

Merian Investment Funds Series I

Interim Report and Financial Statements (unaudited)
For the period from 1 August 2018 to 31 January 2019

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Company Information

Authorised Corporate Director (“ACD”)

Quilter Investors Limited (formerly Old Mutual Investment Management Limited)
Millennium Bridge House
2 Lambeth Hill
London
EC4V 4AJ

Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

Merian Global Investors (UK) Limited
Millennium Bridge House
2 Lambeth Hill
London
EC4P 4WR

Authorised and regulated by the Financial Conduct Authority.

Legal Adviser

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Administrator

Citibank Europe plc
1, North Wall Quay
Dublin 1
Ireland

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

Registrar

DST Financial Services International Ltd
DST House
Saint Nicholas Lane
Basildon
Essex
SS15 5FS

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

Directors of the ACD

M Dean
P Simpson
J Little – Non-Executive Director
C Turner – Non-Executive Director

Depositary

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

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Report of the Directors of Merian Investment Funds Series I

Directors' report

The Directors present the report and financial statements for the Merian Investment Funds Series I ("the Company") for the period from 1 August 2018 to 31 January 2019.

Authorised status

The Company is an Open-Ended Investment Company incorporated as an Investment Company with Variable Capital ("ICVC") under Regulation 12 (authorisation) of the Open-Ended Investment Company ("OEIC") Regulations. It is incorporated in England and Wales and authorised by the Financial Conduct Authority under the OEIC Regulations 2001 and the Collective Investment Schemes Sourcebook ("the Regulations"). It is a UCITS scheme for the purposes of that part of the Financial Conduct Authority's Handbook of Rules and Guidance which deals with regulated collective investment schemes (the "Sourcebook").

Liability

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

Authorised Corporate Director Change

On or around 1 April 2019, Quilter Investors Limited will cease to act as the ACD of the Company and Merian Investment Management Limited ("MIML") will be appointed as the replacement ACD. The ACD is the company that has legal responsibility for managing and administering the affairs of the Company in compliance with the Financial Conduct Authority ("FCA") regulations.

Sub-fund merger

The Old Mutual UK Alpha Fund (the "Original Fund") was launched on 31 January 2003 as a sub-fund of Old Mutual MultiManager Trust and was merged on 15 June 2018 into the Old Mutual UK Alpha Fund, a newly created sub-fund of Old Mutual Investment Funds Series I. On the 28 September 2018, the Old Mutual UK Alpha Fund changed its name to the Merian UK Alpha Fund.

Change in benchmark

1st November 2018, Merian Monthly Income Bond Fund changed the benchmark to 50% ICE BofAML 1-5yr BBB Sterling Corporate Index / 50% ICE BofAML Sterling High Yield Index.

Additional information

On 28 September 2018, the Company changed its name from Old Mutual Investment Funds Series I to Merian Investment Funds Series I and each of its sub-funds changed their names as set out below.

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

The Company is an umbrella scheme which complies with the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) and as at 31 January 2019 has seven sub-funds (listed below). Additional sub-funds may be launched in the future:

