudential	232,177	3,363	2.53
Royal Bank of Scotland Group	1,148,721	2,641	1.98
Segro REIT	109,481	681	0.51
Total Financials		20,504	15.40
Technology - 1.22% (2.47%)			
Sage Group	270,387	1,631	1.22
Total Technology		1,631	1.22
Total United Kingdom		101,320	76.09
UNITED STATES - 3.40% (3.84%)			
Corporate Bonds - 2.51% (3.01%)			
AT&T 4.25% 1/6/2043	£600,000	605	0.46
AT&T 5.2% 18/11/2033	£200,000	231	0.17
Goldman Sachs Group 4.25% 29/1/2026	£761,000	814	0.61
Metlife Global 2.875% 11/1/2023	£750,000	782	0.59
Time Warner Cable 5.25% 15/7/2042	£300,000	323	0.24
Wells Fargo & Co. 4.875% 29/11/2035	£500,000	588	0.44
Total Corporate Bonds		3,343	2.51
Technology - 0.89% (0.83%)			
Microsoft	14,498	1,189	0.89
Total Technology		1,189	0.89
Total United States		4,532	3.40
AUSTRALIA - 0.86% (0.72%)			
Corporate Bonds - 0.86% (0.72%)			
APT Pipelines 4.25% 26/11/2024	£420,000	452	0.34
BHP Billiton Finance 6.5% variable rate 22/10/2077	£117,000	130	0.10
Macquarie Bank 3.5% 18/12/2020	£545,000	562	0.42
Total Corporate Bonds		1,144	0.86
Total Australia		1,144	0.86

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
BELGIUM - 0.19% (0.16%)			
Corporate Bonds - 0.19% (0.16%)			
Anheuser-Busch Inbev 4% 24/9/2025	£230,000	249	0.19
Total Corporate Bonds		249	0.19
Total Belgium		249	0.19
BERMUDA - 0.00% (0.99%)			
CAYMAN ISLANDS - 1.11% (1.35%)			
Corporate Bonds - 1.11% (1.35%)			
Affinity Water Programme Finance 4.5% 31/3/2036	£300,000	370	0.28
Yorkshire Power 7.25% 4/8/2028	£800,000	1,112	0.83
Total Corporate Bonds		1,482	1.11
Total Cayman Islands		1,482	1.11
CHANNEL ISLANDS - 3.10% (2.96%)			
Corporate Bonds - 1.08% (0.94%)			
Credit Suisse Funding Limited 3% 27/5/2022	£361,000	368	0.28
Gatwick Funding Limited 6.5% 2/3/2043	£109,000	158	0.12
Heathrow Funding 4.625% 31/10/2046	£500,000	599	0.45
Heathrow Funding 7.125% 14/2/2024	£260,000	311	0.23
Total Corporate Bonds		1,436	1.08
Industrials - 2.02% (2.02%)			
Ferguson	51,305	2,695	2.02
Total Industrials		2,695	2.02
Total Channel Islands		4,131	3.10
FRANCE - 3.48% (3.98%)			
Corporate Bonds - 3.48% (3.98%)			
AXA 5.625% variable rate 16/1/2054	£800,000	836	0.63
Bouygues 5.5% 6/10/2026	£500,000	591	0.44
BPCE 5.25% 16/4/2029	£500,000	570	0.43
Electricite de France 5.5% 17/10/2041	£400,000	501	0.38
Electricite de France 5.875% variable rate perpetual	£200,000	189	0.14
Electricite de France 6% variable rate perpetual	£600,000	591	0.44
Electricite de France 6% 23/1/2114	£400,000	518	0.39
Orange 5.875% variable rate perpetual	£571,000	607	0.46
Saint-Gobain 5.625% 15/11/2024	£200,000	233	0.17
Total Corporate Bonds		4,636	3.48
Total France		4,636	3.48

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
GERMANY - 0.00% (0.31%)			
IRELAND - 3.47% (2.06%)			
Corporate Bonds - 1.38% (1.25%)			
GE Capital UK Funding 4.125% 13/9/2023	£1,800,000	1,840	1.38
Total Corporate Bonds		1,840	1.38
Industrials - 1.23% (0.81%)			
DCC (London listed)	25,467	1,631	1.23
Total Industrials		1,631	1.23
Consumer Services - 0.86% (0.00%)			
Ryanair Holdings	127,145	1,143	0.86
Total Consumer Services		1,143	0.86
Total Ireland		4,614	3.47
ITALY - 0.76% (0.68%)			
Corporate Bonds - 0.76% (0.68%)			
Enel Spa 6.625% variable rate 15/9/2076	£400,000	419	0.31
Leonardo Finmeccanica 8% 16/12/2019	£325,000	340	0.26
Telecom Italia 5.875% 19/5/2023	£250,000	259	0.19
Total Corporate Bonds		1,018	0.76
Total Italy		1,018	0.76
LUXEMBOURG - 0.21% (0.50%)			
Corporate Bonds - 0.21% (0.50%)			
Glencore Finance Europe 5.5% 3/4/2022	£250,000	275	0.21
Total Corporate Bonds		275	0.21
Total Luxembourg		275	0.21
MEXICO - 0.45% (0.42%)			
Government Bonds - 0.45% (0.42%)			
United Mexican States 5.625% 19/3/2114	£621,000	605	0.45
Total Government Bonds		605	0.45
Total Mexico		605	0.45
NETHERLANDS - 1.60% (2.05%)			
Corporate Bonds - 0.75% (1.12%)			
Deutsche Telekom 8.875% 27/11/2028	£250,000	375	0.28
Petrobras Global Finance 6.625% 16/1/2034	£200,000	203	0.15
Petrobras International Finance 6.25% 14/12/2026	£400,000	417	0.32
Total Corporate Bonds		995	0.75

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Consumer Services - 0.85% (0.93%)			
Wolters Kluwer Certificates	23,865	1,128	0.85
Total Consumer Services		1,128	0.85
Total Netherlands		2,123	1.60

FORWARD FOREIGN EXCHANGE CONTRACTS - 0.00% (0.01%)

Portfolio of investments	126,129	94.72
Net other assets	7,032	5.28
Net assets	133,161	100.00

+related party

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

Unless otherwise stated, all investments are listed securities.

Comparative Tables

for the year ended 15 January 2019

Retail Income	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	152.20p	148.90p	133.70p
Return before operating charges*	(11.10p)	11.39p	22.78p
Operating charges**	(2.00p)	(2.09p)	(1.99p)
Return after operating charges*	(13.10p)	9.30p	20.79p
Distributions on income share	(5.70p)	(6.00p)	(5.59p)
Closing net asset value per share	133.40p	152.20p	148.90p
*after direct transaction costs of:***	0.17p	0.20p	0.24p
Performance			
Return after charges	(8.61 %)	6.25%	15.55%
Other information			
Closing net asset value	£18,589,511	£22,932,128	£50,759,834
Closing number of shares	13,937,463	15,068,891	34,088,932
Operating charges - OCF	1.40%	1.40%	1.40%
Direct transaction costs	0.12%	0.13%	0.17%
Prices			
Highest share price	152.10p	155.10p	150.90p
Lowest share price	129.60p	144.80p	128.20p

Retail Accumulation	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	308.30p	289.90p	250.30p
Return before operating charges*	(22.98p)	22.54p	43.38p
Operating charges**	(4.12p)	(4.14p)	(3.78p)
Return after operating charges*	(27.10p)	18.40p	39.60p
Distributions on accumulation share	(11.72p)	(11.83p)	(10.63p)
Retained distributions on accumulation share	11.72p	11.83p	10.63p
Closing net asset value per share	281.20p	308.30p	289.90p
*after direct transaction costs of:***	0.36p	0.39p	0.46p
Performance			
Return after charges	(8.79%)	6.35%	15.82%
Other information			
Closing net asset value	£8,549,003	£10,140,062	£14,072,775
Closing number of shares	3,039,760	3,289,331	4,854,592
Operating charges - OCF	1.40%	1.40%	1.40%
Direct transaction costs	0.12%	0.13%	0.17%
Prices			
Highest share price	309.60p	308.90p	289.50p
Lowest share price	272.30p	281.80p	240.10p

**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 Tables

for the year ended 15 January 2019

Income C	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	158.10p	153.90p	137.10p
Return before operating charges*	(11.76p)	11.52p	23.54p
Operating charges**	(1.00p)	(1.05p)	(0.98p)
Return after operating charges*	(12.76p)	10.47p	22.56p
Distributions on income share	(5.94p)	(6.27p)	(5.76p)
Closing net asset value per share	139.40p	158.10p	153.90p
*after direct transaction costs of:***	0.18p	0.21p	0.25p
Performance			
Return after charges	(8.07%)	6.80%	16.45%
Other information			
Closing net asset value	£96,217,172	£118,517,015	£99,928,571
Closing number of shares	69,006,532	74,964,152	64,945,557
Operating charges - OCF	0.67%	0.68%	0.67%
Direct transaction costs	0.12%	0.13%	0.17%
Prices			
Highest share price	158.00p	160.70p	155.60p
Lowest share price	135.50p	149.60p	131.70p

Accumulation C	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	317.50p	296.80p	254.40p
Return before operating charges*	(24.16p)	22.77p	44.25p
Operating charges**	(2.04p)	(2.07p)	(1.85p)
Return after operating charges*	(26.20p)	20.70p	42.40p
Distributions on accumulation share	(12.10p)	(12.09p)	(10.84p)
Retained distributions on accumulation share	12.10p	12.09p	10.84p
Closing net asset value per share	291.30p	317.50p	296.80p
*after direct transaction costs of:***	0.37p	0.40p	0.47p
Performance			
Return after charges	(8.25%)	6.97%	16.67%
Other information			
Closing net asset value	£9,805,582	£11,844,702	£8,983,943
Closing number of shares	3,366,692	3,730,981	3,026,833
Operating charges - OCF	0.67%	0.68%	0.67%
Direct transaction costs	0.12%	0.13%	0.17%
Prices			
Highest share price	319.50p	318.10p	296.10p
Lowest share price	281.90p	288.70p	244.40p

**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 year ended 15 January 2019

		15.1.19		15.1.18	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(17,709)		5,564
Revenue	3	6,217		7,104	
Expenses	4	(1,209)		(1,536)	
Net revenue before taxation		5,008		5,568	
Taxation	5	(122)		(133)	
Net revenue after taxation			4,886		5,435
Total (deficit)/return before distributions			(12,823)		10,999
Distributions	6		(5,920)		(6,743)
Change in net assets attributable to shareholders from investment activities			(18,743)		4,256

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2019

	15.1.19		15.1.18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		163,434		173,745
Amounts receivable on creation of shares	2,365		4,551	
Amounts payable on cancellation of shares	(14,690)		(19,951)	
		(12,325)		(15,400)
Dilution adjustment		-		(45)
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(18,743)		4,256
Retained distribution on accumulation shares		795		878
Closing net assets attributable to shareholders		133,161		163,434

Balance Sheet

as at 15 January 2019

		15.1.19		15.1.18	
	Notes	£'000	£'000	£'000	£'000
Assets					
Investments			126,129		159,866
Current assets					
Debtors	8	1,509		1,458	
Cash and bank balances		6,658		3,397	
Total current assets			8,167		4,855
Total assets			134,296		164,721
Liabilities					
Creditors					
Distribution payable on income shares		(416)		(1,004)	
Other creditors	9	(719)		(283)	
Total liabilities			(1,135)		(1,287)
Net assets attributable to shareholders			133,161		163,434

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 December 2018				
Group 2: Shares purchased from 16 December 2018 to 15 January 2019				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.2.19</i>	<i>Distribution paid 15.2.18</i>
Retail Income				
Group 1	0.491597	-	0.491597	1.376347
Group 2	0.083711	0.407886	0.491597	1.376347
Retail Accumulation				
Group 1	1.020408	-	1.020408	2.180631
Group 2	0.170126	0.850282	1.020408	2.180631
Income C				
Group 1	0.503422	-	0.503422	1.062262
Group 2	0.205607	0.297815	0.503422	1.062262
Accumulation C				
Group 1	1.050559	-	1.050559	2.355549
Group 2	0.308012	0.742547	1.050559	2.355549

Group 1: Shares purchased prior to 16 November 2018				
Group 2: Shares purchased from 16 November 2018 to 15 December 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.1.19</i>	<i>Distribution paid 15.1.18</i>
Retail Income				
Group 1	0.360000	-	0.360000	0.420000
Group 2	0.000000	0.360000	0.360000	0.420000
Retail Accumulation				
Group 1	0.750000	-	0.750000	0.900000
Group 2	0.000000	0.750000	0.750000	0.900000
Income C				
Group 1	0.380000	-	0.380000	0.500000
Group 2	0.000000	0.380000	0.380000	0.500000
Accumulation C				
Group 1	0.790000	-	0.790000	0.950000
Group 2	0.000000	0.790000	0.790000	0.950000

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 October 2018				
Group 2: Shares purchased from 16 October 2018 to 15 November 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.12.18</i>	<i>Distribution paid 15.12.17</i>
Retail Income				
Group 1	0.590000	-	0.590000	0.420000
Group 2	0.000000	0.590000	0.590000	0.420000
Retail Accumulation				
Group 1	1.240000	-	1.240000	0.900000
Group 2	0.130000	1.110000	1.240000	0.900000
Income C				
Group 1	0.630000	-	0.630000	0.500000
Group 2	0.210000	0.420000	0.630000	0.500000
Accumulation C				
Group 1	1.280000	-	1.280000	0.950000
Group 2	0.470000	0.810000	1.280000	0.950000

Group 1: Shares purchased prior to 16 September 2018				
Group 2: Shares purchased from 16 September 2018 to 15 October 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.11.18</i>	<i>Distribution paid 15.11.17</i>
Retail Income				
Group 1	0.530000	-	0.530000	0.420000
Group 2	0.000000	0.530000	0.530000	0.420000
Retail Accumulation				
Group 1	1.100000	-	1.100000	0.900000
Group 2	0.000000	1.100000	1.100000	0.900000
Income C				
Group 1	0.550000	-	0.550000	0.500000
Group 2	0.000000	0.550000	0.550000	0.500000
Accumulation C				
Group 1	1.130000	-	1.130000	0.950000
Group 2	0.000000	1.130000	1.130000	0.950000

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 August 2018				
Group 2: Shares purchased from 16 August 2018 to 15 September 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.10.18</i>	<i>Distribution paid 15.10.17</i>
Retail Income				
Group 1	0.590000	-	0.590000	0.420000
Group 2	0.000000	0.590000	0.590000	0.420000
Retail Accumulation				
Group 1	1.210000	-	1.210000	0.900000
Group 2	0.000000	1.210000	1.210000	0.900000
Income C				
Group 1	0.610000	-	0.610000	0.500000
Group 2	0.000000	0.610000	0.610000	0.500000
Accumulation C				
Group 1	1.250000	-	1.250000	0.950000
Group 2	0.000000	1.250000	1.250000	0.950000

Group 1: Shares purchased prior to 16 July 2018				
Group 2: Shares purchased from 16 July 2018 to 15 August 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.9.18</i>	<i>Distribution paid 15.9.17</i>
Retail Income				
Group 1	0.610000	-	0.610000	0.420000
Group 2	0.010000	0.600000	0.610000	0.420000
Retail Accumulation				
Group 1	1.260000	-	1.260000	0.900000
Group 2	0.050000	1.210000	1.260000	0.900000
Income C				
Group 1	0.640000	-	0.640000	0.500000
Group 2	0.100000	0.540000	0.640000	0.500000
Accumulation C				
Group 1	1.310000	-	1.310000	0.950000
Group 2	0.000000	1.310000	1.310000	0.950000

Distribution Tables (pence per share)

for the year ended 15 January 2019

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 paid 15.8.18</i>	<i>Distribution paid 15.8.17</i>
Retail Income				
Group 1	0.480000	-	0.480000	0.420000
Group 2	0.000000	0.480000	0.480000	0.420000
Retail Accumulation				
Group 1	0.970000	-	0.970000	0.900000
Group 2	0.000000	0.970000	0.970000	0.900000
Income C				
Group 1	0.500000	-	0.500000	0.500000
Group 2	0.000000	0.500000	0.500000	0.500000
Accumulation C				
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>
Retail Income				
Group 1	0.500000	-	0.500000	0.440000
Group 2	0.000000	0.500000	0.500000	0.440000
Retail Accumulation				
Group 1	1.020000	-	1.020000	0.920000
Group 2	0.000000	1.020000	1.020000	0.920000
Income C				
Group 1	0.530000	-	0.530000	0.500000
Group 2	0.000000	0.530000	0.530000	0.500000
Accumulation C				
Group 1	1.070000	-	1.070000	0.890000
Group 2	0.000000	1.070000	1.070000	0.890000

Distribution Tables (pence per share)

for the year ended 15 January 2019

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>
Retail Income				
Group 1	0.520000	-	0.520000	0.460000
Group 2	0.000000	0.520000	0.520000	0.460000
Retail Accumulation				
Group 1	1.200000	-	1.200000	0.930000
Group 2	0.000000	1.200000	1.200000	0.930000
Income C				
Group 1	0.630000	-	0.630000	0.500000
Group 2	0.000000	0.630000	0.630000	0.500000
Accumulation C				
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>
Retail Income				
Group 1	0.240000	-	0.240000	0.500000
Group 2	0.000000	0.240000	0.240000	0.500000
Retail Accumulation				
Group 1	1.260000	-	1.260000	1.000000
Group 2	0.000000	1.260000	1.260000	1.000000
Income C				
Group 1	0.460000	-	0.460000	0.500000
Group 2	0.000000	0.460000	0.460000	0.500000
Accumulation C				
Group 1	0.920000	-	0.920000	0.920000
Group 2	0.000000	0.920000	0.920000	0.920000

Distribution Tables (pence per share)

for the year ended 15 January 2019

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>
Retail Income				
Group 1	0.590000	-	0.590000	0.500000
Group 2	0.000000	0.590000	0.590000	0.500000
Retail Accumulation				
Group 1	0.290000	-	0.290000	1.000000
Group 2	0.000000	0.290000	0.290000	1.000000
Income C				
Group 1	0.300000	-	0.300000	0.500000
Group 2	0.000000	0.300000	0.300000	0.500000
Accumulation C				
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>
Retail Income				
Group 1	0.200000	-	0.200000	0.200000
Group 2	0.040000	0.160000	0.200000	0.200000
Retail Accumulation				
Group 1	0.400000	-	0.400000	0.400000
Group 2	0.190000	0.210000	0.400000	0.400000
Income C				
Group 1	0.210000	-	0.210000	0.210000
Group 2	0.160000	0.050000	0.210000	0.210000
Accumulation C				
Group 1	0.410000	-	0.410000	0.410000
Group 2	0.050000	0.360000	0.410000	0.410000

Notes to the Financial Statements

for the year ended 15 January 2019

	15.1.19 £'000	15.1.18 £'000
1. Accounting Policies		
The accounting policies are set out on pages 10 and 11.		
2. Net Capital (Losses)/Gains		
The net capital (losses)/gains during the year comprise:		
Currency (losses)/gains	(40)	37
Transaction (charges)/rebates	(2)	9
Capital special dividends	347	-
(Losses)/gains on forward foreign currency contracts	(9)	72
(Losses)/gains on non-derivative securities	(18,005)	5,446
Net capital (losses)/gains	(17,709)	5,564
3. Revenue		
UK dividends (net)	4,002	4,513
Property investment income	10	-
Overseas dividends	642	685
Interest on bonds and other debt securities	1,557	1,904
Bank interest	6	2
Total revenue	6,217	7,104
4. Expenses		
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
Authorised Corporate Director's charge	1,024	1,318
Registration fee	156	183
Safe custody fee	6	7
	1,186	1,508
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	17	20
Other expenses:		
Audit fee	6	6
Report and accounts fee	-	2
	6	8
Total expenses	1,209	1,536

15.1.19
£'000

15.1.18
£'000

5. Taxation**a) Analysis of charge in year:**

Overseas tax	49	59
Total current tax charge for the year (note 5b)	49	59
Deferred tax (note 5c)	73	74
Total tax for the year (note 5b)	122	133

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

Net revenue before taxation	5,008	5,568
Corporation tax at 20%	1,002	1,114
Effects of:		
Revenue not subject to taxation	(929)	(1,040)
Irrecoverable overseas tax	49	59
Current tax charge for the year (note 5a)	122	133

c) Provision for deferred taxation

Provision at start of year	(286)	(360)
Deferred tax charge in profit and loss account for the year (note 5a)	73	74
Provision at end of year (note 5a)	(213)	(286)

6. Distributions

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

Interim dividend distribution	5,373	5,487
Final dividend distribution	482	1,163
	5,855	6,650
Add: Amounts deducted on cancellation of shares	74	125
Deduct: Amounts received on issue of shares	(9)	(32)
Net distribution for the year	5,920	6,743

7. Movement Between Net Revenue and Distributions

Net revenue after taxation	4,886	5,435
Authorised Corporate Director's charge charged to capital	1,024	1,318
Registration fee charged to capital	156	183
Effective yield transferred from capital	112	134
Tax relief on expenses transferred to capital	(331)	(401)
Deferred tax on non-qualifying offshore funds	73	74
Net distribution for the year	5,920	6,743

8. Debtors

Amounts receivable for creation of shares	23	-
Sales awaiting settlement	132	32
Accrued revenue	1,077	1,100
Overseas tax recoverable	64	40
Deferred tax asset	213	286
Total debtors	1,509	1,458

	15.1.19	15.1.18
	£'000	£'000
9. Other Creditors		
Amounts payable for cancellation of shares	183	218
Purchases awaiting settlement	394	-
Accrued expenses	142	65
Total other creditors	719	283

10. Reconciliation of Shares

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.18	15,068,891	3,289,331	74,964,152	3,730,981
Share movements 16.1.18 to 15.1.19				
Shares issued	76,565	29,655	1,300,964	95,789
Shares cancelled	(1,192,188)	(250,562)	(7,296,893)	(476,398)
Shares converted	(15,805)	(28,664)	38,309	16,320
Closing shares issued at 15.1.19	13,937,463	3,039,760	69,006,532	3,366,692

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held 0.00% (15.1.18: 0.00%) of the Fund's shares in issue.

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement. The balance due to the ACD (including amounts due to associates and agents) at the year end was £294,742 (15.1.18: £55,328), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £5,594,534 (15.1.18: £7,761,349) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £1,204,277 (15.1.18: £1,394,141).

There were no shares held by the Trustee or its associates.

The following party holds a material holding in the Fund as at the year end date:

Turnsonic (Nominees) Limited - 93.46% (15.1.18: 94.38%) of the Income C Shares.

Turnsonic (Nominees) Limited - 83.75% (15.1.18: 85.16%) of the Accumulation C Shares.

The ACD does not have information to determine if individuals' holdings within the nominee accounts are material. Related party transactions are disclosed within notes 3 and 4. Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements.

Net currency monetary assets consist of:

	<i>Portfolio of investments</i>		<i>Net other assets</i>		<i>Net assets</i>	
	15.1.19	<i>15.1.18</i>	15.1.19	<i>15.1.18</i>	15.1.19	<i>15.1.18</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Sterling*	122,669	156,187	6,747	3,421	129,416	159,608
Euro	2,271	1,518	94	131	2,365	1,649
Swiss franc	-	-	12	12	12	12
United States dollar	1,189	2,161	179	4	1,368	2,165
Total	126,129	159,866	7,032	3,568	133,161	163,434

*No currency risk as base currency.

Interest Rate Risk

The interest rate profile of the Fund's financial assets at 15 January 2019 was:

	<i>Floating rate financial assets**</i>		<i>Fixed rate financial assets</i>		<i>Financial assets not carrying interest</i>		<i>Total</i>	
	15.1.19	<i>15.1.18</i>	15.1.19	<i>15.1.18</i>	15.1.19	<i>15.1.18</i>	15.1.19	<i>15.1.18</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Sterling	12,184	12,682	26,407	31,417	90,825	115,509	129,416	159,608
Euro	-	-	-	-	2,365	1,649	2,365	1,649
Swiss franc	-	-	-	-	12	12	12	12
United States dollar	-	-	-	792	1,368	1,373	1,368	2,165
Total	12,184	12,682	26,407	32,209	94,570	118,543	133,161	163,434

**Floating rate interest was earned at rates based on LIBOR (London Interbank Offered Rate) or international equivalent.

	<i>Fixed rate financial assets weighted average interest rate</i>		<i>Fixed rate financial assets weighted average period for which rate is fixed</i>	
	15.1.19	<i>15.1.18</i>	15.1.19	<i>15.1.18</i>
	%	<i>%</i>	Years	<i>Years</i>
Sterling	3.04	2.43	14.90	15.32
United States dollar	-	4.06	-	4.92

The bond ratings for the portfolio at 15 January 2019 were:

	<i>Bid value £'000</i>	<i>Total net assets %</i>
Bond credit ratings*		
AA	3,010	2.26
AA-	782	0.59
A	1,218	0.91
A-	5,734	4.31
BBB+	11,454	8.60
BBB	4,020	3.02
BBB-	2,442	1.83
BB+	1,132	0.85
BB	780	0.58
BB-	620	0.47
Unrated	741	0.56
Total Bonds	31,933	23.98

*ratings supplied by Standard & Poor's

13. Shareholders' Funds

This Fund has a retail share class and a C share class.