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

* The original launch date is 31 January 2003

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



M Dean
For and on behalf of Quilter Investors Limited
Director



P Simpson
For and on behalf of Quilter Investors Limited
Director

26 March 2019

26 March 2019

Authorised Corporate Director's report

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

Net asset value of the sub-funds

| | 31 January 2019 | | | 31 July 2018 | | |
|--|--|-----------------|---------------------------|--|-----------------|---------------------------|
| | Net asset value of sub-fund by share class | Shares in issue | Net asset value per share | Net asset value of sub-fund by share class | Shares in issue | Net asset value per share |
| Merian Corporate Bond Fund | | | | | | |
| -Accumulation 'A' | £72,865,534 | 31,107,103 | 234.24p | £79,330,958 | 33,860,899 | 234.28p |
| -Income 'A' | £17,146,462 | 14,427,233 | 118.85p | £18,196,053 | 15,121,703 | 120.33p |
| -Accumulation 'P' | £846,883 | 484,317 | 174.86p | £1,071,604 | 613,808 | 174.58p |
| -Income 'P' | £179,528 | 150,698 | 119.13p | £234,021 | 194,237 | 120.48p |
| -Accumulation 'R' | £79,811,784 | 62,628,642 | 127.44p | £83,845,792 | 65,948,066 | 127.14p |
| -Income 'R' | £57,541,659 | 51,046,107 | 112.72p | £61,856,094 | 54,266,301 | 113.99p |
| -Accumulation 'U1' | £22,189,069 | 18,930,500 | 117.21p | £23,356,453 | 19,978,004 | 116.91p |
| -Income 'U1' | £1,758,706 | 1,713,176 | 102.66p | £1,818,897 | 1,752,413 | 103.79p |
| -Income 'U2' | £73,565,571 | 71,522,244 | 102.86p | £41,248,120 | 39,674,772 | 103.97p |
| Merian Monthly Income Bond Fund | | | | | | |
| -Accumulation 'A' | £5,624,664 | 7,763,852 | 72.45p | £6,403,581 | 8,867,573 | 72.21p |
| -Income 'A' | £9,400,784 | 25,576,082 | 36.76p | £11,108,703 | 29,697,184 | 37.41p |
| -Accumulation 'P' | £6,538 | 4,854 | 134.68p | £6,502 | 4,856 | 133.90p |
| -Income 'P' | £92,392 | 102,276 | 90.34p | £112,079 | 122,219 | 91.70p |
| -Accumulation 'R' | £53,874,347 | 46,766,213 | 115.20p | £51,944,084 | 45,373,744 | 114.48p |
| -Income 'R' | £8,806,069 | 9,142,102 | 96.32p | £10,553,116 | 10,798,018 | 97.73p |
| -Accumulation 'U1' | £3,677,687 | 3,526,825 | 104.28p | £3,883,416 | 3,749,144 | 103.58p |
| -Income 'U1' | £2,179,870 | 2,567,671 | 84.90p | £2,768,462 | 3,215,416 | 86.10p |
| -Income 'U2' | £13,077 | 14,803 | 88.34p | £121,903 | 136,173 | 89.52p |
| Merian UK Alpha Fund | | | | | | |
| -Accumulation 'A' | £44,271,614 | 34,804,269 | 127.20p | £68,456,344 | 49,151,531 | 139.28p |
| -Income 'A' | £2,860,455 | 2,603,278 | 109.88p | £3,739,494 | 3,061,828 | 122.13p |
| -Accumulation 'R' | £319,045,588 | 208,806,762 | 152.79p | £361,966,735 | 217,168,642 | 166.68p |
| -Income 'R' | £21,349,380 | 18,546,797 | 115.11p | £22,432,596 | 17,599,643 | 127.46p |
| -Accumulation 'U1' | £473,725,973 | 348,947,901 | 135.76p | £544,527,362 | 367,838,497 | 148.03p |
| -Income 'U1' | £261,406,146 | 231,902,359 | 112.72p | £355,969,836 | 285,306,882 | 124.77p |
| -Accumulation 'U2' | £187,504,901 | 144,250,025 | 129.99p | £199,042,178 | 140,482,805 | 141.68p |
| -Income 'U2' | £526,105,212 | 480,670,396 | 109.45p | £572,543,683 | 472,775,803 | 121.10p |
| Merian UK Equity Income Fund | | | | | | |
| -Accumulation 'A' | £5,637,715 | 188,886 | 2,984.72p | £7,153,017 | 214,691 | 3,331.77p |
| -Income 'A' | £19,464,863 | 2,535,575 | 767.67p | £27,061,984 | 3,094,850 | 874.42p |
| -Accumulation 'P' | £270,979 | 155,172 | 174.63p | £448,278 | 230,700 | 194.31p |
| -Income 'P' | £121,755 | 109,035 | 111.67p | £138,334 | 109,035 | 126.87p |
| -Accumulation 'R' | £12,063,681 | 7,672,778 | 157.23p | £14,386,772 | 8,228,199 | 174.85p |
| -Income 'R' | £17,386,048 | 14,076,850 | 123.51p | £21,177,320 | 15,110,896 | 140.15p |
| -Accumulation 'U1' | £6,053,845 | 5,127,358 | 118.07p | £8,331,489 | 6,347,655 | 131.25p |
| -Income 'U1' | £3,961,799 | 4,049,852 | 97.83p | £4,595,278 | 4,141,334 | 110.96p |
| -Accumulation 'U2' | £14,000 | 11,754 | 119.11p | £18,099 | 13,674 | 132.36p |
| -Income 'U2' | £18,562,897 | 19,238,667 | 96.49p | £21,867,438 | 19,988,045 | 109.40p |