The annual ACD charge on the retail share class is 1.25% and 0.55% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on page 86 to 87. The distribution per share class is given in the Distribution Tables on pages 89 to 94. All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

There were no derivatives held at year end.

Details of the individual contracts are shown on the Portfolio Statement on pages 81 to 85, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

Counterparty	<i>Forward Currency £'000</i>		<i>Total £'000</i>	
	2019	2018	2019	2018
UBS AG	-	16	-	16

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 January 2019, there was no collateral held in respect of the above derivatives (15.1.18: nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.18: none).

16. Portfolio Transaction Costs

For the year ended 15 January 2019	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
Analysis of total purchases costs							
Equity transactions	28,977	8	0.03	31	0.11	126	0.43
Bond transactions	885	-	-	-	-	-	-
Pooled investment vehicles	5,881	2	0.03	-	-	-	-
Total purchases before transaction costs	35,743	10		31		126	
Transaction costs	167						
Total purchases after commission, tax and fees	35,910						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
Analysis of total sales costs							
Equity transactions	37,082	10	0.03	-	-	-	-
Bond transactions	4,158	-	-	-	-	-	-
Pooled investment vehicles	5,819	2	0.03	-	-	-	-
Corporate actions	4,466	-	-	-	-	-	-
Total sales before transaction costs	51,525	12		-		-	
Transaction costs	(12)						
Total sales after commission, tax and fees	51,513						

The Fund had paid £4 as commission on purchases and sale derivative transactions for the year ended 15.1.19.

Commissions, taxes and fees as % of average Net Assets

Commissions	0.01%
Taxes	0.02%
Other expenses	0.09%

At the balance sheet date the portfolio dealing spread was 0.25%, being the difference between the respective bid and offer prices for the Fund's investments.

For the year ended 15 January 2018	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
Analysis of total purchases costs							
Equity transactions	38,473	21	0.05	-	-	172	0.45
Bond transactions	732	-	-	-	-	-	-
Total purchases before transaction costs	39,205	21		-		172	
Transaction costs	193						
Total purchases after commission, tax and fees	39,398						
	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
Analysis of total sales costs							
Equity transactions	48,395	30	0.06	-	-	-	-
Bond transactions	3,065	-	-	-	-	-	-
Corporate actions	1,778	-	-	-	-	-	-
Total sales before transaction costs	53,238	30		-		-	
Transaction costs	(30)						
Total sales after commission, tax and fees	53,208						

The Fund had paid £8 as commission on purchases and sale derivative transactions for the year ended 15.1.18.

Commissions, taxes and fees as % of average Net Assets

Commissions	0.03%
Taxes	0.00%
Other expenses	0.10%

At the balance sheet date the portfolio dealing spread was 0.21 %, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 January 2019

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	94,196	-	-	94,196
Bonds*	3,010	28,923	-	31,933
	97,206	28,923	-	126,129

For the year ended 15 January 2018

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	118,354	-	-	118,354
Bonds*	3,549	37,947	-	41,496
Derivatives	-	16	-	16
	121,903	37,963	-	159,866

*Bonds included in level 1 reflect G7 government issued bonds valued on a basis where the price is sufficiently close to a binding quoted price.

18. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 January 2019 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £12,612,925 (15.1.18: £15,986,635).

Currency risk sensitivity:

If the exchange rate at 15 January 2019 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £374,548 (15.1.18: £382,535).

Interest rate risk sensitivity:

If the interest rate at 15 January 2019 had increased or decreased by 1 basis point with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £26,361 (15.1.18: £34,061).

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 delivered a positive return in 2018, slightly outperforming its reference benchmark. The main driver of this outperformance was our duration positioning, particularly in Q1. The Fund's duration positioning was actively managed throughout the year, moving from a slightly overweight position to an underweight by the end of 2018. Over the year we implemented specific positions re duration, with a bias to be underweight typically. We also kept a long US Treasuries (off-benchmark) versus underweight gilts position as we see attractive value in US government bonds relative to UK gilts. This position was positive for performance. The Fund also held other off-benchmark positions in high quality corporates, in particular Industrials and Financials. Any non-sterling exposure was hedged to sterling.

UK economic momentum has softened over 2018. Brexit uncertainty has heavily influenced markets, with the sterling losing value amid considerable volatility. Q4 saw the failure of Theresa May's draft withdrawal agreement in Parliament, and a subsequent vote of no confidence in her leadership. UK house prices, in particular in London and the South-East, have suffered at the hands of Brexit uncertainty, with prices in some of Britain's wealthiest areas losing 25% of their value in the last 12 months. The Bank of England hiked interest rates from 0.5% to 0.75% in August, reaching the highest level for almost a decade. In the face of ongoing Brexit uncertainty and muted growth, there is little expectation for further rate hikes from the Bank of England in the near term.

In terms of activity, major purchases were: Treasury 4.25% 7/12/2027, Gilt 2.25% 7/9/2023 and HSBC Global Sterling Liquidity Fund PLC Inc.

Significant sales included: Treasury 4.25% 7/12/2027, HSBC Global Sterling Liquidity Fund, Treasury 4.75% 7/3/2020.

Investment Performance

During the year under review, the value of the shares in the Fund increased by 1.30%.

(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 January 2019

	Retail Income	Retail Accumulation	Institutional Income	Income C	Accumulation C
Price	71.18p xd	464.4p	71.51p xd	71.38p xd	475.7p
Distribution payable (on 15 March 2019) per share net	0.373304p	2.370954p	0.500585p	0.428190p	2.814282p
Current net estimated yield	2.04%	2.02%	2.88%	2.48%	2.44%
Annual ACD charge	0.60%	0.60%	0.00%	0.30%	0.30%

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
GOVERNMENT BONDS - 95.93% (93.25%)			
KFW 1.625% 5/6/2020	£525,000	529	0.98
Network Rail 4.625% 21/7/2020	£985,000	1,038	1.92
Treasury 1.5% 22/1/2021	£1,500,000	1,521	2.81
Treasury 1.625% 22/10/2028	£1,900,000	1,964	3.63
Treasury 1.625% 22/10/2071	£534,000	531	0.98
Treasury 1.75% 22/7/2019	£1,250,000	1,256	2.32
Treasury 1.75% 7/9/2022	£3,800,000	3,922	7.24
Treasury 2% 7/9/2025	£950,000	1,010	1.86
Treasury 2.25% 7/9/2023	£5,160,000	5,471	10.10
Treasury 2.5% 22/7/2065	£2,304,000	2,933	5.42
Treasury 3.25% 22/1/2044	£213,000	275	0.51
Treasury 3.5% 22/1/2045	£942,000	1,274	2.35
Treasury 3.75% 22/7/2052	£201,000	305	0.56
Treasury 4.25% 7/12/2027	£708,000	893	1.65
Treasury 4.25% 7/6/2032	£2,311,000	3,090	5.70
Treasury 4.25% 7/3/2036	£2,820,000	3,923	7.24
Treasury 4.25% 7/9/2039	£681,000	981	1.81
Treasury 4.25% 7/12/2040	£1,571,000	2,291	4.23
Treasury 4.25% 7/12/2046	£3,074,000	4,737	8.75
Treasury 4.25% 7/12/2055	£3,058,000	5,206	9.61
Treasury 4.5% 7/3/2019	£4,010,000	4,030	7.44
Treasury 4.5% 7/12/2042	£676,000	1,038	1.92
Treasury 4.75% 7/3/2020	£3,098,000	3,236	5.97
Treasury 4.75% 7/12/2030	£229,000	314	0.58
Treasury 4.75% 7/12/2038	£125,000	190	0.35
Total Government Bonds		51,958	95.93
CORPORATE BONDS - 2.40% (2.47%)			
Heathrow Funding 6.75% 3/12/2026	£397,000	513	0.95
Wells Fargo & Co. 1.375% 30/6/2022	£810,000	788	1.45
Total Corporate Bonds		1,301	2.40
MONEY MARKET - 1.33% (2.89%)			
+^HSBC Global Liquidity Fund	719,637	720	1.33
Total Money Market		720	1.33
FORWARD FOREIGN EXCHANGE CONTRACTS - -0.05% (0.00%)			
#Sold \$1,680,000 for £1,304,929 settled 12/2/2019		(5)	(0.01)
#Sold £1,331,628 for \$1,680,000 settled 12/2/2019		(22)	(0.04)
Total Forward Foreign Exchange Contracts		(27)	(0.05)

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Portfolio of investments		53,952	99.61
Net other assets		209	0.39
Net assets		54,161	100.00

+related party

#unlisted

^investment scheme registered outside the UK

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

Unless otherwise stated, all investments are listed securities.

Comparative Tables

for the year ended 15 January 2019

Retail Income			
Change in net assets per share	15.1.19	15.1.18	15.1.17
Opening net asset value per share	72.29p	72.48p	70.78p
Return before operating charges*	1.42p	2.06p	4.05p
Operating charges**	(0.62p)	(0.66p)	(0.67p)
Return after operating charges*	0.80p	1.40p	3.38p
Distributions on income share	(1.45p)	(1.59p)	(1.68p)
Closing net asset value per share	71.64p	72.29p	72.48p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	1.11 %	1.93 %	4.78 %
Other information			
Closing net asset value	£6,169,948	£6,800,865	£8,401,267
Closing number of shares	8,612,392	9,407,781	11,591,359
Operating charges - OCF	0.75 %	0.90 %	0.91 %
Direct transaction costs	0.00 %	0.00 %	0.00 %
Prices			
Highest share price	73.07p	75.22p	79.33p
Lowest share price	69.64p	71.65p	70.20p

Retail Accumulation			
Change in net assets per share	15.1.19	15.1.18	15.1.17
Opening net asset value per share	462.10p	453.30p	434.70p
Return before operating charges*	9.28p	12.98p	24.82p
Operating charges**	(3.98p)	(4.18p)	(4.14p)
Return after operating charges*	5.30p	8.80p	20.68p
Distributions on accumulation share	(9.36p)	(10.05p)	(10.38p)
Retained distributions on accumulation share	9.36p	10.05p	8.30p
Closing net asset value per share	467.40p	462.10p	453.30p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	1.15 %	1.94 %	4.76 %
Other information			
Closing net asset value	£16,601,267	£17,952,103	£20,107,885
Closing number of shares	3,552,148	3,884,747	4,435,660
Operating charges - OCF	0.75 %	0.90 %	0.91 %
Direct transaction costs	0.00 %	0.00 %	0.00 %
Prices			
Highest share price	470.20p	472.10p	491.70p
Lowest share price	449.18p	448.90p	431.10p

**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 Tables

for the year ended 15 January 2019

Institutional Income			
Change in net assets per share	15.1.19	15.1.18	15.1.17
Opening net asset value per share	72.62p	72.81p	71.10p
Return before operating charges*	1.43p	2.10p	4.07p
Operating charges**	(0.02p)	(0.04p)	(0.02p)
Return after operating charges*	1.41p	2.06p	4.05p
Distributions on income share	(2.06p)	(2.25p)	(2.34p)
Closing net asset value per share	71.97p	72.62p	72.81p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	1.94%	2.83%	5.70%
Other information			
Closing net asset value	£9,177,129	£5,128,462	£1,562,083
Closing number of shares	12,751,101	7,061,752	2,145,496
Operating charges - OCF	0.03%	0.06%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	73.50p	75.72p	79.77p
Lowest share price	70.10p	71.99p	70.53p

Income C			
Change in net assets per share	15.1.19	15.1.18	15.1.17
Opening net asset value per share	72.49p	72.68p	70.97p
Return before operating charges*	1.43p	2.08p	4.06p
Operating charges**	(0.31p)	(0.32p)	(0.32p)
Return after operating charges*	1.12p	1.76p	3.74p
Distributions on income share	(1.77p)	(1.95p)	(2.03p)
Closing net asset value per share	71.84p	72.49p	72.68p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	1.55%	2.42%	5.27%
Other information			
Closing net asset value	£12,798,038	£13,776,607	£14,506,559
Closing number of shares	17,815,090	19,004,928	19,959,576
Operating charges - OCF	0.43%	0.43%	0.43%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	73.31p	75.51p	79.59p
Lowest share price	69.90p	71.86p	70.40p

**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.

Comparative Tables

for the year ended 15 January 2019

Accumulation C	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	471.30p	460.20p	439.60p
Return before operating charges*	9.43p	13.12p	25.14p
Operating charges**	(2.03p)	(2.02p)	(2.00p)
Return after operating charges*	7.40p	11.10p	23.14p
Distributions on accumulation share	(11.60p)	(12.47p)	(12.68p)
Retained distributions on accumulation share	11.60p	12.47p	10.14p
Closing net asset value per share	478.70p	471.30p	460.20p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	1.57%	2.41%	5.25%
Other information			
Closing net asset value	£9,414,995	£10,235,835	£10,692,480
Closing number of shares	1,966,638	2,171,668	2,323,594
Operating charges - OCF	0.43%	0.43%	0.43%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	480.70p	480.70p	498.40p
Lowest share price	458.30p	455.80p	436.10p
<p>**The operating charges include all costs borne by the Fund, except for direct transaction costs.</p> <p>***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.</p>			

Statement of Total Return

for the year ended 15 January 2019

		15.1.19		15.1.18	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains	2		119		597
Revenue	3	995		1,045	
Expenses	4	(300)		(353)	
Net revenue before taxation		695		692	
Taxation	5	-		-	
Net revenue after taxation			695		692
Total return before distributions			814		1,289
Distributions	6		(1,287)		(1,320)
Change in net assets attributable to shareholders from investment activities			(473)		(31)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2019

	15.1.19		15.1.18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		53,894		55,270
Amounts receivable on creation of shares	7,838		8,082	
Amounts payable on cancellation of shares	(7,675)		(10,134)	
		163		(2,052)
Dilution adjustment		2		4
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(473)		(31)
Retained distribution on accumulation shares		575		703
Closing net assets attributable to shareholders		54,161		53,894

Balance Sheet

as at 15 January 2019

		15.1.19		15.1.18	
	Notes	£'000	£'000	£'000	£'000
Assets					
Investments			53,979		53,147
Current assets					
Debtors	8	422		821	
Cash and bank balances		41		422	
Total current assets			463		1,243
Total assets			54,442		54,390
Liabilities					
Investment liabilities			(27)		-
Creditors					
Distribution payable on income shares		(172)		(163)	
Other creditors	9	(82)		(333)	
Total creditors			(254)		(496)
Total liabilities			(281)		(496)
Net assets attributable to shareholders			54,161		53,894

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 October 2018				
Group 2: Shares purchased from 16 October 2018 to 15 January 2019				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.19</i>	<i>Distribution paid 15.3.18</i>
Retail Income				
Group 1	0.373304	-	0.373304	0.383877
Group 2	0.185276	0.188028	0.373304	0.383877
Retail Accumulation				
Group 1	2.370954	-	2.370954	2.381949
Group 2	1.358452	1.012502	2.370954	2.381949
Institutional Income				
Group 1	0.500585	-	0.500585	0.539011
Group 2	0.500585	0.000000	0.500585	0.539011
Income C				
Group 1	0.428190	-	0.428190	0.469161
Group 2	0.238577	0.189613	0.428190	0.469161
Accumulation C				
Group 1	2.814282	-	2.814282	2.995218
Group 2	1.125733	1.688549	2.814282	2.995218

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 July 2018				
Group 2: Shares purchased from 16 July 2018 to 15 October 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 14.12.18</i>	<i>Distribution paid 15.12.17</i>
Retail Income				
Group 1	0.360000	-	0.360000	0.400000
Group 2	0.130000	0.230000	0.360000	0.400000
Retail Accumulation				
Group 1	2.330000	-	2.330000	2.550000
Group 2	1.800000	0.530000	2.330000	2.550000
Institutional Income				
Group 1	0.520000	-	0.520000	0.570000
Group 2	0.520000	0.000000	0.520000	0.570000
Income C				
Group 1	0.440000	-	0.440000	0.490000
Group 2	0.260000	0.180000	0.440000	0.490000
Accumulation C				
Group 1	2.920000	-	2.920000	3.150000
Group 2	1.410000	1.510000	2.920000	3.150000

Distribution Tables (pence per share)

for the year ended 15 January 2019

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 paid 15.9.18</i>	<i>Distribution paid 15.9.17</i>
Retail Income				
Group 1	0.350000	-	0.350000	0.400000
Group 2	0.170000	0.180000	0.350000	0.400000
Retail Accumulation				
Group 1	2.270000	-	2.270000	2.550000
Group 2	1.320000	0.950000	2.270000	2.550000
Institutional Income				
Group 1	0.510000	-	0.510000	0.570000
Group 2	0.420000	0.090000	0.510000	0.570000
Income C				
Group 1	0.440000	-	0.440000	0.490000
Group 2	0.220000	0.220000	0.440000	0.490000
Accumulation C				
Group 1	2.880000	-	2.880000	3.150000
Group 2	1.100000	1.780000	2.880000	3.150000

Distribution Tables (pence per share)

for the year ended 15 January 2019

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>
Retail Income				
Group 1	0.370000	-	0.370000	0.410000
Group 2	0.070000	0.300000	0.370000	0.410000
Retail Accumulation				
Group 1	2.390000	-	2.390000	2.570000
Group 2	1.530000	0.860000	2.390000	2.570000
Institutional Income				
Group 1	0.530000	-	0.530000	0.570000
Group 2	0.400000	0.130000	0.530000	0.570000
Income C				
Group 1	0.460000	-	0.460000	0.500000
Group 2	0.190000	0.270000	0.460000	0.500000
Accumulation C				
Group 1	2.990000	-	2.990000	3.170000
Group 2	1.210000	1.780000	2.990000	3.170000

Notes to the Financial Statements

for the year ended 15 January 2019

	15.1.19 £'000	15.1.18 £'000
1. Accounting Policies		
The accounting policies are set out on pages 10 and 11.		
2. Net Capital Gains		
The net capital gains during the year comprise:		
Currency gains	1	-
Transaction (charges)/rebates	(2)	4
(Losses)/gains on forward foreign currency contracts	(28)	-
Gains on non-derivative securities	148	593
Net capital gains	119	597
3. Revenue		
Interest on bonds and other debt securities	995	1,045
Total revenue	995	1,045
4. Expenses		
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
Authorised Corporate Director's charge	234	279
Registration fee	52	59
Safe custody fee	1	1
	287	339
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	7	7
Other expenses:		
Audit fee	6	6
Report and accounts fee	-	1
	6	7
Total expenses	300	353

15.1.19	15.1.18
£'000	£'000

5. Taxation**a) Analysis of charge in year:**

Corporation tax	-	-
Total tax for the year (note 5b)	-	-

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

Net revenue before taxation	695	692
Corporation tax at 20%	139	138
Effects of:		
Tax deductible interest distributions	(139)	(138)
Current tax charge for the year (note 5a)	-	-

c) Provision for deferred taxation

At 15 January 2019, there is no potential deferred tax asset (15.1.18: nil) in relation to surplus management expenses.

6. Distributions

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

Interim dividend distribution	973	1,007
Final dividend distribution	312	321
	1,285	1,328
Add: Amounts deducted on cancellation of shares	23	37
Deduct: Amounts received on issue of shares	(21)	(45)
Net distribution for the year	1,287	1,320

7. Movement Between Net Revenue and Distributions

Net revenue after taxation	695	692
Effective yield transferred from capital	592	628
Net distribution for the year	1,287	1,320

8. Debtors

Amounts receivable for creation of shares	5	41
Sales awaiting settlement	-	318
Accrued revenue	417	462
Total debtors	422	821

9. Other Creditors

Amounts payable for cancellation of shares	43	312
Accrued expenses	39	21
Total other creditors	82	333

10. Reconcillation of Shares

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Institutional Income</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.18	9,407,781	3,884,747	7,061,752	19,004,928	2,171,668
Share movements 16.1.18 to 15.1.19					
Shares issued	200,803	145,164	5,877,226	1,238,823	409,505
Shares cancelled	(990,090)	(476,849)	(187,877)	(2,434,745)	(615,429)
Shares converted	(6,102)	(914)	-	6,084	894
Closing shares issued at 15.1.19	8,612,392	3,552,148	12,751,101	17,815,090	1,966,638

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Institutional Income</i>	<i>Income C</i>	<i>Accumulation C</i>
	%	%	%	%	%
As at 15.1.19	14.15	36.40	78.83	0.00	0.00
As at 15.1.18	12.86	34.56	100.00	0.00	0.00

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement. The balance due to the ACD (including amounts due to associates and agents) at the year end was £69,275 (15.1.18: £283,847), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £719,637 (15.1.18: £1,555,467) in Authorised Investment Funds managed by HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC Holdings totalled £8,424,169 (15.1.18: £8,212,595).

There were no shares held by the Trustee or its associates.

The following parties hold a material holding in the Fund as at the year end date:

HSBC Global Custody Nominee - 36.40% (15.1.18: 34.63%) of the Retail Accumulation shares.

HSBC Global Custody Nominee - 74.87% (15.1.18: 93.24%) and Fundsettle EOC Nominees Limited - 21.17% (15.1.18: nil) of the Institutional Income shares.

Turnsonic (Nominees) Limited - 83.01% (15.1.18: 85.79%) of the Income C shares.

FIL Nominees (Shareholdings) Limited - 34.04% (15.1.18: 33.45%) and Turnsonic (Nominees) Limited - 32.58% (15.1.18: 32.12%) of the Accumulation C shares.

The ACD does not have information to determine if individuals' holdings within the nominee accounts are material. Related party transactions are disclosed within notes 3 and 4. Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 to 13.

Interest Rate Risk

The interest rate profile of the Fund's financial assets and liabilities at 15 January 2019 was:

	<i>Floating rate financial assets**</i>		<i>Fixed rate financial assets</i>		<i>Financial (liabilities)/assets not carrying interest</i>		<i>Total</i>	
	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sterling	41	422	53,259	51,592	866	1,880	54,166	53,894
United States dollar	-	-	-	-	(5)	-	(5)	-
Total	41	422	53,259	51,592	861	1,880	54,161	53,894

**Floating rate interest was earned at rates based on LIBOR (London Interbank Offered Rate) or international equivalent.

	<i>Fixed rate financial assets weighted average interest rate</i>		<i>Fixed rate financial assets weighted average period for which rate is fixed</i>	
	15.1.19	15.1.18	15.1.19	15.1.18
	%	%	Years	Years
Sterling	1.35	1.31	15.80	16.66

At the year end, 0.08% (15.1.18: 0.78%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

The bond ratings for the portfolio at 15 January 2019 were:

Investment	<i>Bid value £'000</i>	<i>Total net assets %</i>
Bond credit ratings*		
AAA	529	0.98
AA	51,429	94.95
A	788	1.45
A-	513	0.95
Total bonds	53,259	98.33

*ratings supplied by Standard & Poor's

13. Shareholders' Funds

This Fund has a retail share class, an institutional share class and a C share class.

The annual ACD charge on the retail share class is 0.60% (15.1.18: 0.75%), nil on the institutional share class and 0.30% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 106 to 108. The distribution per share class is given in the Distribution Tables on pages 110 to 113.

All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 104 to 105.

At 15 January 2019, the Fund has no counterparty exposure on each open Foreign Exchange Contract, as they are investment liabilities.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 January 2019, there was no collateral held in respect of the above derivatives (15.1.18: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.18: none).

16. Portfolio Transaction Costs

The purchases and sales of securities incurred no direct transaction costs during the year or previous year.

Total purchases for the year were £29,057,561.

Total sales for the year were £27,781,970.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

At the balance sheet date, the portfolio dealing spread was 0.08% (15.1.18: 0.06%), being the difference between the respective bid and offer prices for the Fund's investments.

17. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 January 2019

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Bonds*	51,958	1,301	-	53,259
Pooled investment vehicles	-	720	-	720
	51,958	2,021	-	53,979
Investment Assets	£'000	£'000	£'000	£'000
Derivatives	-	(27)	-	(27)
	-	(27)	-	(27)

For the year ended 15 January 2018

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Bonds*	50,258	1,334	-	51,592
Pooled investment vehicles	-	1,555	-	1,555
	50,258	2,889	-	53,147

*Bonds included in level 1 reflect G7 government issued bonds valued on a basis where the price is sufficiently close to a binding quoted price.

18. Value at risk (VaR)

The market risk of the Fund's financial asset and liability positions is monitored by the Investment Advisor using VaR analysis.

VaR is a process that provides an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances.

The Manager produces daily relative Value at Risk (VaR) numbers. The third party system used to calculate the VaR is FIS APT.

The relative VaR attempts to quantify the incremental amount the Fund may lose relative to the benchmark.