Authorised Corporate Director's report (continued)

Net asset value of the sub-funds (continued)

| | 31 January 2019 | | | 31 July 2018 | | |
|---|--|-----------------|---------------------------|--|-----------------|---------------------------|
| | Net asset value of sub-fund by share class | Shares in issue | Net asset value per share | Net asset value of sub-fund by share class | Shares in issue | Net asset value per share |
| Merian UK Mid Cap Fund | | | | | | |
| -Accumulation 'A' | £437,210,626 | 105,963,279 | 412.61p | £578,764,585 | 116,270,135 | 497.78p |
| -Income 'A' | £150,084,312 | 41,202,004 | 364.26p | £190,480,191 | 43,343,858 | 439.46p |
| -Accumulation 'P' | £14,078,885 | 3,972,313 | 354.43p | £18,533,146 | 4,345,326 | 426.51p |
| -Income 'P' | £3,403,309 | 1,569,146 | 216.89p | £5,249,603 | 2,011,227 | 261.01p |
| -Accumulation 'R' | £886,540,304 | 320,621,822 | 276.51p | £1,090,037,406 | 328,005,588 | 332.32p |
| -Income 'R' | £224,411,614 | 102,464,490 | 219.01p | £317,394,438 | 120,576,780 | 263.23p |
| -Accumulation 'U1' | £671,989,733 | 438,678,996 | 153.18p | £838,133,870 | 455,415,982 | 184.04p |
| -Income 'U1' | £538,433,435 | 367,105,494 | 146.67p | £545,864,739 | 309,775,625 | 176.21p |
| -Accumulation 'U2' | £19,890,721 | 12,714,245 | 156.44p | £16,950,540 | 9,022,299 | 187.87p |
| -Income 'U2' | £186,318,775 | 136,979,133 | 136.02p | £87,074,401 | 53,294,284 | 163.38p |
| Merian UK Opportunities Fund | | | | | | |
| -Accumulation 'A' | £8,547,362 | 8,148,371 | 104.90p | £9,610,147 | 8,791,719 | 109.31p |
| -Accumulation 'R' | £2,073,383 | 1,877,738 | 110.42p | £2,373,362 | 2,070,466 | 114.63p |
| -Accumulation 'U1' | £1,397,212 | 1,632,278 | 85.60p | £1,674,820 | 1,885,443 | 88.83p |
| -Accumulation 'U2' | - | - | - | £15,045 | 16,624 | 90.50p |
| Merian UK Smaller Companies Fund | | | | | | |
| -Accumulation 'A' | £243,979,073 | 51,230,929 | 476.23p | £289,768,109 | 52,136,322 | 555.79p |
| -Income 'A' | £27,157,892 | 5,951,485 | 456.32p | £33,450,944 | 6,281,238 | 532.55p |
| -Accumulation 'P' | £2,477,145 | 691,674 | 358.14p | £3,127,107 | 750,063 | 416.91p |
| -Income 'P' | £749,524 | 359,428 | 208.53p | £811,400 | 334,246 | 242.76p |
| -Accumulation 'R' | £451,955,654 | 177,867,912 | 254.10p | £547,184,307 | 185,336,909 | 295.24p |
| -Income 'R' | £177,537,053 | 76,423,531 | 232.31p | £188,525,849 | 69,845,301 | 269.92p |
| -Accumulation 'U1' | £237,171,059 | 148,174,708 | 160.06p | £266,790,653 | 143,516,044 | 185.90p |
| -Income 'U1' | £75,514,089 | 47,113,886 | 160.28p | £53,818,047 | 28,912,206 | 186.14p |
| -Accumulation 'U2' | £14,435,954 | 9,055,917 | 159.41p | £12,257,879 | 6,623,763 | 185.06p |
| -Income 'U2' | £32,268,351 | 21,197,549 | 152.23p | £38,504,698 | 21,788,838 | 176.72p |

Cross Holdings

There were no cross holdings held by the sub-funds throughout the period to 31 January 2019.

Securities Financing Transactions Regulation Disclosure

The Company does not currently undertake securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365) or use total return swaps.

Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Authorised Corporate Director ("ACD") to prepare financial statements for each annual and semi-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 period.