The investment risk team undertake model back testing which involves calculating 1 day VaR and comparing to actual daily return on the Fund, to review the accuracy of the model. As at 15 January 2019 the relative VaR was 97.65% (15.1.18: 100.02%).

The minimum, average and maximum VaR of the Fund over the year ended 15 January 2019 was 96.04%, 99.75% and 103.45% (15.1.18: 95.56%, 99.62% and 102.57%).

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 suffered negative returns in 2018, and slightly underperformed its reference benchmark. Investment grade sterling corporate spreads (the difference in yield between two bonds of similar maturity) widened significantly in 2018, from 1.19% at the end of 2017 to 1.77% at the end of 2018. The majority of negative performance came from security selection, whilst asset allocation was positive on the whole. The Fund's underweight position in Financials was the main detractor, whilst the underweight Industrials and Consumer Services contributed positively to performance.

The Fund's off-benchmark position in ABS has been reduced. The underweight in Corporates has been reduced overall, with positions in Financials and Utilities moving closer to the benchmark. The Fund has kept a cautious approach to overall credit risk over the year. The Fund's curve positioning has changed over 2018, moving to an underweight in the 5-10 year section of the curve versus a neutral position at the short end. We remain underweight in maturities over 10 years. We have held USD and Euro-denominated corporate bonds across the year based on relative value opportunities versus sterling denominated bonds. All non-GBP exposure is kept fully hedged back to sterling.

In terms of activity, major purchases included: HSBC Global Sterling Liquidity Fund, Treasury 5% 7/3/2025 and Treasury 1.75% 7/9/2022.

Significant sales included: Treasury 4.5% 7/9/2034, Treasury 4.25% 7/12/2040, Thames Water Utilities Cayman Finance 4% 19/6/2025.

Investment Performance

During the year under review, the value of the shares in the Fund decreased by 2.28%.

(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 January 2019

	Retail Income	Retail Accumulation	Institutional Income	Institutional Accumulation
Price	117.6p xd	273.3p	216.2p xd	322.2p
Distribution payable (on 15 March 2019) per share net	0.797772p	1.833408p	2.075321p	3.068193p
Current net estimated yield	2.63%	2.59%	3.79%	3.70%
Annual ACD charge	1.00%	1.00%	0.00%	0.00%
	Income C	Accumulation C	Institutional Gross Accumulation	
Price	118.1p xd	284.0p	323.2p	
Distribution payable (on 15 March 2019) per share net	1.012631p	2.421211p	3.074755p	
Current net estimated yield	3.37%	3.30%	3.70%	
Annual ACD charge	0.30%	0.30%	0.00%	

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
UNITED KINGDOM - 45.38% (42.69%)			
Government Bonds - 8.62% (6.04%)			
Treasury 1.50% 22/7/2047	£2,750,000	2,579	0.30
Treasury 1.625% 22/10/2028	£8,250,000	8,530	1.00
Treasury 2.5% 22/7/2065	£2,220,000	2,826	0.33
Treasury 4.25% 7/12/2027	£1,250,000	1,576	0.19
Treasury 4.25% 7/6/2032	£1,161,000	1,553	0.18
Treasury 4.25% 7/3/2036	£8,500,000	11,825	1.39
Treasury 4.25% 7/9/2039	£3,140,000	4,524	0.53
Treasury 4.25% 7/12/2046	£4,070,000	6,271	0.74
Treasury 4.5% 7/9/2034	£1,900,000	2,669	0.31
Treasury 4.5% 7/12/2042	£3,000,000	4,606	0.54
Treasury 4.75% 7/12/2038	£7,750,000	11,774	1.38
Treasury 5% 7/3/2025	£9,615,000	11,899	1.40
Treasury 6% 7/12/2028	£1,920,000	2,769	0.33
Total Government Bonds		73,401	8.62
Corporate Bonds - 36.73% (36.68%)			
Abbey National Treasury Services 1.875% 17/2/2020	£2,400,000	2,402	0.28
Anglian Water 2.625% 15/6/2027	£2,800,000	2,628	0.31
Anglian Water 4.5% 22/2/2026	£2,571,000	2,752	0.32
Annington Funding 2.646% 12/7/2025	£2,758,000	2,662	0.31
Annington Funding 3.184% 12/7/2029	£4,104,000	3,938	0.46
Annington Funding 3.685% 12/7/2034	£2,032,000	1,946	0.23
Annington Funding 3.935% 12/7/2047	£1,800,000	1,694	0.20
Astrazeneca 5.75% 13/11/2031	£1,564,000	2,056	0.24
Aviva 4.375% variable rate 12/9/2049	£2,000,000	1,857	0.22
Aviva 5.125% variable rate 4/6/2050	£2,979,000	2,893	0.34
Aviva 6.125% 14/11/2036	£4,300,000	4,603	0.54
Aviva 6.125% variable rate perpetual	£2,400,000	2,499	0.29
Aviva 6.625% variable rate 3/6/2041	£1,550,000	1,672	0.20
Aviva 6.875% variable rate 20/5/2058	£650,000	746	0.09
Barclays Bank 1.375% 24/1/2026	£5,602,000	4,656	0.55
Barclays Bank 2.375% variable rate 6/10/2023	£7,840,000	7,588	0.89
Barclays Bank 3.125% 17/1/2024	£2,527,000	2,494	0.29
Barclays Bank 3.25% 12/2/2027	£2,955,000	2,838	0.33
Barclays Bank 3.25% 17/1/2033	£4,780,000	4,283	0.50
Barclays Bank 7.875% variable rate perpetual	£2,750,000	2,810	0.33
Barclays Bank 9.5% 7/8/2021	£460,000	528	0.06
Barclays Bank 10% 21/5/2021	£3,550,000	4,065	0.48
Barclays Bank 14% variable rate perpetual	£1,060,000	1,107	0.13
BAT International Finance 2.25% 9/9/2052	£6,313,000	4,085	0.48
BAT International Finance 4% 4/9/2026	£650,000	683	0.08
BAT International Finance 6% 24/11/2034	£1,450,000	1,793	0.21
BP Capital Markets 2.274% 3/7/2026	£2,500,000	2,483	0.29
BUPA Finance 5% 8/12/2026	£1,612,000	1,701	0.20

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
BUPA Finance 6.125% variable rate perpetual	£2,200,000	2,302	0.27
Cadent Finance 2.125% 22/9/2028	£3,750,000	3,521	0.41
Cadent Finance 2.625% 22/9/2038	£2,190,000	1,959	0.23
Cadent Finance 2.75% 22/9/2046	£2,500,000	2,176	0.26
Centrica 4.375% 13/3/2029	£1,591,000	1,761	0.21
Centrica 5.25% variable rate 10/4/2075	£1,500,000	1,485	0.18
Centrica 7% 19/9/2033	£4,460,000	6,238	0.73
CYBG 3.125% variable rate 22/6/2025	£2,500,000	2,303	0.27
CYBG 4% variable rate 25/9/2026	£3,200,000	2,997	0.35
Direct Line 4.75% variable rate perpetual	£2,758,000	2,193	0.26
Direct Line 9.25% variable rate 27/4/2042	£308,000	362	0.04
Eastern Power Networks 5.75% 8/3/2024	£2,338,000	2,716	0.32
FCE Bank 2.727% 3/6/2022	£2,710,000	2,649	0.31
Friends Life Holdings 8.25% 21/4/2022	£3,000,000	3,509	0.41
Friends Life Holdings 12% 21/5/2021	£1,915,000	2,321	0.27
GKN 3.375% 12/5/2032	£1,646,000	1,545	0.18
GKN 5.375% 19/9/2022	£1,250,000	1,306	0.15
Glaxosmithkline 5.25% 10/4/2042	£5,031,000	6,887	0.81
Glaxosmithkline 5.25% 19/12/2033	£2,342,000	3,068	0.36
Glaxosmithkline 6.375% 9/3/2039	£2,050,000	3,095	0.36
Hammerson 6% 23/2/2026	£2,000,000	2,267	0.27
+HSBC Bank 6% 29/3/2040	£1,300,000	1,579	0.19
+HSBC Holdings 1.5% variable rate 4/12/2024	€3,500,000	3,120	0.37
+HSBC Holdings 2.175% variable rate 27/6/2023	£4,865,000	4,796	0.56
+HSBC Holdings 2.256% variable rate 13/11/2026	£7,655,000	7,281	0.86
+HSBC Holdings 5.875% variable rate Perp	£2,505,000	2,424	0.29
+HSBC Holdings 6% variable rate perpetual	\$3,598,000	2,652	0.31
+HSBC Holdings 6.75% 11/9/2028	£2,500,000	3,103	0.37
+HSBC Holdings 7% 7/4/2038	£1,600,000	2,157	0.25
Imperial Brands Finance 4.875% 7/6/2032	£1,008,000	1,102	0.13
Imperial Brands Finance 5.5% 28/9/2026	£2,900,000	3,303	0.39
Leeds Building Society 3.75% variable rate 25/4/2029	£2,000,000	1,738	0.20
Legal & General Group 5.125% variable rate 14/11/2048	£3,359,000	3,357	0.39
Legal & General Group 5.375% variable rate 27/10/2045	£6,596,000	6,840	0.80
Legal & General Group 5.5% variable rate 27/6/2064	£3,147,000	3,021	0.36
Lloyds Banking Group 7.625% 22/4/2025	£260,000	323	0.04
Lloyds Banking Group 9.625% 6/4/2023	£3,500,000	4,416	0.52
Lloyds Banking Group 9.625% 6/4/2023	£300,000	379	0.04
Lloyds Banking Group variable rate perpetual	£1,502,000	1,502	0.18
London and Quadrant Housing Trust 2.75% 20/7/2057	£2,663,000	2,304	0.27
Manchester Airport Group Funding 4.125% 2/4/2024	£3,700,000	4,049	0.48
Marks & Spencer 4.75% 12/6/2025	£2,895,000	3,019	0.36
Marks & Spencer 6.125% 6/12/2021	£500,000	546	0.06
Mitchells & Butler 6.469% 15/9/2030	£1,840,000	1,993	0.23
Morrison (WM) Supermarkets 4.75% 4/7/2029	£2,928,000	3,308	0.39
Motability Operations Group 2.375% 14/3/2032	£2,931,000	2,854	0.34

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
National Westminster Bank 6.5% 7/9/2021	£720,000	791	0.09
Natwest Markets 1.125% 14/6/2023	€3,636,000	3,146	0.37
NewRiver REIT 3.5% 7/3/2028	£2,796,000	2,646	0.31
NGG Finance 5.625% variable rate 18/6/2073	£3,597,000	3,801	0.45
Northumbrian Water Finance 1.625% 11/10/2026	£2,737,000	2,543	0.30
Northumbrian Water Finance 2.375% 5/10/2027	£4,643,000	4,498	0.53
Places For People Homes 2.875% 17/8/2026	£3,126,000	3,030	0.36
Prudential Corporation 5% variable rate 20/7/2055	£4,830,000	4,835	0.57
Prudential Corporation 5.7% variable rate 19/12/2063	£2,350,000	2,550	0.30
Prudential Corporation 11.375% variable rate 29/5/2039	£450,000	465	0.06
Rio Tinto Finance 4% 11/12/2029	£1,808,000	2,078	0.24
RL Finance Bonds No.2 6.125% variable rate 30/11/2043	£550,000	597	0.07
Royal Bank of Scotland Group 2.875% variable rate 19/9/2026	£5,000,000	4,792	0.56
Saga 3.375% 12/5/2024	£8,108,000	7,054	0.83
Santander UK Group Holdings 2.92% variable rate 8/5/2026	£2,700,000	2,602	0.31
Santander UK Group Holdings 3.625% 14/1/2026	£3,140,000	3,177	0.37
Santander UK Group Holdings 6.75% variable rate perpetual	£2,285,000	2,263	0.27
Scotland Gas Network 3.25% 8/3/2027	£1,000,000	1,040	0.12
Severn Trent Water Utilities 3.625% 16/1/2026	£1,267,000	1,347	0.16
Severn Trent Water Utilities 6.125% 26/2/2024	£1,462,000	1,725	0.20
South Eastern Power Networks 5.5% 5/6/2026	£3,000,000	3,579	0.42
South Eastern Power Networks 6.375% 12/11/2031	£2,000,000	2,717	0.32
SP Manweb 4.875% 20/9/2027	£500,000	586	0.07
SSE 3.875% variable rate perpetual	£3,439,000	3,413	0.40
SSE 4.75% variable rate 16/9/2077	\$3,500,000	2,530	0.30
SSE 8.375% 20/11/2028	£3,124,000	4,532	0.53
Standard Life 5.5% variable rate 4/12/2042	£425,000	464	0.06
Telereal Securitisation 4.0902% variable rate 10/12/2033	£1,950,000	2,020	0.24
Virgin Money Holdings 3.375% variable rate 24/4/2026	£1,562,000	1,447	0.17
Vodafone Group 3% 12/8/2056	£3,577,000	2,871	0.34
Vodafone Group 3.375% 8/8/2049	£3,650,000	3,197	0.38
Vodafone Group 6.25% variable rate 3/10/2078	\$2,339,000	1,724	0.20
Wellcome Trust 2.517% 7/2/2118	£700,000	633	0.07
Western Power Distribution 2.375% 16/5/2029	£5,273,000	5,048	0.59
Western Power Distribution 3.5% 16/10/2026	£3,000,000	3,008	0.35
Western Power Distribution 3.625% 6/11/2023	£6,309,000	6,541	0.77
Western Power Distribution 3.875% 17/10/2024	£2,376,000	2,560	0.30
Western Power Distribution 5.75% 16/4/2032	£2,270,000	2,902	0.34
Yorkshire Building Society 3.375% variable rate 13/9/2028	£2,800,000	2,416	0.28
Zurich Finance 6.625% variable rate perpetual	£1,953,000	2,136	0.25
Total Corporate Bonds		312,592	36.73
FUTURES - 0.03% (-0.03%)			
ICF ICE Long Gilt Future March 2019	238	226	0.03
Total Futures		226	0.03
Total United Kingdom		386,219	45.38

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
UNITED STATES - 12.67% (14.33%)			
Corporate Bonds - 12.69% (13.83%)			
American International Group 5% 26/4/2023	£3,700,000	4,074	0.48
Amgen 4% 13/9/2029	£3,400,000	3,718	0.44
AnheuserBusch InBev Worldwide 5.55% 23/1/2049	\$1,296,000	1,010	0.12
AT&T 2.9% 4/12/2026	£5,000,000	4,886	0.57
AT&T 4.25% 1/6/2043	£2,000,000	2,017	0.24
AT&T 4.375% 14/9/2029	£1,055,000	1,129	0.13
AT&T 5.2% 18/11/2033	£1,400,000	1,616	0.19
AT&T 7% 30/4/2040	£5,900,000	8,229	0.97
Bank of America 2.3% 25/7/2025	£3,143,000	3,106	0.37
Bank of America 5.5% 4/12/2019	£4,403,000	4,554	0.54
Bank of America 6.125% 15/9/2021	£1,150,000	1,273	0.15
Citi Group 5.15% 21/5/2026	£1,228,000	1,427	0.17
Comcast 5.5% 23/11/2029	£420,000	530	0.06
Digital Stout Holding 3.75% 17/10/2030	£2,000,000	1,983	0.23
General Electric Capital 5.5% 7/6/2021	£1,650,000	1,734	0.20
General Motors Financial 2.25% 6/9/2024	£3,226,000	3,051	0.36
Goldman Sachs 3.125% 25/7/2029	£2,816,000	2,720	0.32
Goldman Sachs 4.25% 29/1/2026	£5,393,000	5,770	0.68
Goldman Sachs 7.125% 7/8/2025	£500,000	621	0.07
Merrill Lynch 5.5% 22/11/2021	£3,250,000	3,526	0.41
Metropolitan Life Global Funding 1.625% 9/6/2022	£3,000,000	2,977	0.35
Metropolitan Life Global Funding 2.625% 5/12/2022	£3,477,000	3,585	0.42
Pfizer 2.735% 15/6/2043	£2,421,000	2,381	0.28
Pfizer FRN 15/9/2023	\$1,666,000	1,284	0.15
Philip Morris International 1.875% 6/11/2037	€4,000,000	3,249	0.38
Time Warner Cable 5.25% 15/7/2042	£1,500,000	1,617	0.19
Time Warner Cable 5.25% 15/7/2042	£1,100,000	1,186	0.14
Toyota Motor Credit 1.125% 7/9/2021	£1,530,000	1,513	0.18
Verizon Communications 3.375% 27/10/2036	£1,900,000	1,883	0.22
Verizon Communications 4.75% 17/2/2034	£2,000,000	2,323	0.27
Wal-Mart Stores 5.625% 27/3/2034	£6,341,000	8,931	1.05
Wells Fargo & Co. 1.375% 30/6/2022	£8,800,000	8,561	1.01
Wells Fargo & Co. 2% 28/7/2025	£4,348,000	4,204	0.49
Wells Fargo & Co. 4.875% 29/11/2035	£4,200,000	4,943	0.58
Westfield America Manage 2.625% 30/3/2029	£2,500,000	2,419	0.28
Total Corporate Bonds		108,030	12.69
Public Authorities - 0.00% (0.45%)			
FUTURES - -0.02% (0.05%)			
CBT US Long Bond Future March 2019	(26)	(125)	(0.01)
CBT US Ultra Bond March 2019	(7)	5	0.00
CBT US 10Yr Ultra Future March 2019	(22)	(68)	(0.01)
Total Futures		(188)	(0.02)
Total United States		107,842	12.67

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
AUSTRALIA - 0.83% (0.96%)			
Corporate Bonds - 0.83% (0.96%)			
BHP Billiton Finance 4.3% 25/9/2042	£2,000,000	2,476	0.29
BHP Billiton Finance 6.5% variable rate 22/10/2077	£1,789,000	1,981	0.23
QBE Insurance Group 5.25% variable rate perpetual	\$3,780,000	2,599	0.31
Total Corporate Bonds		7,056	0.83
Total Australia		7,056	0.83
AUSTRIA - 0.00% (0.19%)			
Corporate Bonds - 0.00% (0.19%)			
BELGIUM - 1.27% (1.22%)			
Corporate Bonds - 1.27% (1.22%)			
Anheuser-Busch InBev 1.75% 7/3/2025	£2,194,000	2,089	0.25
Anheuser-Busch InBev 2.25% 24/5/2029	£1,980,000	1,833	0.21
Anheuser-Busch InBev 2.85% 25/5/2037	£3,390,000	3,052	0.36
Anheuser-Busch InBev 9.75% 30/7/2024	£800,000	1,094	0.13
KBC Group 4.25% variable rate perpetual	€3,600,000	2,754	0.32
Total Corporate Bonds		10,822	1.27
Total Belgium		10,822	1.27
CAYMAN ISLANDS - 2.62% (3.64%)			
Corporate Bonds - 2.62% (3.64%)			
Affinity Water Programme Finance 3.625% 30/9/2022	£800,000	847	0.10
Heathrow Funding 4.625% 31/10/2046	£2,910,000	3,485	0.41
Phoenix Group Holdings 5.75% variable rate perpetual	£3,750,000	2,967	0.35
Southern Water 4.5% variable rate 31/3/2038	£1,450,000	1,543	0.18
Tencent Holdings 3.925% 19/1/2038	\$1,400,000	978	0.11
Thames Water Utilities Cayman Finance 2.375% 3/5/2023	£1,900,000	1,840	0.22
Thames Water Utilities Cayman Finance 2.625% 24/1/2032	£1,000,000	932	0.11
Thames Water Utilities Cayman Finance 5.75% 13/9/2030	£2,274,000	2,480	0.29
Thames Water Utilities Cayman Finance 7.738% 9/4/2058	£3,650,000	6,480	0.76
*Virgolino De Oliveira Finance 6.75% 29/1/2018	\$243,000	11	0.00
Yorkshire Water Services 3.75% variable rate 22/3/2046	£730,000	750	0.09
Total Corporate Bonds		22,313	2.62
Total Cayman Islands		22,313	2.62
CHANNEL ISLANDS - 3.46% (3.94%)			
Corporate Bonds - 3.46% (3.94%)			
AA Bond 4.2487% 31/7/2043	£843,000	856	0.10
AA Bond 4.875% 31/7/2043	£3,898,000	3,681	0.43
Credit Suisse Funding Limited 2.75% 8/8/2025	£4,096,000	4,004	0.47
Credit Suisse Funding Limited 3% 27/5/2022	£360,000	367	0.04
Gatwick Funding Limited 3.125% 28/9/2041	£1,397,000	1,321	0.16
Heathrow Funding 2.75% 9/8/2051	£3,881,000	3,355	0.39
Heathrow Funding 5.225% variable rate 15/2/2025	£4,400,000	4,954	0.58

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Heathrow Funding 5.875% 13/5/2041	£1,961,000	2,693	0.32
Heathrow Funding 6% 20/3/2020	£560,000	586	0.07
Heathrow Funding 6.45% 10/12/2033	£650,000	889	0.11
Heathrow Funding 6.75% 3/12/2026	£500,000	646	0.08
Heathrow Funding 7.125% 14/2/2024	£3,941,000	4,717	0.55
+HSBC Bank 5.862% variable rate perpetual	£1,350,000	1,378	0.16
Total Corporate Bonds		29,447	3.46
Total Channel Islands		29,447	3.46

DENMARK - 0.59% (0.57%)**Corporate Bonds - 0.59% (0.57%)**

Dong Energy 4.875% 12/1/2032	£1,260,000	1,525	0.18
Dong Energy 5.75% 9/4/2040	£2,500,000	3,468	0.41
Total Corporate Bonds		4,993	0.59
Total Denmark		4,993	0.59

FRANCE - 7.63% (9.14%)**Corporate Bonds - 7.63% (8.79%)**

AXA 5.625% variable rate 16/1/2054	£4,650,000	4,857	0.57
AXA SA variable perpetual	£1,500,000	1,529	0.18
Banque Federative 0.875% 8/6/2020	£4,500,000	4,448	0.52
Banque Federative 1.375% 20/12/2021	£3,100,000	3,047	0.36
BPCE 5.25% 16/4/2029	£4,200,000	4,786	0.56
Credit Agricole 8.125% variable rate perpetual	£150,000	156	0.02
Electricite de France 5.5% 27/3/2037	£2,000,000	2,462	0.29
Electricite de France 5.5% 17/10/2041	£7,400,000	9,261	1.09
Electricite de France 5.875% 18/7/2031	£550,000	703	0.08
Electricite de France 5.875% variable rate perpetual	£5,000,000	4,727	0.56
Electricite de France 6% 23/1/2114	£7,000,000	9,066	1.07
Electricite de France 6% variable rate perpetual	£2,500,000	2,462	0.29
Orange 3.25% 15/1/2032	£1,300,000	1,312	0.15
Orange 5.375% 22/11/2050	£1,200,000	1,592	0.19
Orange 5.75% variable rate perpetual	£5,239,000	5,516	0.65
Orange 5.875% variable rate perpetual	£1,558,000	1,656	0.19
RCI Banque 1.875% 8/11/2022	£4,615,000	4,467	0.52
Total Capital International 1.75% 7/7/2025	£2,044,000	2,024	0.24
Unibail Rodamco 2.125% variable rate perpetual	€1,000,000	850	0.10
Total Corporate Bonds		64,921	7.63

Public Authorities - 0.00% (0.35%)

Total France		64,921	7.63
---------------------	--	---------------	-------------

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
GERMANY - 1.82% (5.06%)			
Corporate Bonds - 1.87% (5.00%)			
Commerzbank International 6.625% 30/8/2019	£300,000	309	0.04
Daimler AG 2.375% 16/12/2021	£2,000,000	2,013	0.24
Deutsche Bank 1.75% 16/12/2021	£8,600,000	8,184	0.96
Deutsche Bank 1.875% 28/2/2020	£2,600,000	2,565	0.30
Innogy Finance 5.75% 14/2/2033	€2,330,000	2,849	0.33
Total Corporate Bonds		15,920	1.87
FUTURES - -0.05% (0.06%)			
EUX Euro Bund Future March 2019	(197)	(353)	(0.04)
EUX Euro Buxl 30 Year Bnd Future March 2019	(12)	(45)	(0.01)
Total Futures		(398)	(0.05)
Total Germany		15,522	1.82
IRELAND - 6.00% (5.31%)			
Corporate Bonds - 3.02% (2.43%)			
FCA Bank 1.625% 29/9/2021	£10,680,000	10,301	1.21
GE Capital UK Funding 4.125% 13/9/2023	£5,100,000	5,214	0.61
GE Capital UK Funding 5.125% 24/5/2023	£826,000	876	0.11
GE Capital UK Funding 5.875% 18/1/2033	£4,800,000	5,468	0.64
PGH Capital 4.125% 20/7/2022	£3,846,000	3,808	0.45
Total Corporate Bonds		25,667	3.02
Financials - 2.98% (2.88%)			
+^HSBC Global Liquidity	25,355,830	25,356	2.98
Total Financials		25,356	2.98
Total Ireland		51,023	6.00
ITALY - 1.51% (1.03%)			
Corporate Bonds - 1.51% (1.03%)			
Assicurazioni Generali 6.269% perpetual	£700,000	683	0.08
Autostrade Per L'Italia 6.25% 9/6/2022	£3,000,000	3,157	0.37
Enel Spa 2.5% variable rate 24/11/2078	€2,000,000	1,650	0.20
Enel Spa 6.625% variable rate 15/9/2076	£2,223,000	2,327	0.27
Enel Spa 7.75% variable rate 10/9/2075	£850,000	899	0.11
Enel Spa 8.75% variable rate 24/9/2073	\$1,500,000	1,220	0.14
Intesa Sanpaolo 5.25% 28/1/2022	£350,000	366	0.04
Telecom Italia 5.875% 19/5/2023	£2,450,000	2,535	0.30
Total Corporate Bonds		12,837	1.51
Total Italy		12,837	1.51