In preparing the financial statements the ACD is responsible for:

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

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

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

for the period from 1 August 2018 to 31 January 2019

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

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

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

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

Citibank Europe plc, UK Branch
Depositary
26 March 2019

Merian Corporate Bond Fund

| | |
|---------------------------|--------------------------------------|
| Launch date | 17 June 2000 |
| IA Sector | Sterling Corporate |
| Investment adviser | Merian Global Investors (UK) Limited |
| Net asset value | £325,905,196 |

Investment Objective and Policy

The sub-fund aims to maximise total return through investment in a diversified portfolio of fixed interest and other debt securities.

Subject to the regulations, the property of the sub-fund may include transferable securities; units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives. More than 35% in value of the property of the sub-fund may consist of Government and other public securities issued by one issuer in accordance with the investment management and borrowing powers of the Company set out in the prospectus.

The level of cash held will not normally exceed 20% of the value of the holding of the sub-fund.

The sub-fund will be permitted to use derivatives for investment purposes. The use of derivatives for this purpose may affect the volatility or risk profile of the sub-fund although this is not the ACD's intention.

Investment Manager's Review

Against the backdrop of slowing US economic data and tightening monetary policy from the US Federal Reserve (Fed), credit and US equity markets went into free fall. Consequently, following the rout in the US equity markets, credit in the fourth quarter of 2018 drifted wider. Spreads at the start of the quarter in the sterling index were circa 120bps before going further out 30bps by the beginning of December, to year-to-date wides. Whilst risk off continued throughout December, the UK credit market was reasonably well insulated as issuance dried up, thereby supporting spreads at least technically.

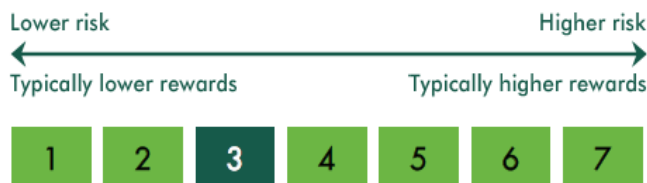
The sub-fund was shorter duration, on the belief that a hard Brexit would be avoided. However, duration rallied as a result of the weakness in the market, contrary to the sub-fund's positioning. Other detractors to the sub-fund's performance included our long dated GE holding. The sub-fund invested post the initial GE sell-off but before a more pronounced sell-off exacerbated by the weakness in the market before it found a level in late November. In addition, as a result of the negative sentiment in the quarter, the sub-fund's holdings in higher beta subordinated financials was also only a detractor for the sub-fund, a position that has been partially hedged as we move into the new year.

Due to the general market environment, the sub-fund was running a credit hedge through high-yield and investment-grade indices during the quarter which reduced the fall that would have been seen otherwise. As a result, our short index positions were a strong contributor to performance. The sub-fund was also long US short-dated duration as it was expected the Fed may not be able to continue to raise rates at the same speed as the market had been expected, also proving to be a valuable trade. The sub-fund was also able to take advantage of single names that came to the market cheaply, such as Takeda and VW.

The sub-fund marginally underperformed the benchmark during January 2019 primarily due to the small gilt rally over the month – the sub-fund was slightly short duration. The sub-fund is marginally long credit primarily through an overweight to financials which worked well for the sub-fund during the month

however this overweight was partially offset by a credit hedge which over the course of the month outperformed cash credit.

Risk and Reward Profile



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

Sub-funds in category 3 have in the past shown moderately low volatility. With a sub-fund of category 3, you have a moderately low risk of losing money but your chance for gains is also moderately low.

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

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

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

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

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

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

Capital erosion risk* - the sub-fund takes its charges from the capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges. Capital erosion may have the effect of reducing the level of income generated.

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

* 1st November 2018, Merian Corporate Bond Fund changed its expense policy from charges paid to Capital instead of income.