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
JAPAN - 0.48% (0.34%)			
Corporate Bonds - 0.48% (0.34%)			
East Japan Railway 4.5% 25/1/2036	£3,250,000	4,109	0.48
Total Corporate Bonds		4,109	0.48
Total Japan		4,109	0.48
LUXEMBOURG - 0.61% (0.28%)			
Corporate Bonds - 0.61% (0.28%)			
Glencore Finance Europe 5.5% 3/4/2022	£2,630,000	2,892	0.34
Novartis Finance 1.7% 14/8/2038	€2,659,000	2,329	0.27
Total Corporate Bonds		5,221	0.61
Total Luxembourg		5,221	0.61
MEXICO - 1.91% (2.09%)			
Government Bonds - 0.50% (0.65%)			
United Mexican States 5.625% 19/3/2114	£4,379,000	4,263	0.50
Total Government Bonds		4,263	0.50
Corporate Bonds - 1.41% (1.44%)			
America Movil 4.948% 22/7/2033	£2,950,000	3,575	0.42
America Movil 5% 27/10/2026	£3,670,000	4,307	0.51
America Movil 6.375% variable rate 6/9/2073	£3,600,000	3,789	0.44
Petroleos Mexicanos 8.25% 2/6/2022	£300,000	332	0.04
Total Corporate Bonds		12,003	1.41
Total Mexico		16,266	1.91
NETHERLANDS - 9.74% (8.41%)			
Corporate Bonds - 9.74% (8.41%)			
BMW International Investment 1.875% 11/9/2023	£3,043,000	2,992	0.35
Daimler AG 1% 20/12/2019	£1,550,000	1,541	0.18
Daimler AG 2.75% 4/12/2020	£6,333,000	6,428	0.76
Daimler International Finance 1.5% 18/8/2021	£3,400,000	3,346	0.39
Daimler International Finance 2% 4/9/2023	£4,700,000	4,607	0.54
Deutsche Telekom International Finance 2.5% 10/10/2025	£3,000,000	3,000	0.35
E.ON International Finance 6% 30/10/2019	£4,150,000	4,291	0.51
E.ON International Finance 6.375% 7/6/2032	£4,558,000	6,063	0.71
Enel Finance 4.875% 14/6/2029	\$3,232,000	2,397	0.28
Enel Finance 5.625% 14/8/2024	£600,000	679	0.08
Enel Finance 5.75% 14/9/2040	£5,750,000	6,840	0.80
Innogy Finance 1.5% 31/7/2029	€1,815,000	1,539	0.18
Innogy Finance 4.75% 31/1/2034	£2,300,000	2,648	0.31
Innogy Finance 5.5% 6/7/2022	£550,000	615	0.07
Innogy Finance 6.125% 6/7/2039	£3,250,000	4,422	0.52
Innogy Finance 6.25% 3/6/2030	£550,000	710	0.08
Innogy Finance 6.5% 20/4/2021	£800,000	880	0.10
JT International Financial Services 2.75% 28/9/2033	£1,714,000	1,678	0.20

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Koninklijke 5.75% 17/9/2029	£4,223,000	5,109	0.60
LafargeHolcim Sterling Finance Netherlands 3% 12/5/2032	£1,049,000	942	0.11
Petrobras Global Finance 6.625% 16/1/2034	£2,000,000	2,026	0.24
Petrobras Global Finance 6.625% 16/1/2034	£1,153,000	1,168	0.14
Rabobank Nederland 4.625% 23/5/2029	£1,280,000	1,381	0.16
Rabobank Nederland 5.375% 3/8/2060	£1,750,000	2,636	0.31
Royal KPN 5% 18/11/2026	£5,900,000	6,682	0.79
Swiss Reinsurance 6.3024% variable rate perpetual	£500,000	504	0.06
Volkswagen Financial Services 1.75% 12/9/2022	£3,500,000	3,408	0.40
Volkswagen Financial Services 1.875% 7/9/2021	£2,500,000	2,467	0.29
Volkswagen Financial Services 2.25% 12/4/2025	£2,000,000	1,914	0.23
Total Corporate Bonds		82,913	9.74
Total Netherlands		82,913	9.74
SOUTH KOREA - 0.48% (0.41%)			
Public Authorities - 0.48% (0.41%)			
Korea Development Bank 1.75% 15/12/2022	£4,090,000	4,058	0.48
Total Public Authorities		4,058	0.48
Total South Korea		4,058	0.48
SPAIN - 0.40% (0.83%)			
Corporate Bonds - 0.40% (0.83%)			
Telefonica Emisiones 5.375% 2/2/2026	£2,990,000	3,430	0.40
Total Corporate Bonds		3,430	0.40
Total Spain		3,430	0.40
SUPRANATIONAL - 0.94% (0.00%)			
Supranational Bonds - 0.94% (0.00%)			
European Investment Bank 1.5% 1/2/2019	£8,000,000	8,002	0.94
Total Supranational Bonds		8,002	0.94
Total Supranational		8,002	0.94
SWEDEN - 0.49% (0.33%)			
Corporate Bonds - 0.49% (0.33%)			
Svenska Handelsbanken 1.625% 18/6/2022	£227,000	225	0.03
Swedbank 1.25% 29/12/2021	£4,020,000	3,952	0.46
Total Corporate Bonds		4,177	0.49
Total Sweden		4,177	0.49
SWITZERLAND - 0.73% (0.31%)			
Corporate Bonds - 0.73% (0.31%)			
UBS AG 1.25% 10/12/2020	£3,783,000	3,753	0.44
UBS Group Funding Switzerland 5% variable rate perpetual	\$3,636,000	2,434	0.29
Total Corporate Bonds		6,187	0.73
Total Switzerland		6,187	0.73

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
FORWARD FOREIGN EXCHANGE CONTRACTS - 0.01% (0.05%)			
#Sold €3,038,000 for £2,712,299 settled 11 February 2019		2	0.00
#Sold £27,795,065 for €31,100,000 settled 11 February 2019		6	0.00
#Sold £19,337,196 for \$24,700,000 settled 12 February 2019		80	0.01
Total Forward Foreign Exchange Contracts		88	0.01
Portfolio of investments		847,446	99.57
Net other assets		3,695	0.43
Net assets		851,141	100.00

+related party

#unlisted

*suspended

^investment scheme registered outside the UK

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

Unless otherwise stated, all investments are listed securities.

Comparative Tables

for the year ended 15 January 2019

Retail Income	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	124.10p	121.20p	114.20p
Return before operating charges*	(2.12p)	7.58p	12.14p
Operating charges**	(1.39p)	(1.43p)	(1.39p)
Return after operating charges*	(3.51p)	6.15p	10.75p
Distributions on income share	(3.09p)	(3.25p)	(3.75p)
Closing net asset value per share	117.50p	124.10p	121.20p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	(2.83%)	5.07%	9.41%
Other information			
Closing net asset value	£14,322,361	£13,972,484	£11,382,469
Closing number of shares	12,191,576	11,262,895	9,395,352
Operating charges - OCF	1.15%	1.15%	1.15%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	124.70p	126.90p	129.70p
Lowest share price	117.00p	120.60p	111.80p

Retail Accumulation	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	281.10p	267.30p	245.90p
Return before operating charges*	(4.82p)	17.01p	26.04p
Operating charges**	(3.18p)	(3.21p)	(3.01p)
Return after operating charges*	(8.00p)	13.80p	23.03p
Distributions on accumulation share	(7.06p)	(7.27p)	(8.15p)
Retained distributions on accumulation share	7.06p	7.27p	6.52p
Closing net asset value per share	273.10p	281.10p	267.30p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	(2.85%)	5.16%	9.37%
Other information			
Closing net asset value	£99,173,079	£88,563,572	£11,748,625
Closing number of shares	36,313,408	31,511,440	4,394,977
Operating charges - OCF	1.15%	1.15%	1.15%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	282.50p	283.40p	282.90p
Lowest share price	270.30p	266.20p	240.60p

**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 Tables

for the year ended 15 January 2019

Institutional Income	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	228.10p	222.80p	209.90p
Return before operating charges*	(3.86p)	13.92p	22.36p
Operating charges**	(0.05p)	(0.05p)	(0.06p)
Return after operating charges*	(3.91p)	13.87p	22.30p
Distributions on income share	(8.19p)	(8.57p)	(9.40p)
Closing net asset value per share	216.00p	228.10p	222.80p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	(1.71%)	6.23%	10.62%
Other information			
Closing net asset value	£515,269,786	£797,852,039	£760,896,156
Closing number of shares	238,525,085	349,748,675	341,575,296
Operating charges - OCF	0.02%	0.02%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	229.30p	233.80p	238.60p
Lowest share price	215.50p	221.90p	205.60p

Institutional Accumulation	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	327.60p	308.10p	280.90p
Return before operating charges*	(5.62p)	19.57p	29.83p
Operating charges**	(0.08p)	(0.07p)	(0.08p)
Return after operating charges*	(5.70p)	19.50p	29.75p
Distributions on accumulation share	(11.92p)	(12.02p)	(12.76p)
Retained distributions on accumulation share	11.92p	12.02p	10.21p
Closing net asset value per share	321.90p	327.60p	308.10p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	(1.74%)	6.33%	10.59%
Other information			
Closing net asset value	£11,268,609	£54,440,276	£84,359,146
Closing number of shares	3,500,424	16,619,263	27,378,901
Operating charges - OCF	0.02%	0.02%	0.03%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	329.30p	330.00p	324.80p
Lowest share price	318.10p	306.90p	275.00p

**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 Tables

for the year ended 15 January 2019

Income C	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	124.60p	121.70p	114.70p
Return before operating charges*	(2.11p)	7.61p	12.16p
Operating charges**	(0.51p)	(0.53p)	(0.51p)
Return after operating charges*	(2.62p)	7.08p	11.65p
Distributions on income share	(3.98p)	(4.18p)	(4.65p)
Closing net asset value per share	118.00p	124.60p	121.70p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	(2.10%)	5.82%	10.16%
Other information			
Closing net asset value	£129,236,940	£171,181,762	£193,330,304
Closing number of shares	109,531,716	137,394,437	158,912,897
Operating charges - OCF	0.42%	0.42%	0.43%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	125.20p	127.60p	130.30p
Lowest share price	117.70p	121.20p	112.30p

Accumulation C	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	289.90p	273.80p	250.40p
Return before operating charges*	(4.89p)	17.31p	26.61p
Operating charges**	(1.21p)	(1.21p)	(1.16p)
Return after operating charges*	(6.10p)	16.10p	25.45p
Distributions on accumulation share	(9.38p)	(9.52p)	(10.26p)
Retained distributions on accumulation share	9.38p	9.52p	8.21p
Closing net asset value per share	283.80p	289.90p	273.80p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	(2.10%)	5.88%	10.16%
Other information			
Closing net asset value	£32,360,422	£57,954,701	£49,179,027
Closing number of shares	11,402,952	19,988,543	17,959,621
Operating charges - OCF	0.42%	0.42%	0.43%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	291.40p	292.10p	289.00p
Lowest share price	280.60p	272.70p	245.20p

**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 Tables

for the year ended 15 January 2019

Institutional Gross Accumulation#	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	328.60p	309.10p	319.20p
Return before operating charges*	(5.63p)	19.58p	(10.07p)
Operating charges**	(0.07p)	(0.08p)	(0.03p)
Return after operating charges*	(5.70p)	19.50p	(10.10p)
Distributions on accumulation share	(11.95p)	(12.06p)	(5.77p)
Retained distributions on accumulation share	11.95p	12.06p	5.77p
Closing net asset value per share	322.90p	328.60p	309.10p
*after direct transaction costs of:***	0.00p	0.00p	0.00p
Performance			
Return after charges	(1.73%)	6.31%	(3.16%)
Other information			
Closing net asset value	£49,509,643	£34,467,289	£3,852,972
Closing number of shares	15,333,214	10,490,044	1,246,465
Operating charges - OCF	0.02%	0.02%	0.01%
Direct transaction costs	0.00%	0.00%	0.00%
Prices			
Highest share price	330.30p	331.00p	323.30p
Lowest share price	319.10p	307.90p	304.20p
<p>**The operating charges include all costs borne by the Fund, except for direct transaction costs.</p> <p>***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.</p>			

Statement of Total Return

for the year ended 15 January 2019

		15.1.19		15.1.18	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(52,171)		32,671
Revenue	3	32,626		36,883	
Expenses	4	(2,124)		(2,006)	
Interest payable and similar charges		(1)		(1)	
Net revenue before taxation		30,501		34,876	
Taxation	5	-		-	
Net revenue after taxation			30,501		34,876
Total (deficit)/return before distributions			(21,670)		67,547
Distributions	6		(35,780)		(42,015)
Change in net assets attributable to shareholders from investment activities			(57,450)		25,532

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2019

	15.1.19		15.1.18	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,218,432		1,114,749
Amounts receivable on creation of shares	93,812		262,145	
Amounts payable on cancellation of shares	(410,828)		(191,164)	
		(317,016)		70,981
Dilution adjustment		985		478
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(57,450)		25,532
Retained distribution on accumulation shares		6,190		6,692
Closing net assets attributable to shareholders		851,141		1,218,432

Balance Sheet

as at 15 January 2019

		15.1.19		15.1.18	
	Notes	£'000	£'000	£'000	£'000
Assets					
Investments			848,037		1,233,132
Current assets					
Debtors	8	17,593		21,437	
Cash and bank balances		-		9,884	
Total current assets			17,593		31,321
Total assets			865,630		1,264,453
Liabilities					
Investment liabilities			(591)		(891)
Creditors					
Bank overdrafts		(1,340)		-	
Distribution payable on income shares		(6,157)		(8,816)	
Other creditors	9	(6,401)		(36,314)	
Total creditors			(13,898)		(45,130)
Total liabilities			(14,489)		(46,021)
Net assets attributable to shareholders			851,141		1,218,432

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 October 2018				
Group 2: Shares purchased from 16 October 2018 to 15 January 2019				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.19</i>	<i>Distribution paid 15.3.18</i>
Retail Income				
Group 1	0.797772	-	0.797772	0.783610
Group 2	0.253847	0.543925	0.797772	0.783610
Retail Accumulation				
Group 1	1.833408	-	1.833408	1.767163
Group 2	0.686724	1.146684	1.833408	1.767163
Institutional Income				
Group 1	2.075321	-	2.075321	2.096523
Group 2	1.365943	0.709378	2.075321	2.096523
Institutional Accumulation				
Group 1	3.068193	-	3.068193	2.978546
Group 2	2.428905	0.639288	3.068193	2.978546
Income C				
Group 1	1.012631	-	1.012631	1.015494
Group 2	0.435796	0.576835	1.012631	1.015494
Accumulation C				
Group 1	2.421211	-	2.421211	2.348170
Group 2	1.480183	0.941028	2.421211	2.348170
Institutional Gross Accumulation				
Group 1	3.074755	-	3.074755	2.985210
Group 2	1.458585	1.616170	3.074755	2.985210

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 July 2018				
Group 2: Shares purchased from 16 July 2018 to 15 October 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.12.18</i>	<i>Distribution paid 15.12.17</i>
Retail Income				
Group 1	0.760000	-	0.760000	0.820000
Group 2	0.510000	0.250000	0.760000	0.820000
Retail Accumulation				
Group 1	1.740000	-	1.740000	1.820000
Group 2	0.720000	1.020000	1.740000	1.820000
Institutional Income				
Group 1	2.030000	-	2.030000	2.150000
Group 2	1.360000	0.670000	2.030000	2.150000
Institutional Accumulation				
Group 1	2.960000	-	2.960000	3.030000
Group 2	1.350000	1.610000	2.960000	3.030000
Income C				
Group 1	0.990000	-	0.990000	1.050000
Group 2	0.400000	0.590000	0.990000	1.050000
Accumulation C				
Group 1	2.320000	-	2.320000	2.390000
Group 2	1.290000	1.030000	2.320000	2.390000
Institutional Gross Accumulation				
Group 1	2.970000	-	2.970000	3.040000
Group 2	1.290000	1.680000	2.970000	3.040000

Distribution Tables (pence per share)

for the year ended 15 January 2019

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 paid 15.9.18</i>	<i>Distribution paid 15.9.17</i>
Retail Income				
Group 1	0.780000	-	0.780000	0.810000
Group 2	0.160000	0.620000	0.780000	0.810000
Retail Accumulation				
Group 1	1.780000	-	1.780000	1.820000
Group 2	1.440000	0.340000	1.780000	1.820000
Institutional Income				
Group 1	2.070000	-	2.070000	2.130000
Group 2	1.250000	0.820000	2.070000	2.130000
Institutional Accumulation				
Group 1	2.990000	-	2.990000	2.970000
Group 2	0.650000	2.340000	2.990000	2.970000
Income C				
Group 1	1.000000	-	1.000000	1.040000
Group 2	0.510000	0.490000	1.000000	1.040000
Accumulation C				
Group 1	2.360000	-	2.360000	2.360000
Group 2	1.400000	0.960000	2.360000	2.360000
Institutional Gross Accumulation				
Group 1	3.010000	-	3.010000	2.990000
Group 2	1.460000	1.550000	3.010000	2.990000

Distribution Tables (pence per share)

for the year ended 15 January 2019

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>
Retail Income				
Group 1	0.750000	-	0.750000	0.840000
Group 2	0.030000	0.720000	0.750000	0.840000
Retail Accumulation				
Group 1	1.710000	-	1.710000	1.860000
Group 2	1.390000	0.320000	1.710000	1.860000
Institutional Income				
Group 1	2.010000	-	2.010000	2.190000
Group 2	1.070000	0.940000	2.010000	2.190000
Institutional Accumulation				
Group 1	2.900000	-	2.900000	3.040000
Group 2	0.160000	2.740000	2.900000	3.040000
Income C				
Group 1	0.980000	-	0.980000	1.070000
Group 2	0.470000	0.510000	0.980000	1.070000
Accumulation C				
Group 1	2.280000	-	2.280000	2.420000
Group 2	1.460000	0.820000	2.280000	2.420000
Institutional Gross Accumulation				
Group 1	2.900000	-	2.900000	3.040000
Group 2	1.410000	1.490000	2.900000	3.040000

Notes to the Financial Statements

for the year ended 15 January 2019

	15.1.19 £'000	15.1.18 £'000
1. Accounting Policies		
The accounting policies are set out on pages 10 and 11.		
2. Net Capital (Losses)/Gains		
The net capital (losses)/gains during the year comprise:		
Currency gains	85	409
Transaction charges	(10)	(2)
(Losses)/gains on derivative contracts	(603)	613
(Losses)/gains on forward foreign currency contracts	(1,565)	4,521
(Losses)/gains on non-derivative securities	(50,078)	27,130
Net capital (losses)/gains	(52,171)	32,671
3. Revenue		
Interest on bonds and other debt securities	32,603	36,878
Deposit interest/(charge)	16	(5)
Bank interest	7	10
Total revenue	32,626	36,883
4. Expenses		
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
Authorised Corporate Director's charge	1,582	1,421
Registration fee	317	330
Safe custody fee	116	134
	2,015	1,885
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	92	106
Other expenses:		
Audit fee	6	6
Legal fee	4	-
Report and accounts fee	7	9
	17	15
Total expenses	2,124	2,006

15.1.19 15.1.18
£'000 £'000

5. Taxation

a) Analysis of charge in year:

Corporation tax	-	-
Total tax for the year (note 5b)	-	-

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

Net revenue before taxation	30,501	34,876
Corporation tax at 20%	6,100	6,975
Effects of:		
Tax deductible interest distributions	(6,100)	(6,975)
Current tax charge for the year (note 5a)	-	-

c) Provision for deferred taxation

At 15 January 2019, there is no potential deferred tax asset (15.1.18: £nil) in relation to surplus management expenses.

6. Distributions

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

Interim dividend distribution	27,051	31,313
Final dividend distribution	7,677	10,650
	34,728	41,963
Add: Amounts deducted on cancellation of shares	1,487	1,142
Deduct: Amounts received on issue of shares	(435)	(1,090)
Net distribution for the year	35,780	42,015

7. Movement Between Net Revenue and Distributions

Net revenue after taxation	30,501	34,876
Equalisation on conversions	(1)	6
Effective yield transferred from capital	5,280	7,133
Net distribution for the year	35,780	42,015

8. Debtors

Amounts receivable for creation of shares	445	2,635
Sales awaiting settlement	3,115	-
Accrued revenue	14,033	18,802
Total debtors	17,593	21,437

9. Other Creditors

Amounts payable for cancellation of shares	2,168	458
Purchases awaiting settlement	3,975	35,719
Accrued expenses	258	137
Total other creditors	6,401	36,314

10. Reconciliation of Shares

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Institutional Income</i>	<i>Institutional Accumulation</i>
Opening shares issued at 16.1.18	11,262,895	31,511,440	349,748,675	16,619,263
Share movements 16.1.18 to 15.1.19				
Shares issued	3,399,817	6,793,806	19,839,050	1,323,750
Shares cancelled	(3,039,405)	(1,991,838)	(129,889,652)	(14,442,589)
Shares converted	568,269	-	(1,172,988)	-
Closing shares issued at 15.1.19	12,191,576	36,313,408	238,525,085	3,500,424

	<i>Income C</i>	<i>Accumulation C</i>	<i>Institutional Gross Accumulation</i>
Opening shares issued at 16.1.18	137,394,437	19,988,543	10,490,044
Share movements 16.1.18 to 15.1.19			
Shares issued	2,184,118	610,495	5,669,454
Shares cancelled	(31,636,221)	(9,193,225)	(826,284)
Shares converted	1,589,382	(2,861)	-
Closing shares issued at 15.1.19	109,531,716	11,402,952	15,333,214

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held the following of the Fund's shares in issue:

	<i>Retail Income</i>	<i>Retail Accumulation</i>	<i>Institutional Income</i>	<i>Institutional Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>	<i>Institutional Gross Accumulation</i>
	%	%	%	%	%	%	%
As at 15.1.19	0.84	0.01	93.24	99.70	1.09	27.91	0.00
As at 15.1.18	1.93	0.00	47.41	99.83	11.64	34.72	0.00

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement. The balance due to/(from) the ACD (including amounts due to associates and agents) at the year end was £1,969,571 (15.1.18: (£2,061,352)), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £53,846,186 (15.1.18: £75,124,155) in Authorised Investment Funds managed by HSBC and/or HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC and/or HSBC Holdings totalled £592,013,982 (15.1.18: £632,968,638).

There were no shares held by the Trustee or its associates.

The following parties hold a material holding in the Fund as at the year end date:

Allfunds Bank SA - 44.12% (15.1.18: none) of Retail Income Shares.

Allfunds Bank SA - 90.06% (15.1.18: none) of Retail Accumulation Shares.

HSBC Global Custody Nominees (UK) Limited - 26.82% (15.1.18: 30.41%), HSBC UK Client Nominee Limited - 52.59% (15.1.18: nil) and Turnsonic (Nominees) Limited - nil (15.1.18: 51.89%) of the Institutional Income shares.

HSBC Global Custody Nominees (UK) Limited - 99.54% (15.1.18: 99.83%), of the Institutional Accumulation shares.

Turnsonic (Nominees) Limited - 94.96% (15.1.18: nil) of the Income C shares.

HSBC Global Custody Nominees (UK) Limited - 27.91% (15.1.18: 34.72%) of the Accumulation C shares.

HSBC Global Custody Nominees (UK) Limited - nil (15.1.18: 100%) and Clearstream Banking - 100% (15.1.18: nil) of the Institutional Gross Accumulation shares.

The ACD does not have information to determine if individuals' holdings within the nominee accounts are material. Related party transactions are disclosed within notes 3 and 4. Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

	<i>Portfolio of investments</i>		<i>Net other assets/(liabilities)</i>		<i>Net assets</i>	
	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18
	£'000	£'000	£'000	£'000	£'000	£'000
Sterling*	802,965	1,149,320	4,037	(7,609)	807,002	1,141,711
Euro	25,750	37,056	(1,041)	(270)	24,709	36,786
United States dollar	18,731	45,865	699	(5,930)	19,430	39,935
Total	847,446	1,232,241	3,695	(13,809)	851,141	1,218,432

*No currency risk as base currency.