Performance Records

Comparative Tables

| Accumulation 'A' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 234.28 | 234.51 | 229.25 |
| Return before operating charges* | 1.31 | 2.49 | 8.27 |
| Operating charges** | (1.35) | (2.72) | (2.66) |
| Return after operating charges* | (0.04) | (0.23) | 5.61 |
| Distributions | (2.85) | (4.11) | (3.72) |
| Retained distributions | 2.85 | 4.11 | 3.37 |
| Closing net asset value per share | 234.24 | 234.28 | 234.51 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | (0.02)% | (0.10)% | 2.45% |
| Other information | | | |
| Closing net asset value (£) | 72,865,534 | 79,330,958 | 102,578,241 |
| Closing number of shares | 31,107,103 | 33,860,899 | 43,742,374 |
| Operating charges**** | 1.15% | 1.15% | 1.15% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 236.6 | 241.10 | 247.54 |
| Lowest share price | 230.4 | 232.00 | 222.99 |
| Income 'A' | | | |
| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 120.33 | 122.56 | 121.76 |
| Return before operating charges* | 0.67 | 1.31 | 4.17 |
| Operating charges** | (0.69) | (1.41) | (1.41) |
| Return after operating charges* | (0.02) | (0.10) | 2.76 |
| Distributions | (1.46) | (2.13) | (1.96) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 118.85 | 120.33 | 122.56 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | (0.02)% | (0.08)% | 2.27% |
| Other information | | | |
| Closing net asset value (£) | 17,146,462 | 18,196,053 | 22,831,027 |
| Closing number of shares | 14,427,233 | 15,121,703 | 18,629,021 |
| Operating charges**** | 1.15% | 1.15% | 1.15% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 121.5 | 125.50 | 131.47 |
| Lowest share price | 117.8 | 120.60 | 117.98 |

Comparative Tables (continued)

| Accumulation 'P' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 174.58 | 174.13 | 169.69 |
| Return before operating charges* | 0.98 | 1.86 | 6.12 |
| Operating charges** | (0.70) | (1.41) | (1.37) |
| Return after operating charges* | 0.28 | 0.45 | 4.75 |
| Distributions | (2.28) | (3.67) | (3.30) |
| Retained distributions | 2.28 | 3.67 | 2.99 |
| Closing net asset value per share | 174.86 | 174.58 | 174.13 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.16% | 0.26% | 2.80% |
| Other information | | | |
| Closing net asset value (£) | 846,883 | 1,071,604 | 1,284,841 |
| Closing number of shares | 484,317 | 613,808 | 737,869 |
| Operating charges**** | 0.80% | 0.80% | 0.80% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 176.3 | 179.30 | 183.25 |
| Lowest share price | 171.9 | 172.40 | 165.20 |
| | | | |
| Income 'P' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 120.48 | 122.70 | 121.90 |
| Return before operating charges* | 0.70 | 1.33 | 4.13 |
| Operating charges** | (0.48) | (0.98) | (0.98) |
| Return after operating charges* | 0.22 | 0.35 | 3.15 |
| Distributions | (1.57) | (2.57) | (2.35) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 119.13 | 120.48 | 122.70 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.18% | 0.29% | 2.58% |
| Other information | | | |
| Closing net asset value (£) | 179,528 | 234,021 | 379,473 |
| Closing number of shares | 150,698 | 194,237 | 309,258 |
| Operating charges**** | 0.80% | 0.80% | 0.80% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 121.7 | 125.70 | 131.64 |
| Lowest share price | 118.0 | 120.80 | 118.14 |

Comparative Tables (continued)

| Accumulation 'R' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 127.14 | 126.61 | 123.22 |
| Return before operating charges* | 0.72 | 1.36 | 4.43 |
| Operating charges** | (0.42) | (0.83) | (0.81) |
| Return after operating charges* | 0.30 | 0.53 | 3.62 |
| Distributions | (1.71) | (2.86) | (2.56) |
| Retained distributions | 1.71 | 2.86 | 2.33 |
| Closing net asset value per share | 127.44 | 127.14 | 126.61 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.24% | 0.42% | 2.94% |
| Other information | | | |
| Closing net asset value (£) | 79,811,784 | 83,845,792 | 91,644,833 |
| Closing number of shares | 62,628,642 | 65,948,066 | 72,381,783 |
| Operating charges**** | 0.65% | 0.65% | 0.65% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 128.4 | 130.50 | 128.57 |
| Lowest share price | 125.2 | 125.40 | 120.01 |
| | | | |
| Income 'R' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 113.99 | 116.09 | 115.34 |
| Return before operating charges* | 0.63 | 1.26 | 3.88 |
| Operating charges** | (0.37) | (0.76) | (0.75) |
| Return after operating charges* | 0.26 | 0.50 | 3.13 |
| Distributions | (1.53) | (2.60) | (2.38) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 112.72 | 113.99 | 116.09 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.23% | 0.43% | 2.71% |
| Other information | | | |
| Closing net asset value (£) | 57,541,659 | 61,856,094 | 74,264,454 |
| Closing number of shares | 51,046,107 | 54,266,301 | 63,969,456 |
| Operating charges**** | 0.65% | 0.65% | 0.65% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 115.2 | 119.00 | 120.35 |
| Lowest share price | 111.6 | 114.30 | 111.78 |