Interest Rate Risk

The interest rate profile of the Fund's financial assets at 15 January 2019 was:

	<i>Floating rate financial assets**</i>		<i>Fixed rate financial assets</i>		<i>Financial assets/(liabilities) not carrying interest</i>		<i>Total</i>	
	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sterling	142,929	179,236	633,209	939,535	30,864	22,940	807,002	1,141,711
Euro	6,898	12,936	17,768	29,992	43	(6,142)	24,709	36,786
United States dollar	15,822	19,593	4,396	24,288	(788)	(3,946)	19,430	39,935
Total	165,649	211,765	655,373	993,815	30,119	12,852	851,141	1,218,432

**Floating rate interest was earned at rates based on LIBOR (London Interbank Offered Rate) or international equivalent.

	<i>Fixed rate financial assets weighted average interest rate</i>		<i>Fixed rate financial assets weighted average period for which rate is fixed</i>	
	15.1.19	15.1.18	15.1.19	15.1.18
	%	%	Years	Years
Sterling	2.94	2.37	13.48	13.71
Euro	2.25	2.62	11.80	13.15
United States dollar	5.42	3.96	16.81	20.59

The bond ratings for the portfolio at 15 January 2019 were:

	<i>Bid value £'000</i>	<i>Total net assets %</i>
Bond credit ratings*		
AAA	8,635	1.01
AA	88,771	10.43
AA-	20,438	2.40
A+	28,287	3.32
A	59,347	6.96
A-	98,824	11.63
BBB+	181,151	21.30
BBB	165,954	19.47
BBB-	80,500	9.47
BB+	11,591	1.36
BB	10,489	1.24
BB-	3,194	0.38
B+	6,575	0.78
D	11	0.00
Unrated	58,595	6.87
Total bonds	822,362	96.62

*ratings supplied by Standard & Poor's

13. Shareholders' Funds

This Fund has a retail share class, an institutional share class and a C share class.

The annual ACD charge on the retail share class is 1.00% and nil on the institutional share class and 0.30% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 131 to 134. The distribution per share class is given in the Distribution Tables on pages 136 to 139.

All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were futures and forward currency contracts.

Details of the individual contracts are shown on the Portfolio Statement on pages 121 to 130, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

Counterparty	Forward Currency £'000		Total £'000	
	2019	2018	2019	2018
HSBC Bank	82	673	82	673
RBS	6	6	6	6

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 January 2019, there was no collateral held in respect of the above derivatives (15.1.18: £nil).

15. Contingent Liabilities and Commitment

At the year end, the Fund had no contingent liabilities or commitments (15.1.18: none).

16. Portfolio Transaction Costs

The purchases and sales of securities incurred no direct transaction costs during the year or previous year.

Total purchases for the year were £694,077,397 (15.1.18: £1,134,988,367).

Total sales for the year were £1,021,755,165 (15.1.18: £1,034,944,660).

The Fund has paid £10,200 (15.1.18: £18,115) as commission on purchase and sale of derivative transactions for the year ended 15.1.19.

At the balance sheet date the portfolio dealing spread was 0.67% (15.1.18: 0.59%), being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 January 2019

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Bonds*	73,401	748,961	-	822,362
Pooled investment vehicles	-	25,356	-	25,356
Derivatives	231	88	-	319
	73,632	774,405	-	848,037
Investment Liabilities	£'000	£'000	£'000	£'000
Derivatives	(591)	-	-	(591)
	(591)	-	-	(591)

For the year ended 15 January 2018

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Bonds*	73,578	1,122,118	-	1,195,696
Pooled investment vehicles	-	35,064	-	35,064
Derivatives	1,275	1,097	-	2,372
	74,853	1,158,279	-	1,233,132
Investment Liabilities	£'000	£'000	£'000	£'000
Derivatives	(350)	(541)	-	(891)
	(350)	(541)	-	(891)

*Bonds included in level 1 reflect G7 government issued bonds valued on a basis where the price is sufficiently close to a binding quoted price.

18. Value at risk (VaR)

The market risk of the Fund's financial asset and liability positions is monitored by the Investment Advisor using VaR analysis.

VaR is a process that provides an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances.

The Manager produces daily relative Value at Risk (VaR) numbers. The third party system used to calculate the VaR is FIS APT.

The relative VaR attempts to quantify the incremental amount the Fund may lose relative to the benchmark.

The investment risk team undertake model back testing which involves calculating 1 day VaR and comparing to actual daily return on the Fund, to review the accuracy of the model. As at 15 January 2019 the relative VaR was 98.34% (15.1.18: 102.37%).

The minimum, average and maximum VaR of the Fund over the year ended 15 January 2019 was 97.88%, 103.66% and 108.78% (15.1.18: 96.52%, 100.84% and 107.86%).

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 year, the MSCI ACWI fell by 2.9%. The Materials and Financial sectors were the worst performers, whilst Utilities and Healthcare advanced. Over the same time the Fund marginally underperformed the index.

Allocation effects, residual to stock selection were mixed during the year. This was positive at the sector level given overweight positions in Information Technology and Communication Services, however, at the country level it was negative given an underweight exposure to the USA.

At the stock level, detractors from relative performance included Danske Bank, which fell given poor trading income and a tightening Net Interest Margin. Furthermore, Sumco saw its share price slide on the back of data from the Semiconductor Industry Association which showed that growth figures came in below estimates, falling short across all product segments.

Contributors included, Ball, which tracked ahead of earnings expectations for FY18 and made solid steps towards 2019 targets. Ball is also deploying all surplus free cash flow towards share buybacks. Additionally, Wolters Kluwer gained as the market focused on the solid organic growth being delivered by the company and confirmation that management had formally increased the FY18 buyback programme.

During the year purchases included Prysmian SpA, Philip Morris International, Home Depot, PepsiCo and Walt Disney, whilst Dr Pepper Snapple, Roche, CenturyLink, Mitsubishi Electric and British American Tobacco were sold.

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 year under review, the value of the shares in the Fund decreased by 5.62%.

(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 January 2019

	Institutional Income	Institutional Accumulation
Price	99.48p xd	104.8p
Distribution payable (on 15 March 2019) per share net	0.451233p	0.473020p
Current net estimated yield	3.05%	2.99%
Annual ACD charge	0.00%	0.00%
	Income C	Accumulation C
Price	97.39p xd	102.8p
Distribution payable (on 15 March 2019) per share net	0.441280p	0.458340p
Current net estimated yield	3.06%	3.00%
Annual ACD charge	0.75%	0.75%

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Oil & Gas - 5.17% (6.55%)			
BP	135,911	710	1.93
ENI	52,115	663	1.80
Phillips 66	7,361	531	1.44
Total Oil & Gas		1,904	5.17
Basic Materials - 6.90% (7.23%)			
Bayer	11,001	638	1.73
BHP Group ADR	12,331	457	1.24
Brenntag	17,657	631	1.71
Lyondell Basell Industries	4,684	309	0.84
Severstal GDR	45,615	506	1.38
Total Basic Materials		2,541	6.90
Industrials - 10.55% (5.56%)			
Amcor	67,054	502	1.36
Ball	21,899	843	2.29
Ferguson	13,846	727	1.98
Masco	37,487	921	2.50
Prysmian SpA	55,837	890	2.42
Total Industrials		3,883	10.55
Consumer Goods - 11.12% (10.12%)			
Altria Group	13,624	510	1.38
Diageo	22,485	619	1.68
Nestlé (registered)	9,079	601	1.63
PepsiCo	9,844	838	2.28
Philip Morris International	10,045	553	1.50
Samsonite International	223,200	537	1.46
Sekisui Chemical	38,900	438	1.19
Total Consumer Goods		4,096	11.12
Healthcare - 8.22% (7.25%)			
Grifols A	24,663	526	1.43
Johnson & Johnson	10,390	1,049	2.85
Nihon Kohden	22,700	559	1.52
UnitedHealth Group	4,442	891	2.42
Total Healthcare		3,025	8.22
Consumer Services - 12.21% (10.88%)			
Comcast	37,308	1,043	2.83
Compass Group	50,355	834	2.27
Home Depot	7,371	1,015	2.76
Walt Disney	9,557	834	2.26
Wolters Kluwer certificates	16,293	770	2.09
Total Consumer Services		4,496	12.21

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Telecommunications - 4.31% (6.32%)			
BT Group	228,570	526	1.43
China Mobile (Hong Kong)	130,500	1,060	2.88
Total Telecommunications		1,586	4.31
Utilities - 1.26% (1.04%)			
Red Electrica Corporation	26,368	463	1.26
Total Utilities		463	1.26
Financials - 20.28% (24.64%)			
Aviva	78,089	313	0.85
Bank of America	25,855	536	1.45
BNP Paribas	11,447	426	1.16
China Overseas Land & Investments	180,000	500	1.36
Citigroup	10,033	481	1.31
Deutsche Wohnen	18,926	699	1.90
+HSBC Holdings (London listed)	118,631	761	2.07
Industrial & Commercial Bank of China	1,293,000	732	1.99
Intesa Sanpaolo	300,511	525	1.42
*iShares MSCI ACWI ETF	23,732	839	2.28
Prudential	35,365	512	1.39
Sumitomo Mitsui Financial Group	19,200	536	1.45
Zurich Insurance Group	2,522	606	1.65
Total Financials		7,466	20.28
Technology - 18.47% (18.11%)			
Broadcom	3,914	784	2.13
Capgemini	7,709	625	1.70
Cisco Systems	20,180	694	1.88
CyberAgent	17,600	538	1.46
Intel	20,141	764	2.08
Microsoft	19,526	1,601	4.35
Otsuka	21,500	501	1.36
Samsung GDR	1,009	712	1.93
Taiwan Semiconductor Manufacturing ADR	20,622	580	1.58
Total Technology		6,799	18.47
Portfolio of investments		36,259	98.49
Net other assets		556	1.51
Net assets		36,815	100.00
*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.

Comparative Tables

for the year ended 15 January 2019

Institutional Income#	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	107.10p	100.00p	N/A
Return before operating charges*	(4.16p)	8.96p	N/A
Operating charges**	(0.04p)	(0.06p)	N/A
Return after operating charges*	(4.20p)	8.90p	N/A
Distributions on income share	(3.03p)	(1.80p)	N/A
Closing net asset value per share	99.87p	107.10p	N/A
*after direct transaction costs of:***	0.06p	0.22p	N/A
Performance			
Return after charges	(3.92%)	8.90%	N/A
Other information			
Closing net asset value	£36,661,925	£37,280,436	N/A
Closing number of shares	36,709,286	34,813,642	N/A
Operating charges - OCF	0.04%	0.05%	N/A
Direct transaction costs	0.06%	0.21%	N/A
Prices			
Highest share price	108.70p	108.00p	N/A
Lowest share price	96.15p	97.60p	N/A

Institutional Accumulation#	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	109.50p	100.00p	N/A
Return before operating charges*	(4.26p)	9.62p	N/A
Operating charges**	(0.04p)	(0.12p)	N/A
Return after operating charges*	(4.30p)	9.50p	N/A
Distributions on accumulation share	(3.13p)	(1.81p)	N/A
Retained distributions on accumulation share	3.13p	1.81p	N/A
Closing net asset value per share	105.20p	109.50p	N/A
*after direct transaction costs of:***	0.07p	0.22p	N/A
Performance			
Return after charges	(3.93%)	9.50%	N/A
Other information			
Closing net asset value	£52,604	£54,748	N/A
Closing number of shares	50,000	50,000	N/A
Operating charges - OCF	0.04%	0.05%	N/A
Direct transaction costs	0.06%	0.21%	N/A
Prices			
Highest share price	113.20p	110.00p	N/A
Lowest share price	100.30p	98.76p	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 Tables

for the year ended 15 January 2019

Income C#	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	105.70p	100.00p	N/A
Return before operating charges*	(4.04p)	8.15p	N/A
Operating charges**	(0.91p)	(0.66p)	N/A
Return after operating charges*	(4.95p)	7.49p	N/A
Distributions on income share	(2.98p)	(1.79p)	N/A
Closing net asset value per share	97.77p	105.70p	N/A
*after direct transaction costs of:***	0.06p	0.21p	N/A
Performance			
Return after charges	(4.68%)	7.49%	N/A
Other information			
Closing net asset value	£48,886	£52,867	N/A
Closing number of shares	50,000	50,000	N/A
Operating charges - OCF	0.89%	0.90%	N/A
Direct transaction costs	0.06%	0.21%	N/A
Prices			
Highest share price	106.80p	106.60p	N/A
Lowest share price	94.18p	96.65p	N/A

Accumulation C#	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	108.40p	100.00p	N/A
Return before operating charges*	(4.26p)	9.06p	N/A
Operating charges**	(0.94p)	(0.66p)	N/A
Return after operating charges*	(5.20p)	8.40p	N/A
Distributions on accumulation share	(3.09p)	(1.80p)	N/A
Retained distributions on accumulation share	3.09p	1.80p	N/A
Closing net asset value per share	103.20p	108.40p	N/A
*after direct transaction costs of:***	0.06p	0.22p	N/A
Performance			
Return after charges	(4.80%)	8.40%	N/A
Other information			
Closing net asset value	£51,616	£54,179	N/A
Closing number of shares	50,000	50,000	N/A
Operating charges - OCF	0.89%	0.90%	N/A
Direct transaction costs	0.06%	0.21%	N/A
Prices			
Highest share price	111.40p	108.80p	N/A
Lowest share price	98.99p	98.02p	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 year ended 15 January 2019

	Notes	15.1.19		15.1.18*	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(2,438)		2,587
Revenue	3	1,210		529	
Expenses	4	(13)		(23)	
Net revenue before taxation		1,197		506	
Taxation	5	(107)		(43)	
Net revenue after taxation			1,090		463
Total (deficit)/return before distributions			(1,348)		3,050
Distributions	6		(1,090)		(470)
Change in net assets attributable to shareholders from investment activities			(2,438)		2,580

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2019

	15.1.19		15.1.18*	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		37,442		-
Amounts receivable on creation of shares	3,636		10,089	
Amounts receivable on in-specie transfer**	-		37,041	
Amounts payable on cancellation of shares	(1,839)		(12,326)	
		1,797		34,804
Dilution adjustment		11		30
Change in net assets attributable to shareholders from investment activities (see Statement of Total Return above)		(2,438)		2,580
Retained distribution on accumulation shares		3		28
Closing net assets attributable to shareholders		36,815		37,442

*The Fund was launched on 24 May 2017.

**Represents the value of units created by in-specie transfer of assets during the period.

Balance Sheet

as at 15 January 2019

	Notes	15.1.19		15.1.18	
		£'000	£'000	£'000	£'000
Assets					
Investments			36,259		36,579
Current assets					
Debtors	8	74		926	
Cash and bank balances		661		1,686	
Total current assets			735		2,612
Total assets			36,994		39,191
Liabilities					
Creditors					
Distribution payable on income shares		(166)		(138)	
Other creditors	9	(13)		(1,611)	
Total liabilities			(179)		(1,749)
Net assets attributable to shareholders			36,815		37,442

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 October 2018				
Group 2: Shares purchased from 16 October 2018 to 15 January 2019				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.3.19</i>	<i>Distribution paid 15.3.18</i>
Institutional Income				
Group 1	0.451233	-	0.451233	0.395847
Group 2	0.408733	0.042500	0.451233	0.395847
Institutional Accumulation				
Group 1	0.473020	-	0.473020	0.409060
Group 2	0.473020	0.000000	0.473020	0.409060
Income C				
Group 1	0.441280	-	0.441280	0.395460
Group 2	0.441280	0.000000	0.441280	0.395460
Accumulation C				
Group 1	0.458340	-	0.458340	0.401180
Group 2	0.458340	0.000000	0.458340	0.401180

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 July 2018				
Group 2: Shares purchased from 16 July 2018 to 15 October 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.12.18</i>	<i>Distribution paid 15.12.17</i>
Institutional Income				
Group 1	0.740000	-	0.740000	0.690000
Group 2	0.740000	0.000000	0.740000	0.690000
Institutional Accumulation				
Group 1	0.770000	-	0.770000	0.690000
Group 2	0.770000	0.000000	0.770000	0.690000
Income C				
Group 1	0.730000	-	0.730000	0.680000
Group 2	0.730000	0.000000	0.730000	0.680000
Accumulation C				
Group 1	0.760000	-	0.760000	0.690000
Group 2	0.760000	0.000000	0.760000	0.690000

Distribution Tables (pence per share)

for the year ended 15 January 2019

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 paid 15.9.18</i>	<i>Distribution paid 15.9.17</i>
Institutional Income				
Group 1	1.130000	-	1.130000	0.710000
Group 2	1.130000	0.000000	1.130000	0.710000
Institutional Accumulation				
Group 1	1.160000	-	1.160000	0.710000
Group 2	1.160000	0.000000	1.160000	0.710000
Income C				
Group 1	1.110000	-	1.110000	0.710000
Group 2	1.110000	0.000000	1.110000	0.710000
Accumulation C				
Group 1	1.150000	-	1.150000	0.710000
Group 2	1.150000	0.000000	1.150000	0.710000

Distribution Tables (pence per share)

for the year ended 15 January 2019

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>
Institutional Income				
Group 1	0.710000	-	0.710000	N/A
Group 2	0.450000	0.260000	0.710000	N/A
Institutional Accumulation				
Group 1	0.730000	-	0.730000	N/A
Group 2	0.730000	0.000000	0.730000	N/A
Income C				
Group 1	0.700000	-	0.700000	N/A
Group 2	0.700000	0.000000	0.700000	N/A
Accumulation C				
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.				

Notes to the Financial Statements

	15.1.19	<i>15.1.18</i>
	£'000	<i>£'000</i>
1. Accounting Policies		
The accounting policies are set out on pages 10 and 11.		
2. Net Capital (Losses)/Gains		
The net capital (losses)/gains during the year comprise:		
Currency losses	(3)	(19)
Transaction charges	(4)	(5)
Capital special dividends	54	-
Capital gains tax	(21)	(4)
Losses on forward foreign currency contracts	-	(1)
(Losses)/gains on non-derivative securities	(2,464)	2,616
Net capital (losses)/gains	(2,438)	2,587
3. Revenue		
UK dividends (net)	172	135
Overseas dividends	1,037	394
Bank interest	1	-
Total revenue	1,210	529
4. Expenses		
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
Authorised Corporate Director's charge	1	7
Registration fee	-	1
Safe custody fee	3	2
	4	10
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	5	3
Other expenses:		
Audit fee	6	5
Professional fee	1	1
Report and accounts fee (rebate)/fee	(3)	4
	4	10
Total expenses	13	23

	15.1.19 £'000	15.1.18 £'000
5. Taxation		
a) Analysis of charge in year:		
Corporation tax	13	4
Overseas tax	102	43
Double taxation relief	(8)	(4)
Total current tax charge for the year (note 5b)	107	43
Deferred tax (note 5c)	-	-
Total tax for the year (note 5b)	107	43
b) Factors affecting taxation charge for the year:		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).		
The differences are explained below:		
Net revenue before taxation	1,197	506
Corporation tax at 20%	239	101
Effects of:		
Revenue not subject to taxation	(226)	(97)
Irrecoverable overseas tax	102	43
Double taxation relief	(8)	(4)
Current tax charge for the year (note 5a)	107	43
c) Provision for deferred taxation		
At 15 January 2019, there is no potential deferred tax asset (15.1.18: £nil) in relation to surplus management expenses.		
6. Distributions		
The distributions take account of amounts received on the issue of shares and amounts deducted on the cancellation of shares, and comprise:		
Interim dividend distribution	926	570
Final dividend distribution	166	138
	1,092	708
Add: Amounts deducted on cancellation of shares	8	33
Deduct: Amounts received on issue of shares	(10)	(271)
Net distribution for the year	1,090	470
7. Movement Between Net Revenue and Distributions		
Net revenue after taxation	1,090	463
Authorised Corporate Director's charge charged to capital	1	7
Registration fees transferred to capital	-	1
Corporation tax on taxable items in capital	(1)	-
Net distribution for the year	1,090	471
8. Debtors		
Sales awaiting settlement	-	873
Accrued revenue	49	51
Overseas tax recoverable	25	2
Total debtors	74	926
9. Other Creditors		
Amounts payable for cancellation of shares	-	752
Purchases awaiting settlement	-	847
Accrued expenses	7	12
Corporation tax payable	6	-
Total other creditors	13	1,611

10. Reconciliation of Shares

	<i>Institutional Income</i>	<i>Institutional Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.18	34,813,642	50,000	50,000	50,000
Share movements 16.1.18 to 15.1.19				
Shares issued	3,656,303	-	-	-
Shares cancelled	(1,760,659)	-	-	-
Closing shares issued at 15.1.19	36,709,286	50,000	50,000	50,000

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held 100.00% (15.1.18: 100.00%) of the Fund's shares in issue.

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net assets Attributable to Shareholders and the Portfolio Statement. The balance due to the ACD (including amounts due to associates and agents) at the year end was £1,001 (15.1.18: £753,912), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £761,018 (15.1.18: £nil) in HSBC Holdings, the parent company of the ACD. During the year, transactions in HSBC Holdings totalled £766,661 (15.1.18: £2,324,267).

There were no shares held by the Trustee or its associates.

The following parties hold a material holding in the Fund as at the year end date:

HSBC Global Custody Nominees (UK) Limited - 100.00% (15.1.18: 100.00%) of the Institutional Income shares.

HSBC Global Asset Management Limited - 100.00% (15.1.18: 100.00%) of the Institutional Accumulation shares.

HSBC Global Asset Management Limited - 100.00% (15.1.18: 100.00%) of the Income C shares.

HSBC Global Asset Management Limited - 100.00% (15.1.18: 100.00%) of the Accumulation C shares.

The ACD does not have information to determine if individuals' holdings within the nominee accounts are material. Related party transactions are disclosed within notes 3 and 4. Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets consist of:

	<i>Portfolio of investments</i>		<i>Net other assets</i>		<i>Net assets</i>	
	15.1.19	<i>15.1.18</i>	15.1.19	<i>15.1.18</i>	15.1.19	<i>15.1.18</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Sterling*	5,002	6,139	493	816	5,495	6,955
Australian dollar	502	526	-	-	502	526
Danish krone	-	637	3	-	3	637
Euro	6,856	6,145	7	2	6,863	6,147
Hong Kong dollar	2,829	1,731	-	-	2,829	1,731
Indonesian rupiah	-	603	-	24	-	627
Japanese yen	2,572	4,963	10	10	2,582	4,973
Swiss franc	1,207	1,888	14	-	1,221	1,888
United States dollar	17,291	13,947	29	11	17,320	13,958
Total	36,259	36,579	556	863	36,815	37,442

*No currency risk as base currency.

Interest Rate Risk

At the year end, 1.80% (15.1.18: 4.50%) of the Fund's assets by value were interest-bearing.

Interest rates are based upon LIBOR (London Interbank Offered Rate).

13. Shareholders' Funds

This Fund has an institutional share class and a C share class.

The annual ACD charge is nil on the institutional share class and 0.75% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Tables on pages 151 and 152. The distribution per share class is given in the Distribution Tables on page 154 to 157. All share classes within the OEIC have the same rights on winding up.

14. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.18: none).

15. Portfolio Transaction Costs

For the year ended 15 January 2019	<i>Purchases</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
Analysis of total purchases costs							
Equity transactions	17,813	6	0.03	9	0.05	-	-
Pooled investment vehicles	2,617	1	0.04	-	-	-	-
Corporate actions	73	-	-	-	-	-	-
Total purchases before transaction costs	20,503	7		9		-	
Transaction costs	16						
Total purchases after commission, tax and fees	20,519						

	<i>Sales</i>	<i>Commissions</i>		<i>Taxes</i>		<i>Other Expenses</i>	
	<i>£'000</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>
Analysis of total sales costs							
Equity transactions	16,086	4	0.02	1	0.01	-	-
Pooled investment vehicles	2,299	1	0.04	-	-	-	-
Total sales before transaction costs	18,385	5		1		-	
Transaction costs	(6)						
Total sales after commission, tax and fees	18,379						

Commissions, taxes and fees as % of average Net Assets	
Commissions	0.03%
Taxes	0.03%
Other expenses	0.00%

At the balance sheet date the portfolio dealing spread was 0.09%, being the difference between the respective bid and offer prices for the Fund's investments.