Comparative Tables (continued)

| Accumulation 'U1' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 116.91 | 116.37 | 113.20 |
| Return before operating charges* | 0.65 | 1.24 | 4.08 |
| Operating charges** | (0.35) | (0.70) | (0.69) |
| Return after operating charges* | 0.30 | 0.54 | 3.39 |
| Distributions | (1.59) | (2.69) | (2.41) |
| Retained distributions | 1.59 | 2.69 | 2.19 |
| Closing net asset value per share | 117.21 | 116.91 | 116.37 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.26% | 0.46% | 3.00% |
| Other information | | | |
| Closing net asset value (£) | 22,189,069 | 23,356,453 | 26,805,018 |
| Closing number of shares | 18,930,500 | 19,978,004 | 23,033,480 |
| Operating charges**** | 0.60% | 0.60% | 0.60% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 118.1 | 119.90 | 118.12 |
| Lowest share price | 115.2 | 115.20 | 110.27 |
| | | | |
| Income 'U1' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 103.79 | 105.71 | 105.02 |
| Return before operating charges* | 0.58 | 1.14 | 3.54 |
| Operating charges** | (0.31) | (0.64) | (0.63) |
| Return after operating charges* | 0.27 | 0.50 | 2.91 |
| Distributions | (1.40) | (2.42) | (2.22) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 102.66 | 103.79 | 105.71 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.26% | 0.47% | 2.77% |
| Other information | | | |
| Closing net asset value (£) | 1,758,706 | 1,818,897 | 2,213,155 |
| Closing number of shares | 1,713,176 | 1,752,413 | 2,093,546 |
| Operating charges**** | 0.60% | 0.60% | 0.60% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 104.8 | 108.40 | 109.59 |
| Lowest share price | 101.6 | 104.10 | 101.79 |

Comparative Tables (continued)

| Accumulation 'U2'† | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|---|--|--|
| Change in net assets per share | | | |
| Opening net asset value per share | - | 118.80 | 115.50 |
| Return before operating charges* | - | 1.58 | 4.18 |
| Operating charges** | - | (0.58) | (0.65) |
| Return after operating charges* | - | 1.00 | 3.53 |
| Distributions | - | (1.97) | (2.51) |
| Retained distributions | - | 1.97 | 2.28 |
| Closing net asset value per share | - | 119.80 | 118.80 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | - | 0.87% | 3.05% |
| Other information | | | |
| Closing net asset value (£) | - | - | 98,023,510 |
| Closing number of shares | - | - | 82,512,795 |
| Operating charges**** | - | 0.55% | 0.55% |
| Direct transaction costs*** | - | - | - |
| Prices | pence per share | pence per share | pence per share |
| Highest share price | - | 121.60 | 120.53 |
| Lowest share price | - | 112.52 | 112.52 |
| Income 'U2' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 103.97 | 105.89 | 105.20 |
| Return before operating charges* | 0.60 | 1.14 | 3.54 |
| Operating charges** | (0.29) | (0.58) | (0.58) |
| Return after operating charges* | 0.31 | 0.56 | 2.96 |
| Distributions | (1.42) | (2.48) | (2.27) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 102.86 | 103.97 | 105.89 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.30% | 0.53% | 2.81% |
| Other information | | | |
| Closing net asset value (£) | 73,565,571 | 41,248,120 | 32,153,827 |
| Closing number of shares | 71,522,244 | 39,674,772 | 30,365,264 |
| Operating charges**** | 0.55% | 0.55% | 0.55% |
| Direct transaction costs*** | - | - | - |
| Prices | pence per share | pence per share | pence per share |
| Highest share price | 105.0 | 108.50 | 109.77 |
| Lowest share price | 101.8 | 104.20 | 101.96 |