For the year ended 15 January 2018	Purchases	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total purchases costs							
Equity transactions	30,022	17	0.06	13	0.04	22	0.07
Pooled investment vehicles	2,336	1	0.04	-	-	-	-
In-specie transactions	36,590	-	-	-	-	-	-
Total purchases before transaction costs	68,948	18		13		22	
Transaction costs	53						
Total purchases after commission, tax and fees	69,001						

	Sales	Commissions		Taxes		Other Expenses	
	£'000	£'000	%	£'000	%	£'000	%
Analysis of total sales costs							
Equity transactions	32,145	12	0.04	3	0.01	1	-
Pooled investment vehicles	2,910	1	0.03	-	-	-	-
Total sales before transaction costs	35,055	13		3		1	
Transaction costs	(17)						
Total sales after commission, tax and fees	35,038						

Commissions, taxes and fees as % of average Net Assets

Commissions	0.09%
Taxes	0.05%
Other expenses	0.07%

At the balance sheet date the portfolio dealing spread was 0.08%, being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

16. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 January 2019

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	35,420	-	-	35,420
Pooled investment vehicles	839	-	-	839
	36,259	-	-	36,259

For the period ended 15 January 2018

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Equities	36,006	-	-	36,006
Pooled investment vehicles	573	-	-	573
	36,579	-	-	36,579

17. Sensitivity Analysis

Price risk sensitivity:

If the price of investments at 15 January 2019 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £3,625,876 (15.1.18: £3,657,850).

Currency risk sensitivity:

If the exchange rate at 15 January 2019 had increased or decreased by 10% with all other variables held constant, this would have increased or decreased the net assets attributable to shareholders by £3,131,942 (15.1.18: £3,048,615).

Interest rate risk sensitivity:

At the balance sheet date, the Fund did not have a significant exposure to interest rate risk, therefore no sensitivity analysis is disclosed (15.1.18: no significant exposure).

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 of 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

January 2018 saw risk assets continue to rally as receding macro concerns and optimism surrounding the GOP tax plan as well as continued solid corporate earnings remained. Global risk assets were jolted in February however as a fear of greater than expected inflation caused volatility in a market characterized by already elevated valuations. Volatility continued in Q2 and Q3 as investors tried 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. US Dollar strength also added negative pressure to commodity markets and emerging market assets. Investor sentiment turned negative towards the end of the year as falling oil prices, renewed concerns over trade issues and slowing global growth saw market volatility increase with increased fears of a recession causing risk asset to sell off globally. This saw a sharp fall in the market implied probability of Fed rate hikes in 2019 moving from 90% to less than 10%.

The strategy delivered negative performance on an absolute basis but outperformed the reference benchmark over the year gross of fees. The overweight to the US and EM sleeves detracted from overall performance but both boosted relative performance as they outperformed their respective benchmarks. Security selection was positive for relative performance with the US sleeve outperforming its reference benchmark.

Regionally, the strategy remains overweight the US and ABS and underweight EUR and EM bonds. The average credit rating of the Fund is one notch higher than the benchmark. The strategy remains underweight duration relative to the benchmark.

In terms of activity, major purchases included: US Treasury 2.75% 15/2/2028, US Treasury 2.875% 30/4/2025, US Treasury 3.125% 15/11/2028. Significant sales included: US Treasury 2.75% 15/2/2028, US Treasury 2.875% 30/4/2025, Turkey (Republic of) 6.875% 17/3/2036.

Investment Performance

During the year under review, the value of the shares in the Fund decreased by 2.77%.

(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 January 2019

	Institutional Income	Institutional Accumulation
Price	93.97p xd	100.40p
Distribution payable (on 15 February 2019) per share net	0.634061p	0.670419p
Current net estimated yield	4.78%	4.65%
Annual ACD charge	0.00%	0.00%
	Income C	Accumulation C
Price	92.84p xd	99.17p
Distribution payable (on 15 February 2019) per share net	0.625187p	0.659994p
Current net estimated yield	4.80%	4.67%
Annual ACD charge	0.63%	0.63%

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
UNITED KINGDOM - 2.96% (1.23%)			
Corporate Bonds - 2.96% (1.23%)			
Anglo American Capital 4.5% 15/3/2028	\$200,000	147	0.80
Barclays 2.875% 8/6/2020	\$200,000	154	0.84
FCE Bank 1.114% 13/5/2020	€100,000	89	0.48
Nationwide Building Society 4.363% variable rate 1/8/2024	\$200,000	153	0.84
Total Corporate Bonds		543	2.96
Total United Kingdom		543	2.96
UNITED STATES - 30.34% (33.21%)			
Government Bonds - 1.09% (1.70%)			
US Treasury 0% 20/6/2019	\$35,000	27	0.15
US Treasury 2.625% 31/12/2023	\$19,000	15	0.08
US Treasury 2.625% 31/12/2025	\$50,000	39	0.21
US Treasury 2.75% 15/11/2047	\$84,000	61	0.33
US Treasury 3.125% 15/5/2048	\$74,000	58	0.32
Total Government Bonds		200	1.09
Corporate Bonds - 29.25% (31.51%)			
AK Steel 7.5% 15/7/2023	\$19,000	15	0.08
Alcoa 5.9% 1/2/2027	\$42,000	32	0.17
Alexandria Real Estate Equities 4% 15/1/2024	\$35,000	27	0.15
Ally Financial 4.125% 13/2/2022	\$85,000	66	0.36
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
Anheuser-Busch InBev 5.55% 23/1/2049	\$65,000	51	0.28
Antero Resources 5% 1/3/2025	\$60,000	44	0.24
AT and T 5.25% 1/3/2037	\$125,000	97	0.53
AT and T FRN 12/6/2024	\$50,000	38	0.21
Bank of America 4.183% 25/11/2027	\$255,000	193	1.05
Bank of America 6.5% variable rate perpetual	\$35,000	29	0.16
Blue Cube Spinco 10% 15/10/2025	\$35,000	31	0.17
Boardwalk Pipelines LP 5.95% 1/6/2026	\$59,000	48	0.26
Brandywine Operating Partnership 3.95% 15/11/2027	\$20,000	15	0.08
Buckeye Partners 6.375% variable rate 22/1/2078	\$20,000	13	0.07
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 3.3% 30/10/2024	\$25,000	19	0.10
Capital One Financial 4.25% 30/4/2025	\$50,000	39	0.21
Capital One Financial 5.55% variable rate perpetual	\$20,000	16	0.09
Care Capital Properties 5.125% 15/8/2026	\$50,000	37	0.20
CCO Holdings - Capital 5.875% 1/4/2024	\$100,000	79	0.43
CCO Holdings LLC 5% 1/2/2028	\$43,000	31	0.17
CCO Holdings LLC 5.75% 15/2/2026	\$20,000	16	0.09
Centene Escrow I 5.375% 1/6/2026	\$32,000	25	0.14

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
CenturyLink 7.5% 1/4/2024	\$30,000	24	0.13
Charter Communications Operating 4.5% 1/2/2024	\$30,000	23	0.13
Charter Communications Operating 5.375% 1/4/2038	\$25,000	18	0.10
Charter Communications Operating 5.75% 1/4/2048	\$55,000	41	0.22
Chemours 5.375% 15/5/2027	\$45,000	34	0.18
Cheniere Corpus Christi Holdings 5.875% 31/3/2025	\$25,000	20	0.11
Cheniere Energy Partners 5.25% 1/10/2025	\$30,000	23	0.13
Citigroup 4.125% 25/7/2028	\$35,000	26	0.14
Citigroup 4.65% 23/7/2048	\$15,000	11	0.06
Citigroup FRN 17/5/2024	\$200,000	154	0.84
Clearwater Paper 4.5% 1/2/2023	\$15,000	11	0.06
Clearwater Paper 5.375% 1/2/2025	\$31,000	22	0.12
Cleveland Cliffs 5.75% 1/3/2025	\$45,000	33	0.18
Commercial Metals 5.75% 15/4/2026	\$47,000	34	0.19
CommScope 5% 15/6/2021	\$11,000	9	0.05
Continental Resources 4.9% 1/6/2044	\$50,000	36	0.20
Corning 4.375% 15/11/2057	\$10,000	6	0.03
CSC Holdings 5.25% 1/6/2024	\$35,000	26	0.14
CSX 4.3% 1/3/2048	\$80,000	59	0.32
CSX 4.75% 15/11/2048	\$15,000	12	0.07
DCP Midstream LP 7.375% variable rate perpetual	\$105,000	77	0.42
Dell 7.1% 15/4/2028	\$22,000	18	0.10
Diamond 1 Finance - Diamond 2 Finance 6.02% 15/6/2026	\$40,000	32	0.17
Diamond 1 Finance - Diamond 2 Finance 7.125% 15/6/2024	\$75,000	61	0.33
Diamondback Energy 5.375% 31/5/2025	\$30,000	23	0.13
Discovery Communications 1.9% 19/3/2027	€100,000	87	0.47
DowDuPont 5.319% 15/11/2038	\$40,000	33	0.18
Enable Midstream Partners LP 4.95% 15/5/2028	\$15,000	11	0.06
Energy Transfer Operating 6.25% 15/4/2049	\$15,000	12	0.07
Energy Transfer Partners 3.6% 1/2/2023	\$200,000	153	0.83
Energy Transfer Partners 6% 15/6/2048	\$20,000	15	0.08
Energy Transfer Partners LP 6.25% variable rate perpetual	\$48,000	33	0.18
EnLink Midstream Partners 5.45% 1/6/2047	\$100,000	65	0.35
EnLink Midstream Partners 6% variable rate perpetual	\$44,000	27	0.15
Enterprise Products Operating 5.25% variable rate 16/8/2077	\$20,000	13	0.07
Enterprise Products Operating 5.375% variable rate 15/2/2078	\$20,000	14	0.08
EPR Properties 4.5% 1/6/2027	\$200,000	151	0.82
EQT 2.50% 1/10/2020	\$10,000	8	0.04
Equinix 5.875% 15/1/2026	\$25,000	20	0.11
ESH Hospitality 5.25% 1/5/2025	\$50,000	38	0.21
Fidelity National Information Services 4.75% 15/5/2048	\$30,000	22	0.12
Fifth Third Bancorp 4.9% variable rate perpetual	\$40,000	30	0.16
First Data 5% 15/1/2024	\$43,000	33	0.18
Financial and Risk US Holdings 6.25% 15/5/2026	\$28,000	22	0.12
Fiserv 3.8% 1/10/2023	\$15,000	12	0.07
Fortune Brands Home and Security 4% 21/9/2023	\$25,000	19	0.10

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Fox 5.576% 25/1/2049	\$15,000	12	0.07
Freeport McMoran 3.875% 15/3/2023	\$25,000	19	0.10
General Motors Financial 4.35% 17/1/2027	\$70,000	51	0.28
Genesis Energy 5.625% 15/6/2024	\$25,000	18	0.10
Genesis Energy 6.75% 1/8/2022	\$25,000	19	0.10
Glencore Funding LLC 3% 27/10/2022	\$15,000	11	0.06
GLP Capital-LP Financing II 5.25% 1/6/2025	\$30,000	23	0.13
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	146	0.79
Goldman Sachs Group 5% variable rate perpetual	\$20,000	14	0.08
Gray Escrow 7% 15/5/2027	\$16,000	13	0.07
Gulfport Energy Corp 6.375% 15/5/2025	\$50,000	36	0.20
HCA 5.25% 15/4/2025	\$68,000	54	0.29
HCA 5.375% 1/9/2026	\$3,000	2	0.01
HCA 5.5% 15/6/2047	\$25,000	19	0.10
HCA 5.875% 15/2/2026	\$50,000	40	0.22
Healthcare Realty Trust 3.625% 15/1/2028	\$5,000	4	0.02
Healthsouth 5.75% 1/11/2024	\$15,000	12	0.07
Herc Rentals 7.5% 1/6/2022	\$17,000	14	0.08
Hyundai Capital America 3.1% 5/4/2022	\$30,000	23	0.13
Jabil 3.95% 12/1/2028	\$15,000	10	0.05
JPMorgan Chase 5.3% variable rate perpetual	\$200,000	157	0.85
JPMorgan Chase 6.1% variable rate perpetual	\$35,000	28	0.15
Kennametal 4.625% 15/6/2028	\$20,000	15	0.08
Kinder Morgan 5.05% 15/2/2046	\$100,000	74	0.40
Lear 3.8% 15/9/2027	\$20,000	14	0.08
Lennar 4.75% 30/5/2025	\$35,000	27	0.15
Level 3 Financing 5.375% 15/1/2024	\$50,000	38	0.21
Level 3 Financing 5.375% 1/5/2025	\$25,000	19	0.10
Live Nation Entertainment 4.875% 1/11/2024	\$35,000	27	0.14
MEDNAX 6.25% 15/1/2027	\$11,000	9	0.05
MGM Growth Properties 5.625% 1/5/2024	\$60,000	48	0.26
MGM Resorts International 5.75% 15/6/2025	\$20,000	16	0.08
MPLX 5.2% 1/3/2047	\$100,000	74	0.40
MPLX 5.5% 15/2/2049	\$15,000	12	0.07
MPT Operating Partnership LP 5% 15/10/2027	\$32,000	24	0.13
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
Norfolk Southern 5.1% 1/8/2118	\$30,000	22	0.12
Owens Brockway 6.375% 15/8/2025	\$50,000	40	0.22
Owens Corning 4.3% 15/7/2047	\$30,000	17	0.09
PBF Holding 7% 15/11/2023	\$35,000	27	0.15
Pilgrim's Pride 5.75% 15/3/2025	\$17,000	13	0.07
Pilgrim's Pride 5.875% 30/9/2027	\$22,000	16	0.09
Plains All American 6.125% variable rate perpetual 31/12/2199	\$12,000	8	0.04

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
Plastipak 6.25% 15/10/2025	\$30,000	21	0.11
PPL Capital Funding 4% 15/9/2047	\$30,000	20	0.11
Prudential Financial 5.7% variable rate 15/9/2048	\$20,000	15	0.08
PulteGroup 5.5% 1/3/2026	\$25,000	19	0.10
Rayonier AM Products 5.5% 1/6/2024	\$30,000	21	0.11
Regions Financial 2.75% 14/8/2022	\$20,000	15	0.08
Reynolds Group 6.875% 15/2/2021	\$100,000	27	0.15
Rose Rock Midstream 5.625% 15/11/2023	\$40,000	29	0.16
SBA Communications 4.875% 1/9/2024	\$25,000	19	0.10
Senior Housing Properties Trust 4.75% 15/2/2028	\$45,000	31	0.17
Service Corporation International 4.625% 15/12/2027	\$15,000	11	0.06
Sirius XM Radio 6% 15/7/2024	\$35,000	28	0.15
Six Flags Entertainment 4.875% 31/7/2024	\$38,000	29	0.16
SLM 8% 25/3/2020	\$50,000	40	0.22
Smithfield Foods 2.65% 3/10/2021	\$15,000	11	0.06
Southern Copper 5.25% 8/11/2042	\$75,000	57	0.31
Sprint 7.625% 1/3/2026	\$11,000	9	0.05
Sprint 7.875% 15/9/2023	\$50,000	41	0.22
Sprint Communications 7% 1/3/2020	\$25,000	20	0.11
Santander Holdings USA 3.7% 28/3/2022	\$200,000	154	0.84
Standard Industries 5.375% 15/11/2024	\$50,000	38	0.21
SunTrust Bank 3.689% variable rate 2/8/2024	\$50,000	39	0.21
Synchrony Financial 3.95% 1/12/2027	\$40,000	27	0.15
Synovus Financial 3.125% 1/11/2022	\$15,000	11	0.06
T Mobile USA 6.5% 15/1/2026	\$67,000	55	0.30
Targa Resources Partners 5% 15/1/2028	\$13,000	9	0.05
Taylor Morrison Communities 5.875% 15/4/2023	\$50,000	38	0.21
Teacher Insurance & Annuity Association 4.27% 15/5/2047	\$100,000	74	0.40
Tenet Healthcare 4.5% 1/4/2021	\$50,000	39	0.21
Tenet Healthcare 4.625% 15/7/2024	\$14,000	11	0.06
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	20	0.11
Tronox 6.5% 15/4/2026	\$25,000	17	0.09
United Rentals North America 4.625% 15/7/2023	\$10,000	8	0.04
United Rentals North America 6.5% 15/12/2026	\$4,000	3	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	10	0.05
Waste Pro USA 5.5% 15/2/2026	\$25,000	18	0.10
Warrior Met Coal 8.0% 1/11/2024	\$17,000	13	0.07
Wellcare Health Plans 5.375% 15/8/2026	\$40,000	31	0.17
Wells Fargo 5.875% variable rate perpetual	\$50,000	40	0.22
Welltower 4.95% 1/9/2048	\$25,000	19	0.10
Western Digital 4.75% 15/2/2026	\$20,000	14	0.08
Westlake Chemical 4.375% 15/11/2047	\$20,000	13	0.07
Westrock 4.65% 15/3/2026	\$35,000	28	0.15

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
William Lyon Homes 6% 1/9/2023	\$12,000	9	0.05
Zayo Group/Zayo Capital 6% 1/4/2023	\$25,000	19	0.10
ZF North America Capital 2.75% 27/4/2023	€100,000	92	0.50
Total Corporate Bonds		5,375	29.25
Total United States		5,575	30.34

ARGENTINA - 1.95% (2.20%)**Government Bonds - 1.65% (1.90%)**

Argentina (Government of) 5.625% 26/1/2022	\$33,000	23	0.13
Argentina (Government of) 5.875% 11/1/2028	\$80,000	49	0.26
Argentina (Government of) 6.875% 26/1/2027	\$94,000	61	0.33
Argentina (Government of) 6.875% 11/1/2048	\$110,000	64	0.35
Provincia de Buenos Aires 6.5% 15/2/2023	\$157,000	106	0.58
Total Government Bonds		303	1.65

Corporate Bonds - 0.30% (0.30%)

YPF SA 7% 15/12/2047	\$25,000	16	0.09
YPF Sociedad Anonima 8.5% 23/3/2021	\$50,000	39	0.21
Total Corporate Bonds		55	0.30
Total Argentina		358	1.95

AUSTRALIA - 0.88% (1.04%)**Corporate Bonds - 0.88% (1.04%)**

CNOOC Curtis Funding 4.5% 3/10/2023	\$200,000	161	0.88
Total Corporate Bonds		161	0.88
Total Australia		161	0.88

BAHAMAS - 0.18% (0.17%)**Government Bonds - 0.00% (0.03%)****Corporate Bonds - 0.18% (0.14%)**

Silversea Cruise Finance 7.25% 1/2/2025	\$40,000	33	0.18
Total Corporate Bonds		33	0.18
Total Bahamas		33	0.18

BERMUDA - 1.22% (0.43%)**Corporate Bonds - 1.22% (0.43%)**

Aircastle 5.5% 15/2/2022	\$60,000	48	0.26
IHS Markit 4.75% 1/8/2028	\$30,000	23	0.13
Ooredoo International Finance 3.25% 21/2/2023	\$200,000	151	0.82
VOC Escrow 5% 15/2/2028	\$3,000	2	0.01
Total Corporate Bonds		224	1.22
Total Bermuda		224	1.22

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
BRAZIL - 0.84% (0.78%)			
Government Bonds - 0.41% (0.39%)			
Brazil (Government of) 5.625% 7/1/2041	\$100,000	76	0.41
Total Government Bonds		76	0.41
Corporate Bonds - 0.43% (0.39%)			
Centrais Electricas Brasil 6.875% 30/7/2019	\$100,000	79	0.43
Total Corporate Bonds		79	0.43
Total Brazil		155	0.84
BRITISH VIRGIN ISLANDS - 1.75% (1.49%)			
Corporate Bonds - 1.75% (1.49%)			
CNOOC Finance 5.5% 21/5/2033	\$20,000	18	0.10
Sinopec Group Overseas 2015 3.25% 28/4/2025	\$200,000	150	0.81
State Grid Overseas 2.25% 4/5/2020	\$200,000	154	0.84
Total Corporate Bonds		322	1.75
Total British Virgin Islands		322	1.75
CANADA - 1.53% (1.46%)			
Corporate Bonds - 1.53% (1.46%)			
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
GFL Environmental 5.375% 1/3/2023	\$9,000	7	0.04
HudBay Minerals 7.25% 15/1/2023	\$50,000	39	0.21
IAMGOLD 7% 15/4/2025	\$17,000	13	0.07
Kinross Gold 4.5% 15/7/2027	\$35,000	24	0.13
Mattamy Group 6.875% 15/12/2023	\$25,000	19	0.10
Mountain Province Diamonds 8% 15/12/2022	\$25,000	20	0.11
New Gold 6.25% 15/11/2022	\$35,000	25	0.14
New Gold 6.375% 15/5/2025	\$13,000	8	0.04
NOVA Chemicals 4.875% 1/6/2024	\$40,000	29	0.16
NOVA Chemicals 5.25% 1/6/2027	\$35,000	25	0.14
Waste Connections 4.25% 1/12/2028	\$40,000	32	0.17
Yamana Gold 4.625% 15/12/2027	\$10,000	7	0.04
Total Corporate Bonds		282	1.53
Total Canada		282	1.53

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
CAYMAN ISLANDS - 1.28% (1.18%)			
Corporate Bonds - 1.28% (1.18%)			
Avolon Holdings Funding 5.125% 1/10/2023	\$20,000	16	0.09
Park Aerospace 4.5% 15/3/2023	\$3,000	2	0.01
Park Aerospace 5.25% 15/8/2022	\$35,000	28	0.15
Sands China 5.125% 8/8/2025	\$200,000	155	0.84
Vale Overseas 6.875% 21/11/2036	\$39,000	35	0.19
Total Corporate Bonds		236	1.28
Total Cayman Islands		236	1.28
CHANNEL ISLANDS - 0.48% (0.48%)			
Corporate Bonds - 0.48% (0.48%)			
Credit Suisse Funding Limited 1.25% 14/4/2022	€100,000	89	0.48
Total Corporate Bonds		89	0.48
Total Channel Islands		89	0.48
CHILE - 0.14% (0.14%)			
Corporate Bonds - 0.14% (0.14%)			
Corp Nacional del Cobre de Chile 5.625% 21/9/2035	\$30,000	26	0.14
Total Corporate Bonds		26	0.14
Total Chile		26	0.14
COLOMBIA - 0.83% (0.91%)			
Government Bonds - 0.83% (0.77%)			
Colombia (Republic of) 3.875% 25/4/2027	\$200,000	152	0.83
Total Government Bonds		152	0.83
Corporate Bonds - 0.00% (0.14%)			
Total Colombia		152	0.83
COSTA RICA - 0.89% (0.74%)			
Government Bonds - 0.89% (0.74%)			
Costa Rica (Republic of) 9.995% 1/8/2020	\$30,000	24	0.13
Costa Rica (Republic of) 4.25% 26/1/2023	\$200,000	140	0.76
Total Government Bonds		164	0.89
Total Costa Rica		164	0.89
CROATIA - 0.45% (0.41%)			
Government Bonds - 0.45% (0.41%)			
Croatia (Government of) 6.625% 14/7/2020	\$100,000	82	0.45
Total Government Bonds		82	0.45
Total Croatia		82	0.45

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
DOMINICAN REPUBLIC - 0.44% (0.42%)			
Government Bonds - 0.44% (0.42%)			
Dominican (Republic of) 7.5% 6/5/2021	\$100,000	81	0.44
Total Government Bonds		81	0.44
Total Dominican Republic		81	0.44
EGYPT - 0.83% (0.00%)			
Government Bonds - 0.83% (0.00%)			
Egypt (Republic of) 7.5% 31/1/2027	\$200,000	152	0.83
Total Government Bonds		152	0.83
Total Egypt		152	0.83
EL SALVADOR - 0.10% (0.09%)			
Government Bonds - 0.10% (0.09%)			
El Salvador (Republic of) 5.875% 30/1/2025	\$24,000	18	0.10
Total Government Bonds		18	0.10
Total El Salvador		18	0.10
FRANCE - 5.74% (6.06%)			
Corporate Bonds - 5.74% (6.06%)			
AXA SA 3.941% variable rate perpetual	€150,000	140	0.76
Banque Federative Credit Mutuel 3% 21/5/2024	€100,000	95	0.52
BNP Paribas Cardif 4.032% variable rate perpetual	€100,000	90	0.49
BPCE SA 2.75% variable rate 8/7/2026	€200,000	184	1.00
Crown European Holdings SA 2.875% 1/2/2026	€100,000	86	0.47
Electricite de France 5.375% variable rate perpetual	€100,000	92	0.50
Elis SA 3% 30/4/2022	€100,000	90	0.49
Engie SA 4.75% variable rate perpetual	€100,000	95	0.52
Orange 4.25% variable rate perpetual	€100,000	92	0.50
Societe Generale 2.5% variable rate 16/9/2026	€100,000	91	0.49
Total Corporate Bonds		1,055	5.74
Total France		1,055	5.74
GERMANY - 1.35% (1.83%)			
Corporate Bonds - 1.35% (1.83%)			
Commerzbank AG 4% 30/3/2027	€100,000	92	0.50
Deutsche Bank AG 2.7% 13/7/2020	\$30,000	23	0.13
Unitymedia Hessen 6.25% 15/1/2029	€150,000	132	0.72
Total Corporate Bonds		247	1.35
Total Germany		247	1.35
GHANA - 0.85% (0.00%)			
Government Bonds - 0.85% (0.00%)			
Ghana (Republic of) 7.875% 7/8/2023	\$200,000	157	0.85
Total Government Bonds		157	0.85
Total Ghana		157	0.85

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
HUNGARY - 0.00% (0.42%)			
Government Bonds - 0.00% (0.42%)			
INDIA - 0.83% (0.76%)			
Corporate Bonds - 0.83% (0.76%)			
ONGC Videsh 3.75% 7/5/2023	\$200,000	152	0.83
Total Corporate Bonds		152	0.83
Total India		152	0.83
INDONESIA - 1.74% (1.67%)			
Government Bonds - 0.94% (1.67%)			
Indonesia (Republic of) 5.875% 13/3/2020	\$100,000	80	0.44
Indonesia (Republic of) 6.625% 17/2/2037	\$100,000	93	0.50
Total Government Bonds		173	0.94
Corporate Bonds - 0.80% (0.00%)			
Perusahaan Listrik Negara 4.125% 15/5/2027	\$200,000	147	0.80
Total Corporate Bonds		147	0.80
Total Indonesia		320	1.74
IRELAND - 1.48% (1.51%)			
Corporate Bonds - 1.35% (1.29%)			
Aercap Ireland Capital 5% 1/10/2021	\$200,000	158	0.86
Bank of Ireland 4.25% variable rate 11/6/2024	€100,000	90	0.49
Total Corporate Bonds		248	1.35
Financials - 0.13% (0.22%)			
+HSBC Global Liquidity Fund	\$29,113	23	0.13
Total Financials		23	0.13
Total Ireland		271	1.48
ITALY - 3.48% (3.50%)			
Corporate Bonds - 3.48% (3.50%)			
Enel Spa 5% variable rate 15/1/2075	€100,000	92	0.50
Eni Spa 0.75% 17/5/2022	€150,000	135	0.73
Exor Spa 2.5% 8/10/2024	€100,000	93	0.51
Intesa Sanpaolo Spa 6.625% 13/9/2023	€150,000	151	0.82
Snam Spa 1.25% 25/1/2025	€100,000	89	0.48
Wind Tre SpA 3.125% 20/1/2025	€100,000	80	0.44
Total Corporate Bonds		640	3.48
Total Italy		640	3.48

IVORY COAST - 0.00% (0.35%)

LEBANON - 0.00% (0.11%)

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
LUXEMBOURG - 13.38% (11.99%)			
Corporate Bonds - 3.43% (2.60%)			
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	0.71
Dana Financing 5.75% 15/4/2025	\$37,000	27	0.15
Gazprom 7.288% 16/8/2037	\$100,000	90	0.49
Heidelberg Cement 8.5% 31/10/2019	€150,000	143	0.77
Talanx Finanz AG 8.36% 15/6/2042	€200,000	218	1.19
Trinseo Materials Operating SCA 5.375% 1/9/2025	\$10,000	7	0.04
Total Corporate Bonds		631	3.43
Financials - 9.95% (9.39%)			
+HSBC GIF Global Asset-Backed Bond Z Acc	\$551	62	0.34
+HSBC GIF Global Asset-Backed High Yield Bond Z Acc	\$433	62	0.34
+HSBC GIF Global Asset Backed Crossover Bond	\$223,475	1,703	9.27
Total Financials		1,827	9.95
Total Luxembourg		2,458	13.38
MALAYSIA - 0.00% (0.45%)			
Corporate Bonds - 0.00% (0.45%)			
MEXICO - 2.18% (2.17%)			
Government Bonds - 0.47% (0.58%)			
United Mexican States (Government of) 3.5% 21/1/2021	\$50,000	39	0.21
United Mexican States (Government of) 4% 2/10/2023	\$46,000	36	0.20
United Mexican States (Government of) 6.75% 27/9/2034	\$13,000	12	0.06
Total Government Bonds		87	0.47
Corporate Bonds - 1.71% (1.55%)			
Comision Federal De Electricidad 4.875% 26/5/2021	\$200,000	159	0.87
Pemex Master 6.625% 15/6/2035	\$48,000	34	0.19
Petroleos Mexicanos 5.35% 12/2/2028	\$10,000	7	0.04
Petroleos Mexicanos 5.5% 27/6/2044	\$34,000	20	0.11
Petroleos Mexicanos 6.35% 12/2/2048	\$10,000	6	0.03
Petroleos Mexicanos 6.5% 13/3/2027	\$60,000	44	0.24
Petroleos Mexicanos 6.5% 23/1/2029	\$14,000	10	0.05
Petroleos Mexicanos 6.75% 21/9/2047	\$10,000	7	0.04
Petroleos Mexicanos 6.875% 4/8/2026	\$35,000	27	0.14
Total Corporate Bonds		314	1.71
Public Authorities - 0.00% (0.04%)			
Total Mexico		401	2.18

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
NETHERLANDS - 4.61% (6.46%)			
Corporate Bonds - 4.61% (6.46%)			
Aegon 4% variable rate 25/4/2044	€100,000	91	0.50
BMW Finance 1% 15/2/2022	€150,000	136	0.74
CNH Industrial NV 3.85% 15/11/2027	\$20,000	14	0.08
Lukoil International Finance 6.656% 7/6/2022	\$100,000	83	0.45
LyondellBasell Industries 4.625% 26/2/2055	\$25,000	17	0.09
Majapahit Holding 7.75% 20/1/2020	\$100,000	81	0.44
NXP BV - NXP Funding 5.55% 1/12/2028	\$25,000	20	0.11
Petrobras Global Finance BV 5.75% 1/2/2029	\$13,000	10	0.05
Petrobras Global Finance 5.999% 27/1/2028	\$38,000	29	0.16
Petrobras Global Finance 7.375% 17/1/2027	\$55,000	46	0.25
Petrobras Global Finance BV 8.375% 23/5/2021	\$40,000	34	0.19
Teva Pharmaceuticals 3.15% 1/10/2026	\$40,000	26	0.14
Volkswagen International Finance 5.125% variable rate perpetual	€175,000	162	0.88
Volters Kluwer 2.5% 13/5/2024	€100,000	97	0.53
Total Corporate Bonds		846	4.61
Total Netherlands		846	4.61
NIGERIA - 0.42% (0.16%)			
Government Bonds - 0.42% (0.16%)			
Nigeria (Republic of) 5.625% 27/6/2022	\$101,000	78	0.42
Total Government Bonds		78	0.42
Total Nigeria		78	0.42
OMAN - 1.56% (0.00%)			
Government Bonds - 1.56% (0.00%)			
Oman (Government of) 3.875% 8/3/2022	\$200,000	147	0.80
Oman (Government of) 5.375% 8/3/2027	\$200,000	139	0.76
Total Government Bonds		286	1.56
Total Oman		286	1.56
PERU - 0.31% (0.28%)			
Government Bonds - 0.16% (0.14%)			
Peru (Republic of) 4.125% 25/8/2027	\$18,000	15	0.08
Peru (Republic of) 5.625% 18/11/2050	\$15,000	14	0.08
Total Government Bonds		29	0.16
Corporate Bonds - 0.15% (0.14%)			
Banco De Credito Del Peru 5.375% 16/9/2020	\$35,000	28	0.15
Total Corporate Bonds		28	0.15
Total Peru		57	0.31

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
PHILIPPINES - 0.67% (0.51%)			
Government Bonds - 0.67% (0.51%)			
Philippines (Republic of) 4% 15/1/2021	\$100,000	79	0.43
Philippines (Republic of) 9.5% 2/2/2030	\$39,000	45	0.24
Total Government Bonds		124	0.67
Total Philippines		124	0.67
QATAR - 0.82% (0.15%)			
Government Bonds - 0.82% (0.15%)			
Qatar (Government of) 3.25% 2/6/2026	\$200,000	151	0.82
Total Government Bonds		151	0.82
Total Qatar		151	0.82
ROMANIA - 0.41% (0.30%)			
Government Bonds - 0.41% (0.30%)			
Romania (Government of) 4.375% 22/8/2023	\$52,000	41	0.22
Romanian (Government of) 5.125% 15/6/2048	\$22,000	17	0.09
Romania (Government of) 6.125% 22/1/2044	\$20,000	17	0.10
Total Government Bonds		75	0.41
Total Romania		75	0.41
RUSSIA - 0.44% (0.40%)			
Government Bonds - 0.44% (0.40%)			
Russia Eurobond 5% 29/4/2020	\$100,000	80	0.44
Total Government Bonds		80	0.44
Total Russia		80	0.44
SAUDI ARABIA - 0.85% (0.77%)			
Government Bonds - 0.85% (0.77%)			
Saudi Arabia (Government of) 4.5% 17/4/2030	\$200,000	156	0.85
Total Government Bonds		156	0.85
Total Saudi Arabia		156	0.85
SERBIA - 0.00% (0.09%)			
Government Bonds - 0.00% (0.09%)			
SOUTH AFRICA - 0.42% (0.39%)			
Government Bonds - 0.42% (0.39%)			
South Africa (Republic of) 4.665% 17/1/2024	\$100,000	78	0.42
Total Government Bonds		78	0.42
Total South Africa		78	0.42

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
SOUTH KOREA - 0.00% (0.78%)			
Corporate Bonds - 0.00% (0.39%)			
Public Authorities - 0.00% (0.39%)			
SPAIN - 0.44% (0.49%)			
Corporate Bonds - 0.44% (0.49%)			
Banco Santander S.A. 2.125% 8/2/2028	€100,000	81	0.44
Total Corporate Bonds		81	0.44
Total Spain		81	0.44
SRI LANKA - 0.42% (0.40%)			
Government Bonds - 0.42% (0.40%)			
Sri Lanka (Government of) 6.25% 4/10/2020	\$100,000	77	0.42
Total Government Bonds		77	0.42
Total Sri Lanka		77	0.42
TURKEY - 1.31% (1.42%)			
Government Bonds - 1.31% (1.42%)			
Turkey (Republic of) 4.875% 16/4/2043	\$200,000	113	0.62
Turkey (Republic of) 6.875% 17/3/2036	\$57,000	41	0.22
Turkey (Republic of) 7% 5/6/2020	\$110,000	87	0.47
Total Government Bonds		241	1.31
Total Turkey		241	1.31
UKRAINE - 0.38% (0.41%)			
Government Bonds - 0.38% (0.41%)			
Ukraine (Government of) 7.75% 1/9/2026	\$100,000	69	0.38
Total Government Bonds		69	0.38
Total Ukraine		69	0.38
UNITED ARAB EMIRATES - 0.84% (0.76%)			
Corporate Bonds - 0.84% (0.76%)			
Abu Dhabi National Energy 3.625% 12/1/2023	\$200,000	154	0.84
Total Corporate Bonds		154	0.84
Total United Arab Emirates		154	0.84
URUGUAY - 0.02% (0.10%)			
Government Bonds - 0.02% (0.10%)			
Uruguay (Oriental Republic of) 4.975% 20/4/2055	\$4,000	3	0.02
Total Government Bonds		3	0.02
Total Uruguay		3	0.02

Portfolio Statement

as at 15 January 2019

<i>Security</i>	<i>Holding</i>	<i>Bid value £'000</i>	<i>Total net assets %</i>
CREDIT DEFAULT SWAPS - -0.05% (0.05%)			
BNP 1% CDS 20/6/2022	USD 45,000	35	0.19
BNP 1% CDS 20/6/2022	(USD 45,000)	(35)	(0.19)
BNP 1% CDS 20/6/2022	USD 385,000	296	1.61
BNP 1% CDS 20/6/2022	(USD 385,000)	(301)	(1.64)
BNP 1% CDS 20/6/2022	USD 388,000	299	1.63
BNP 1% CDS 20/6/2022	(USD 388,000)	(303)	(1.65)
Total Credit Default Swaps		(9)	(0.05)
FORWARD FOREIGN EXCHANGE CONTRACTS - 1.17% (2.03%)			
#Sold €4,272,000 for \$4,877,834 settled 4 February 2019		(12)	(0.07)
#Sold \$23,644,403 for £18,670,000 settled 4 February 2019		228	1.24
Total Forward Foreign Exchange Contracts		216	1.17
FUTURES - 0.17% (-0.07%)			
EUX Euro Bobl Future March 2019		5	0.03
CBT US 10 Year Note Future March 2019		26	0.14
Total Futures		31	0.17
Portfolio of investments		17,148	93.33
Net other assets		1,226	6.67
Net assets		18,374	100.00
+related party			
#unlisted			
Unless otherwise stated, all investments are listed securities.			

Comparative Tables

for the year ended 15 January 2019

Institutional Income#	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	100.30p	100.00p	N/A
Return before operating charges*	(1.64p)	2.36p	N/A
Operating charges**	(0.09p)	(0.15p)	N/A
Return after operating charges*	(1.73p)	2.21p	N/A
Distributions on income share	(4.49p)	(1.91p)	N/A
Closing net asset value per share	94.08p	100.30p	N/A
*after direct transaction costs of:***	0.00p	0.00p	N/A
Performance			
Return after charges	(1.72%)	2.21%	N/A
Other information			
Closing net asset value	£4,468,952	£4,765,211	N/A
Closing number of shares	4,750,000	4,750,000	N/A
Operating charges - OCF	0.11%	0.10%	N/A
Direct transaction costs	0.00%	0.00%	N/A
Prices			
Highest share price	100.60p	102.40p	N/A
Lowest share price	93.24p	99.81p	N/A

Institutional Accumulation#	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	102.20p	100.00p	N/A
Return before operating charges*	(1.62p)	2.35p	N/A
Operating charges**	(0.09p)	(0.15p)	N/A
Return after operating charges*	(1.71p)	2.20p	N/A
Distributions on accumulation share	(4.67p)	(1.93p)	N/A
Retained distributions on accumulation share	4.67p	1.93p	N/A
Closing net asset value per share	100.49p	102.20p	N/A
*after direct transaction costs of:***	0.00p	0.00p	N/A
Performance			
Return after charges	(1.67%)	2.20%	N/A
Other information			
Closing net asset value	£4,773,448	£4,856,591	N/A
Closing number of shares	4,750,000	4,750,000	N/A
Operating charges - OCF	0.11%	0.10%	N/A
Direct transaction costs	0.00%	0.00%	N/A
Prices			
Highest share price	102.50p	102.70p	N/A
Lowest share price	98.79p	99.81p	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 Tables

for the year ended 15 January 2019

Income C#	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	99.85p	100.00p	N/A
Return before operating charges*	(1.65p)	2.39p	N/A
Operating charges**	(0.79p)	(0.63p)	N/A
Return after operating charges*	(2.44p)	1.76p	N/A
Distributions on income share	(4.46p)	(1.91p)	N/A
Closing net asset value per share	92.95p	99.85p	N/A
*after direct transaction costs of:***	0.00p	0.00p	N/A
Performance			
Return after charges	(2.44%)	1.76%	N/A
Other information			
Closing net asset value	£4,415,256	£4,742,742	N/A
Closing number of shares	4,750,000	4,750,000	N/A
Operating charges - OCF	0.84%	0.83%	N/A
Direct transaction costs	0.00%	0.00%	N/A
Prices			
Highest share price	100.10p	102.40p	N/A
Lowest share price	92.15p	99.72p	N/A

Accumulation C#	15.1.19	15.1.18	15.1.17
Change in net assets per share			
Opening net asset value per share	101.80p	100.00p	N/A
Return before operating charges*	(1.69p)	2.43p	N/A
Operating charges**	(0.82p)	(0.63p)	N/A
Return after operating charges*	(2.51p)	1.80p	N/A
Distributions on accumulation share	(4.63p)	(1.92p)	N/A
Retained distributions on accumulation share	4.63p	1.92p	N/A
Closing net asset value per share	99.29p	101.80p	N/A
*after direct transaction costs of:***	0.00p	0.00p	N/A
Performance			
Return after charges	(2.47%)	1.80%	N/A
Other information			
Closing net asset value	£4,716,279	£4,833,732	N/A
Closing number of shares	4,750,000	4,750,000	N/A
Operating charges - OCF	0.84%	0.83%	N/A
Direct transaction costs	0.00%	0.00%	N/A
Prices			
Highest share price	102.00p	102.40p	N/A
Lowest share price	97.71p	99.72p	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 year ended 15 January 2019

	Notes	15.1.19		15.1.18*	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	2		(1,105)		60
Revenue	3	789		379	
Expenses	4	(76)		(56)	
Interest payable and similar charges		(1)		(3)	
Net revenue before taxation		712		320	
Taxation	5	(6)		(1)	
Net revenue after taxation			706		319
Total (deficit)/return before distributions			(399)		379
Distributions	6		(867)		(364)
Change in net assets attributable to shareholders from investment activities			(1,266)		15

*The Fund was launched on 24 May 2017.

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 15 January 2019

	15.1.19		15.1.18*	
	£'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)		(1,266)		15
Retained distribution on accumulation shares		442		183
Closing net assets attributable to shareholders		18,374		19,198

*The Fund was launched on 24 May 2017.

Balance Sheet

as at 15 January 2019

	Notes	15.1.19		15.1.18	
		£'000	£'000	£'000	£'000
Assets					
Investments			17,169		17,995
Current assets					
Debtors	8	241		249	
Cash and bank balances		1,169		1,147	
Total current assets			1,410		1,396
Total assets			18,579		19,391
Liabilities					
Investment liabilities			(21)		(125)
Creditors					
Distribution payable on income shares		(60)		(22)	
Other creditors	9	(124)		(46)	
Total creditors			(184)		(68)
Total liabilities			(205)		(193)
Net assets attributable to shareholders			18,374		19,198

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 December 2018				
Group 2: Shares purchased from 16 December 2018 to 15 January 2019				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution payable 15.2.19</i>	<i>Distribution paid 15.2.18</i>
Institutional Income				
Group 1	0.634061	-	0.634061	0.230244
Group 2	0.634061	0.000000	0.634061	0.230244
Institutional Accumulation				
Group 1	0.670419	-	0.670419	0.235627
Group 2	0.670419	0.000000	0.670419	0.235627
Income C				
Group 1	0.625187	-	0.625187	0.235797
Group 2	0.625187	0.000000	0.625187	0.235797
Accumulation C				
Group 1	0.659994	-	0.659994	0.231136
Group 2	0.659994	0.000000	0.659994	0.231136

Group 1: Shares purchased prior to 16 November 2018				
Group 2: Shares purchased from 16 November 2018 to 15 December 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.1.19</i>	<i>Distribution paid 15.1.18</i>
Institutional Income				
Group 1	0.330000	-	0.330000	0.250000
Group 2	0.330000	0.000000	0.330000	0.250000
Institutional Accumulation				
Group 1	0.350000	-	0.350000	0.250000
Group 2	0.350000	0.000000	0.350000	0.250000
Income C				
Group 1	0.330000	-	0.330000	0.240000
Group 2	0.330000	0.000000	0.330000	0.240000
Accumulation C				
Group 1	0.350000	-	0.350000	0.250000
Group 2	0.350000	0.000000	0.350000	0.250000

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 October 2018				
Group 2: Shares purchased from 16 October 2018 to 15 November 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 14.12.18</i>	<i>Distribution paid 15.12.17</i>
Institutional Income				
Group 1	0.850000	-	0.850000	0.270000
Group 2	0.850000	0.000000	0.850000	0.270000
Institutional Accumulation				
Group 1	0.880000	-	0.880000	0.280000
Group 2	0.880000	0.000000	0.880000	0.280000
Income C				
Group 1	0.840000	-	0.840000	0.270000
Group 2	0.840000	0.000000	0.840000	0.270000
Accumulation C				
Group 1	0.870000	-	0.870000	0.280000
Group 2	0.870000	0.000000	0.870000	0.280000

Group 1: Shares purchased prior to 16 September 2018				
Group 2: Shares purchased from 16 September 2018 to 15 October 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.11.18</i>	<i>Distribution paid 15.11.17</i>
Institutional Income				
Group 1	0.370000	-	0.370000	0.280000
Group 2	0.370000	0.000000	0.370000	0.280000
Institutional Accumulation				
Group 1	0.390000	-	0.390000	0.280000
Group 2	0.390000	0.000000	0.390000	0.280000
Income C				
Group 1	0.370000	-	0.370000	0.280000
Group 2	0.370000	0.000000	0.370000	0.280000
Accumulation C				
Group 1	0.390000	-	0.390000	0.280000
Group 2	0.390000	0.000000	0.390000	0.280000

Distribution Tables (pence per share)

for the year ended 15 January 2019

Group 1: Shares purchased prior to 16 August 2018				
Group 2: Shares purchased from 16 August 2018 to 15 September 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 15.10.18</i>	<i>Distribution paid 15.10.17</i>
Institutional Income				
Group 1	0.260000	-	0.260000	0.220000
Group 2	0.260000	0.000000	0.260000	0.220000
Institutional Accumulation				
Group 1	0.270000	-	0.270000	0.220000
Group 2	0.270000	0.000000	0.270000	0.220000
Income C				
Group 1	0.250000	-	0.250000	0.220000
Group 2	0.250000	0.000000	0.250000	0.220000
Accumulation C				
Group 1	0.260000	-	0.260000	0.220000
Group 2	0.260000	0.000000	0.260000	0.220000

Group 1: Shares purchased prior to 16 July 2018				
Group 2: Shares purchased from 16 July 2018 to 15 August 2018				
	<i>Net income</i>	<i>Equalisation</i>	<i>Distribution paid 14.9.18</i>	<i>Distribution paid 15.9.17</i>
Institutional Income				
Group 1	0.320000	-	0.320000	0.280000
Group 2	0.320000	0.000000	0.320000	0.280000
Institutional Accumulation				
Group 1	0.330000	-	0.330000	0.280000
Group 2	0.330000	0.000000	0.330000	0.280000
Income C				
Group 1	0.320000	-	0.320000	0.280000
Group 2	0.320000	0.000000	0.320000	0.280000
Accumulation C				
Group 1	0.330000	-	0.330000	0.280000
Group 2	0.330000	0.000000	0.330000	0.280000

Distribution Tables (pence per share)

for the year ended 15 January 2019

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 paid 15.8.18</i>	<i>Distribution paid 15.8.17</i>
Institutional Income				
Group 1	0.380000	-	0.380000	0.380000
Group 2	0.380000	0.000000	0.380000	0.380000
Institutional Accumulation				
Group 1	0.390000	-	0.390000	0.380000
Group 2	0.390000	0.000000	0.390000	0.380000
Income C				
Group 1	0.380000	-	0.380000	0.380000
Group 2	0.380000	0.000000	0.380000	0.380000
Accumulation C				
Group 1	0.390000	-	0.390000	0.380000
Group 2	0.390000	0.000000	0.390000	0.380000

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 13.7.18</i>	<i>Distribution paid* 15.7.17</i>
Institutional Income				
Group 1	0.280000	-	0.280000	N/A
Group 2	0.280000	0.000000	0.280000	N/A
Institutional Accumulation				
Group 1	0.290000	-	0.290000	N/A
Group 2	0.290000	0.000000	0.290000	N/A
Income C				
Group 1	0.280000	-	0.280000	N/A
Group 2	0.280000	0.000000	0.280000	N/A
Accumulation C				
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 Tables (pence per share)

for the year ended 15 January 2019

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>
Institutional Income				
Group 1	0.320000	-	0.320000	N/A
Group 2	0.320000	0.000000	0.320000	N/A
Institutional Accumulation				
Group 1	0.330000	-	0.330000	N/A
Group 2	0.330000	0.000000	0.330000	N/A
Income C				
Group 1	0.310000	-	0.310000	N/A
Group 2	0.310000	0.000000	0.310000	N/A
Accumulation C				
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 15.5.18</i>	<i>Distribution paid* 15.5.17</i>
Institutional Income				
Group 1	0.250000	-	0.250000	N/A
Group 2	0.250000	0.000000	0.250000	N/A
Institutional Accumulation				
Group 1	0.260000	-	0.260000	N/A
Group 2	0.260000	0.000000	0.260000	N/A
Income C				
Group 1	0.250000	-	0.250000	N/A
Group 2	0.250000	0.000000	0.250000	N/A
Accumulation C				
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 Tables (pence per share)

for the year ended 15 January 2019

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>
Institutional Income				
Group 1	0.270000	-	0.270000	N/A
Group 2	0.270000	0.000000	0.270000	N/A
Institutional Accumulation				
Group 1	0.280000	-	0.280000	N/A
Group 2	0.280000	0.000000	0.280000	N/A
Income C				
Group 1	0.270000	-	0.270000	N/A
Group 2	0.270000	0.000000	0.270000	N/A
Accumulation C				
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 15.3.18</i>	<i>Distribution paid* 15.3.17</i>
Institutional Income				
Group 1	0.230000	-	0.230000	N/A
Group 2	0.230000	0.000000	0.230000	N/A
Institutional Accumulation				
Group 1	0.230000	-	0.230000	N/A
Group 2	0.230000	0.000000	0.230000	N/A
Income C				
Group 1	0.230000	-	0.230000	N/A
Group 2	0.230000	0.000000	0.230000	N/A
Accumulation C				
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.				

Notes to the Financial Statements

for the year ended 15 January 2019

	15.1.19 £'000	15.1.18* £'000
1. Accounting Policies		
The accounting policies are set out on pages 10 and 11.		
2. Net Capital (Losses)/Gains		
The net capital (losses)/gains during the year comprise:		
Currency gains/(losses)	199	(206)
Transaction charges	(4)	(18)
Gains/(losses) on derivative contracts	29	(12)
(Losses)/gains on forward foreign currency contracts	(1,453)	918
Gains/(losses) on non-derivative securities	124	(622)
Net capital (losses)/gains	(1,105)	60
Realised gains/(losses) in the current accounting year include unrealised gains/(losses) arising in previous years. In such circumstances a corresponding loss/gain is included in unrealised gains/(losses) figure.		
3. Revenue		
Interest on bonds and other debt securities	776	378
Interest on derivative contracts	8	-
Bank interest	5	1
Total revenue	789	379
4. Expenses		
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
Authorised Corporate Director's charge	59	39
Registration fee	9	6
Safe custody fee	1	1
	69	46
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary fee	2	1
Other expenses:		
Audit fee	8	4
Report and accounts (rebate)/fee	(4)	4
Professional fee	1	1
	5	9
Total expenses	76	56

*The Fund was launched on 24 May 2017.

15.1.19 15.1.18*
£'000 £'000

5. Taxation

a) Analysis of charge in year:

Overseas tax	6	1
Total tax for the year (note 5b)	6	1

b) Factors affecting taxation charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company (20%).

The differences are explained below:

Net revenue before taxation	712	320
Corporation tax at 20%	142	64
Effects of:		
Tax deductible interest distributions	(142)	(64)
Overseas tax	6	1
Current tax charge for the year (note 5a)	6	1

c) Provision for deferred taxation

At 15 January 2019, there is no potential deferred tax asset (15.1.18: £nil) in relation to surplus management expenses.

6. Distributions

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

Interim interest distribution	744	320
Final interest distribution	123	44
	867	364
Add: Amounts deducted on cancellation of shares	-	-
Deduct: Amounts received on issue of shares	-	-
Net distribution for the year/period	867	364

7. Movement Between Net Revenue and Distributions

Net revenue after taxation	706	319
Authorised Corporate Director's charge charged to capital	59	39
Registration fee transferred to capital	9	6
Effective yield transferred from capital	93	-
Net distribution for the year/period	867	364

8. Debtors

Sales awaiting settlement	8	8
Accrued revenue	233	241
Total debtors	241	249

9. Other Creditors

Purchases awaiting settlement	109	34
Accrued expenses	15	12
Total other creditors	124	46

*The Fund was launched on 24 May 2017.

10. Reconciliation of Shares

	<i>Institutional Income</i>	<i>Institutional Accumulation</i>	<i>Income C</i>	<i>Accumulation C</i>
Opening shares issued at 16.1.18	4,750,000	4,750,000	4,750,000	4,750,000
Share movements 16.1.18 to 15.1.19				
Shares issued	-	-	-	-
Shares cancelled	-	-	-	-
Shares converted	-	-	-	-
Closing shares issued at 15.1.19	4,750,000	4,750,000	4,750,000	4,750,000

11. Ultimate Controlling Party and Related Party Transactions

The Authorised Corporate Director (ACD) is regarded as a controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is HSBC Group plc.

This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held 100.00% (15.1.18: 100.00%) of the Fund's shares in issue.

Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 8 and 9 to the financial statements and the Statement of Change in Net assets Attributable to Shareholders and the Portfolio Statement. The balance due to the ACD (including amounts due to associates and agents) at the year end was £8,945 (15.1.18: £3,678), further details of such amounts can be found in notes 8 and 9.

At the year end, the Fund held £1,850,157 (15.1.18: £1,845,203) in Authorised Investment Funds managed by HSBC Holdings, the parent company of the ACD. During the year, transactions in Authorised Investment Funds managed by HSBC Holdings totalled £3,507,947 (15.1.18: £1,912,430).

There were no shares held by the Trustee or its associates.

The following parties hold a material holding in the Fund as at the year end date:

HSBC Global Asset Management Limited – 25.00% (15.1.18: 25.00%) of the Institutional Income shares.

HSBC Global Asset Management Limited – 25.00% (15.1.18: 25.00%) of the Institutional Accumulation shares.

HSBC Global Asset Management Limited – 25.00% (15.1.18: 25.00%) of the Income C shares.

HSBC Global Asset Management Limited – 25.00% (15.1.18: 25.00%) of the Accumulation C shares.

The ACD does not have information to determine if individuals' holdings within the nominee accounts are material. Related party transactions are disclosed within notes 3 and 4. Investments in related parties are disclosed in the Portfolio Statement.

12. Financial Instruments

The financial instrument risks and risk management policies are set out on pages 12 and 13.

Foreign Currency Risk

A substantial portion of the net assets of the Fund are denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements.

Net currency monetary assets and liabilities consist of:

	<i>Portfolio of investments</i>		<i>Net other (liabilities)/assets</i>		<i>Net (liabilities)/assets</i>	
	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18
	£'000	£'000	£'000	£'000	£'000	£'000
Sterling*	-	-	(42)	95	(42)	95
Euro	3,566	3,746	164	91	3,730	3,837
United States dollar	13,582	14,124	1,104	1,142	14,686	15,266
Total	17,148	17,870	1,226	1,328	18,374	19,198

*No currency risk as base currency.

Interest Rate Risk

The interest rate profile of the Fund's financial assets at 15 January 2019 was:

	<i>Floating rate financial assets**</i>		<i>Fixed rate financial assets</i>		<i>Financial assets/(liabilities) not carrying interest</i>		<i>Total</i>	
	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18	15.1.19	15.1.18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sterling	33	129	-	-	(75)	(34)	(42)	95
Euro	1,322	1,693	2,352	2,180	56	(36)	3,730	3,837
United States dollar	2,007	2,052	10,514	10,741	2,165	2,473	14,686	15,266
Total	3,362	3,874	12,866	12,921	2,146	2,403	18,374	19,198

**Floating rate interest was earned at rates based on LIBOR (London Interbank Offered Rate) or international equivalent.

	<i>Fixed rate financial assets weighted average interest rate</i>		<i>Fixed rate financial assets weighted average period for which rate is fixed</i>	
	15.1.19	15.1.18	15.1.19	15.1.18
	%	%	Years	Years
Euro	2.57	1.87	6.75	7.34
United States dollar	5.30	3.96	8.22	8.04

The bond ratings for the portfolio at 15 January 2019 were:

	<i>Bid value £'000</i>	<i>Total net assets %</i>
Bond credit ratings*		
AA+	200	1.09
AA-	225	1.22
A+	801	4.36
A-	730	3.97
BBB+	2,658	14.47
BBB	1,458	7.93
BBB-	3,516	19.13
BB+	989	5.38
BB	859	4.67
BB-	1,352	7.36
B+	501	2.73
B	909	4.95
B-	354	1.93
CCC+	7	0.04
Unrated	501	2.73
Total bonds	15,060	81.96

*ratings supplied by Standard & Poor's

13. Shareholders' Funds

This Fund has an institutional share class and a C share class.

The annual ACD charge is nil on the institutional share class and 0.63% on the C share class.

The net asset value of the share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 180 to 181. The distribution per share class is given in the Distribution Tables on pages 183 to 188.

All share classes within the OEIC have the same rights on winding up.

14. Financial Derivatives

The Fund has used financial derivatives for hedging and meeting investment objectives including risk reduction and implementation of investment policies.

The use of derivatives can create additional counterparty risks. Details of the policy adopted by the ACD for managing counterparty and other risks are set out in the Notes to the Financial Statements.

The types of derivatives held at the year end were futures, credit default swaps and forward currency contracts. Details of the individual contracts are shown on the Portfolio Statement on pages 166 to 179, and the total position by the counterparty at the year end is summarised below. The underlying exposure for each category of derivatives were as follows:

Counterparty	Forward Currency £'000		Credit Default Swaps £'000		Total £'000	
	2019	2018	2019	2018	2019	2018
BNP Paribas	228	-	-	10	228	10
Standard Chartered	-	390	-	-	-	390

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparty are disclosed in the Portfolio Statement.

Eligible collateral types are approved by the ACD and may consist of cash, UK gilts, certificates of deposit, treasury bills, sovereign debt, eurosterling bonds and equities.

At 15 January 2019, there was no collateral held in respect of the above derivatives (15.1.18: £nil).

15. Contingent Liabilities and Commitments

At the year end, the Fund had no contingent liabilities or commitments (15.1.18: none).

16. Portfolio Transaction Costs

The purchases and sales of securities incurred no direct transaction costs during the year.

Total purchases for the year were £11,344,267 (15.1.18: £21,972,237).

Total sales for the year were £12,016,673 (15.1.18: £3,798,927).

At the balance sheet date the portfolio dealing spread was 0.42% (15.1.18: 0.36%), being the difference between the respective bid and offer prices for the Fund's investments.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the Fund's underlying investments.

In order to protect existing investors from the effects of dilution, portfolio transaction costs incurred as a result of investors buying and selling shares in the Fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

17. Fair Value of Investments

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following classifications:

- Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 15 January 2019

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Bonds	-	15,060	-	15,060
Pooled investment vehicles	-	1,850	-	1,850
Derivatives	31	228	-	259
	31	17,138	-	17,169
Investment Liabilities				
Derivatives	-	(21)	-	(21)
	-	(21)	-	(21)

For the year ended 15 January 2018

Category	1	2	3	Total
	£'000	£'000	£'000	£'000
Investment Assets				
Bonds	327	15,311	-	15,638
Pooled investment vehicles	-	1,845	-	1,845
Derivatives	-	512	-	512
	327	17,668	-	17,995
Investment Liabilities				
Derivatives	(13)	(112)	-	(125)
	(13)	(112)	-	(125)

18. Value at risk (VaR)

The market risk of the Fund's financial asset and liability positions is monitored by the Investment Advisor using VaR analysis.

VaR is a process that provides an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. The Manager produces daily relative Value at Risk (VaR) numbers. The third party system used to calculate the VaR is FIS APT.

The relative VaR attempts to quantify the incremental amount the Fund may lose relative to the benchmark.

The investment risk team undertake model back testing which involves calculating 1 day VaR and comparing to actual daily return on the Fund, to review the accuracy of the model. As at 15 January 2019 the relative VaR was 100.59% (15.1.18: 102.37%).

The minimum, average and maximum VaR of the Fund over the year ended 15 January 2019 was 84.53%, 92.79% and 102.92% (15.1.18: 96.52%, 100.84% and 107.86%).

Employee Remuneration Disclosure

Remuneration Policy

HSBC Investment Funds are managed by HSBC Global Asset Management (UK) Limited, which is a wholly owned subsidiary of HSBC Holdings plc.

The firm's remuneration practices and policies are governed by the HSBC Group Remuneration Committee in compliance with the relevant regulatory requirements. For details please refer to the HSBC Group Remuneration Policy as published on our website (<http://www.hsbc.com/our-approach/remuneration>).

HSBC Global Asset Management (UK) Limited's remuneration requirements as specified by the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive are covered in the specific remuneration policy published in the HSBC Global Asset Management website (<http://www.global.assetmanagement.hsbc.com/about-us/governance>).

Remuneration Disclosures

The following tables show the remuneration details, including fixed and variable remuneration, made by HSBC Global Asset Management (UK) Limited to its employees and UCITS Identified staff (Material Risk Takers) for performance year 2017. Individuals have been identified as Material Risk Takers based on the criteria set out in the Financial Conduct Authority's (FCA) UCITS Remuneration Code. The disclosures reflect the requirements of the FCA's COLL Sourcebook.

	Headcount	Fixed Remuneration £	Variable Remuneration £
HSBC Global Asset Management (UK) Ltd Total Employees	365	31,842,000.00	16,472,000.00
HSBC Investment Funds - Employees	22	7,293,000.00	7,008,000.00
of which Executive and non-executive members of the management body of the management company	7	2,747,000.00	3,002,000.00
Senior Management	6	807,000.00	390,000.00
Other Risk Taker	6	2,612,000.00	2,879,000.00
Control Functions, and staff responsible for heading the administration and marketing	3	1,127,000.00	736,000.00
Balanced*			
Employees	3.05	1,011,539.10	972,009.60
of which Executive and non-executive members of the management body of the management company	0.97	381,008.90	416,377.40
Senior Management	0.83	111,930.90	54,093.00
Other Risk Taker	0.83	362,284.40	399,317.30
Control Functions, and staff responsible for heading the administration and marketing	0.42	156,314.90	102,083.20
UK Growth & Income*			
Employees	7.72	2,559,113.70	2,459,107.20
of which Executive and non-executive members of the management body of the management company	2.46	963,922.30	1,053,401.80
Senior Management	2.11	283,176.30	136,851.00
Other Risk Taker	2.11	916,550.80	1,010,241.10
Control Functions, and staff responsible for heading the administration and marketing	1.05	395,464.30	258,262.40

*the individual funds figures have been calculated using the net asset value as at 15 January 2019, these have then been divided by the total HSBC Global Asset Management figures to give the split by fund.

	Headcount	Fixed Remuneration £	Variable Remuneration £
Income*			
Employees	1.45	479,150.10	460,425.60
of which Executive and non-executive members of the management body of the management company	0.46	180,477.90	197,231.40
Senior Management	0.39	53,019.90	25,623.00
Other Risk Taker	0.39	171,608.40	189,150.30
Control Functions, and staff responsible for heading the administration and marketing	0.20	74,043.90	48,355.20
Monthly Income*			
Employees	1.18	392,363.40	377,030.40
of which Executive and non-executive members of the management body of the management company	0.38	147,788.60	161,507.60
Senior Management	0.32	43,416.60	20,982.00
Other Risk Taker	0.32	140,525.60	154,890.20
Control Functions, and staff responsible for heading the administration and marketing	0.16	60,632.60	39,596.80
Gilt & Fixed Interest*			
Employees	0.48	159,716.70	153,475.20
of which Executive and non-executive members of the management body of the management company	0.15	60,159.30	65,743.80
Senior Management	0.13	17,673.30	8,541.00
Other Risk Taker	0.13	57,202.80	63,050.10
Control Functions, and staff responsible for heading the administration and marketing	0.07	24,681.30	16,118.40
Corporate Bond*			
Employees	7.63	2,528,483.10	2,429,673.60
of which Executive and non-executive members of the management body of the management company	2.43	952,384.90	1,040,793.40
Senior Management	2.08	279,786.90	135,213.00
Other Risk Taker	2.08	905,580.40	998,149.30
Control Functions, and staff responsible for heading the administration and marketing	1.04	390,730.90	255,171.20
Global Equity Income*			
Employees	0.33	107,936.40	103,718.40
of which Executive and non-executive members of the management body of the management company	0.10	40,655.60	44,429.60
Senior Management	0.09	11,943.60	5,772.00
Other Risk Taker	0.09	38,657.60	42,609.20
Control Functions, and staff responsible for heading the administration and marketing	0.04	16,679.60	10,892.80

*the individual funds figures have been calculated using the net asset value as at 15 January 2019, these have then been divided by the total HSBC Global Asset Management figures to give the split by fund.

	Headcount	Fixed Remuneration £	Variable Remuneration £
Global High Income*			
Employees	0.17	54,697.50	52,560.00
of which Executive and non-executive members of the management body of the management company	0.05	20,602.50	22,515.00
Senior Management	0.05	6,052.50	2,925.00
Other Risk Taker	0.05	19,590.00	21,592.50
Control Functions, and staff responsible for heading the administration and marketing	0.02	8,452.50	5,520.00

*the individual funds figures have been calculated using the net asset value as at 15 January 2019, these have then been divided by the total HSBC Global Asset Management figures to give the split by fund.

Statement of Authorised Corporate Director's Responsibilities

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

In preparing the financial statements the ACD is responsible for:

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

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

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the HSBC Investment Funds OEIC ("the Company")

For the Year 16 January 2018 to 15 January 2019

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

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

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

The Depositary must ensure that:

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

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

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

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

State Street Trustees Limited
 Quatermile 3
 10 Nightingale Way
 Edinburgh

22 March 2019

Independent Auditor's Report to the Shareholders of the HSBC Investment Funds OEIC ('the Company')

Opinion

We have audited the financial statements of the Company for the year ended 15 January 2019 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's sub-funds listed on page 3 and the accounting policies set out on pages 10 to 11.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of each of the sub-funds as at 15 January 2019 and of the net revenue and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

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

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

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

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

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

Other information

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

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

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

Matters on Which We are Required to Report by Exception

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

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

Authorised Corporate Director's responsibilities

As explained more fully in their statement set out on page 198 the Authorised Corporate Director is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Archer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square London E14 5GL
22 March 2019

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.
-

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 website: 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 214 to 215.
- 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 net 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.

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.

*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).

Important Notes

The Annual Report covers the year 16 January 2018 to 15 January 2019.

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.

Where a Fund holds gilts or other fixed interest securities, the value of the underlying assets is strongly affected by interest rate fluctuations and by changes in the credit ratings of the underlying issuer of the assets. There is a risk that both the relative yield and the capital value of these may be reduced if interest rates go up.

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 January 2019. 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.

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.

Amendments to the Company Prospectus

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

Definitions

The Administrator Northern Trust Global Services Limited has changed its name to Northern Trust Global Services SE.

The definition for UK Valuations Committee has also been updated with a change to the Committee name to "Pricing and Valuation Committee".

Company Details

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

Directory

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

The Administrator and Registrar, Northern Trust Global Services Limited, changed its name to Northern Trust Global Services SE.

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

Share Classes

The table showing the Share Classes currently offered for each Fund has been reviewed and updated.

Dealing in Shares

The Pricing 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.

The Buying shares section has been updated to add details of where to find information on our Funds on our website.

Risks

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

A new risk has been added for the 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.

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

Management and Administration

The principal place of business for the ACD was updated to 8 Canada Square, London E14 5HQ.

The Directorship table was updated to reflect that Melissa G McDonald has been appointed a director of the ACD and the significant activities of all directors have been reviewed and updated.

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

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

Fees and Expenses

Further clarification has been added regarding the costs included in the ongoing charges figures.

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.

The AMC for the Gilt & Fixed Interest Fund Retail Income and Retail Accumulation Share Classes was reduced from 0.75% to 0.60% as of 1 October 2018.

Estimated dilution adjustment rates have been updated and dilution thresholds have been removed.

Taxation

This has been updated to reflect changes in tax law.

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.

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.

Accumulation/Reinvestment Option

Removal of reference to income tax being payable on distributions that are accumulated or reinvested.

General Information

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.

Appendix 1 – Investment Objectives, Investment Policies and Share Classes

Investment Strategy for the Balanced Fund has changed from 20% invested in collective investments schemes to 23% invested in collective investment schemes.

We have added details of the “Benchmarks Regulation with regards to the index referenced for the Global Equity Income Fund.

The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and entered into force on 30 June 2016. It is directly applicable law across the EU. The majority of its provisions applied from 1 January 2018. The Benchmarks Regulation applies principally to administrators and also, in some respects, to contributors and certain users of benchmarks which in certain circumstances can include investment funds such as the sub-funds of the Company.

The Benchmarks Regulation will among other things: (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and make significant changes to the way in which benchmarks falling within scope of the EU Benchmarks Regulation are governed (including reforms of governance and control arrangements, obligations in relation to input data, certain transparency and record-keeping requirements and detailed codes of conduct for contributors); and (ii) prevent certain uses of benchmarks provided by unauthorised administrators by supervised entities in the EU.

Potential effects of the Benchmarks Regulation include (among other things): an index which is a benchmark could not be used by a Fund in certain ways if such index’s administrator does not obtain authorisation or, if based in a non-EU jurisdiction, the administrator is not otherwise recognised as equivalent; and the methodology or other terms of the benchmark could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could (among other things) have the effect of reducing or increasing the rate or level, or affecting the volatility, of the published rate or level of the benchmark.

If any proposed changes change the way in which the benchmarks are calculated or a benchmark is discontinued or is not otherwise permitted to be used by the sub-funds of the Company, this could adversely affect a sub-fund and its Net Asset Value.

The European Securities and Markets Authority maintains a register of benchmark administrators under the Benchmarks Regulation, however benchmark administrators may be taking advantage of transitional arrangements.

A plan has been adopted by the ACD to address the contingency of a benchmark changing materially or ceasing to be provided in accordance with the Benchmarks Regulation.

Risk Categories for each Fund have been updated to add United Kingdom Leaving the European Union.

Appendix 2 – Historical Fund Performance

Historical Fund performance table has been updated.

Appendix 3 - Investment Powers and Restrictions

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.

Appendix 5

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

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.

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	15.3.19	Retail Income	0.00%	100.00%
	15.3.19	Retail Accumulation	0.00%	100.00%
	15.3.19	Institutional Income	0.00%	100.00%
	15.3.19	Institutional Accumulation	0.00%	100.00%
	15.3.19	Income C	0.00%	100.00%
	15.3.19	Accumulation C	0.00%	100.00%
	15.3.19	Institutional Gross Accumulation	0.00%	100.00%
	15.12.18	Retail Income	0.00%	100.00%
	15.12.18	Retail Accumulation	0.00%	100.00%
	15.12.18	Institutional Income	0.00%	100.00%
	15.12.18	Institutional Accumulation	0.00%	100.00%
	15.12.18	Income C	0.00%	100.00%
	15.12.18	Accumulation C	0.00%	100.00%
	15.12.18	Institutional Gross Accumulation	0.00%	100.00%
Global Equity Income	15.3.19	Institutional Accumulation	88.32%	11.68%
	15.3.19	Institutional Income	89.72%	10.28%
	15.3.19	Income C	100.00%	0.00%
	15.3.19	Accumulation C	100.00%	0.00%
	15.12.18	Institutional Accumulation	94.90%	5.10%
	15.12.18	Institutional Income	94.08%	5.92%
	15.12.18	Income C	100.00%	0.00%
	15.12.18	Accumulation C	100.00%	0.00%
Gilt & Fixed Interest	15.3.19	Retail Income	0.00%	100.00%
	15.3.19	Retail Accumulation	0.00%	100.00%
	15.3.19	Institutional Income	0.00%	100.00%
	15.3.19	Accumulation C	0.00%	100.00%
	15.3.19	Income C	0.00%	100.00%
	15.12.18	Retail Income	0.00%	100.00%
	15.12.18	Retail Accumulation	0.00%	100.00%
	15.12.18	Institutional Income	0.00%	100.00%
	15.12.18	Accumulation C	0.00%	100.00%
	15.12.18	Income C	0.00%	100.00%

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

Fund	Date payable/paid	Share class	Investment income	
			Franked	Unfranked
Global High Income Bond	15.2.19	Institutional Accumulation	0.00%	100.00%
	15.2.19	Institutional Income	0.00%	100.00%
	15.2.19	Income C	0.00%	100.00%
	15.2.19	Accumulation C	0.00%	100.00%
	15.1.19	Institutional Accumulation	0.00%	100.00%
	15.1.19	Institutional Income	0.00%	100.00%
	15.1.19	Income C	0.00%	100.00%
	15.1.19	Accumulation C	0.00%	100.00%
	15.12.18	Institutional Accumulation	0.00%	100.00%
	15.12.18	Institutional Income	0.00%	100.00%
	15.12.18	Income C	0.00%	100.00%
	15.12.18	Accumulation C	0.00%	100.00%
	15.11.18	Institutional Accumulation	0.00%	100.00%
	15.11.18	Institutional Income	0.00%	100.00%
	15.11.18	Income C	0.00%	100.00%
	15.11.18	Accumulation C	0.00%	100.00%
	15.10.18	Institutional Accumulation	0.00%	100.00%
	15.10.18	Institutional Income	0.00%	100.00%
	15.10.18	Income C	0.00%	100.00%
	15.10.18	Accumulation C	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	Income C	0.00%	100.00%
	15.9.18	Accumulation C	0.00%	100.00%

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	3†	
Global Equity Income	5	
Global High Income Bond	4	

†The previous risk rating for this Fund was 4 up until 24 December 2018.

*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.

Directory

The Company

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

Authorised Corporate Director (ACD) and Head Office

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

Investment Manager

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

Depository

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

Regulator

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

Auditor

KPMG LLP, 15 Canada Square, London E14 5GL

Registrar

HSBC Global Asset Management (UK) Limited (delegated to Northern Trust Global Services SE, previously 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).

Administrator (delegated to Northern Trust Global Services SE, previously Northern Trust Global Services Limited) - postal address

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

Website

www.assetmanagement.hsbc.com/uk

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 % †	0.60	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.

www.assetmanagement.hsbc.com/uk

HSBC Global Asset Management (UK) Limited
Forum One
Parkway
Whiteley
Fareham PO15 7PA
United Kingdom