Comparative Tables (continued)

| Income ††† | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | - | 100.00 | - |
| Return before operating charges* | - | (0.05) | - |
| Operating charges** | - | (0.11) | - |
| Return after operating charges* | - | (0.16) | - |
| Distributions | - | (0.10) | - |
| Retained distributions | - | 0.10 | - |
| Closing net asset value per share | - | 99.84 | - |
| * after direct transaction costs of*** | - | - | - |
| Performance | - | - | - |
| Return after charges | - | (0.16)% | - |
| Other information | | | |
| Closing net asset value (£) | - | - | - |
| Closing number of shares | - | - | - |
| Operating charges**** | - | 0.55% | - |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | - | 100.30 | - |
| Lowest share price | - | 99.25 | - |

† Share class closed on 15 June 2018

†† From 10 April 2018 to 21 June 2018

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

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

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

Performance

| | 6 months to 31 January 2019 | 1 year to 31 January 2019 | 3 years to 31 January 2019 | 5 years to 31 January 2019 |
|---|--------------------------------|------------------------------|-------------------------------|-------------------------------|
| Merian Corporate Bond Fund* | 0.24% | (1.39)% | 13.81% | 20.23% |
| Markit Iboxx GBP non-Gilt (benchmark) | 1.21% | 0.90% | 13.91% | 27.50% |
| IA Sterling Corporate Bond (sector average) | 0.71% | (0.19)% | 14.15% | 24.78% |
| Quartile ranking | 4 | 4 | 2 | 4 |

* Accumulation 'R' shares

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

| Portfolio allocation | | Major holdings | Percentage of portfolio |
|--------------------------------|----------------|--|----------------------------|
| United Kingdom | 56.20% | Merian Financials Contingent Capital Fund - F Income (USD) | 7.44% |
| Europe | 24.29% | European Investment Bank 3.875% 08/06/2037 | 2.13% |
| North America | 12.39% | Anheuser-Busch Inbev 1.75% 07/03/2025 | 2.03% |
| Japan | 2.57% | AT&T 2.9% 04/12/2026 | 2.03% |
| Asia Pacific (excluding Japan) | 1.53% | Aareal Bank 1.5% 16/06/2022 | 1.99% |
| Middle East | 0.55% | United Kingdom Gilt 1.5% 22/07/2047 | 1.78% |
| United Kingdom Derivatives | 0.06% | Sumitomo Mitsui Banking 0.55% 06/11/2023 | 1.76% |
| Overseas Derivatives | (0.57)% | Commonwealth Bank of Australia 3% 04/09/2026 | 1.53% |
| Net other assets | 2.98% | Santander UK 5.25% 16/02/2029 | 1.49% |
| | | United Utilities Water Finance 2% 14/02/2025 | 1.49% |
| Total | 100.00% | Number of holdings | 134 |
| Asset allocation | | Total Purchases and Sales for the period | |
| Sterling Debt Securities | 81.65% | | 2019 |
| Euro Debt Securities | 4.67% | | 2018 |
| Collective Investment Schemes | 7.44% | | £'000 |
| US Dollar Debt Securities | 3.77% | Total purchases for the 6 month period to 31 January | £'000 |
| United Kingdom Derivatives | 0.06% | | 283,678 |
| Overseas Derivatives | (0.57)% | Total sales for the 6 month period to 31 January | 279,373 |
| Net other assets | 2.98% | | 261,807 |
| Total | 100.00% | | 257,642 |

Portfolio statement

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|------------|---|-----------------------|--|
| | Sterling 81.71% (31 July 2018 79.85%) | | |
| | Sterling Denominated Fixed Rate Corporate Bonds 72.27% (31 July 2018 65.43%) | | |
| £1,499,000 | A2Dominion Housing 3.5% 15/11/2028 | 1,512 | 0.46 |
| £6,500,000 | Aareal Bank 1.5% 16/06/2022 | 6,488 | 1.99 |
| £1,737,000 | Affordable Housing Finance 2.893% 11/08/2045 | 1,969 | 0.60 |
| £2,700,000 | Anglian Water Services Financing 2.75% 26/10/2029 | 2,732 | 0.84 |
| £6,884,000 | Anheuser-Busch Inbev 1.75% 07/03/2025 | 6,616 | 2.03 |
| £1,703,000 | Aroundtown 3% 16/10/2029 | 1,585 | 0.49 |
| £6,700,000 | AT&T 2.9% 04/12/2026 | 6,613 | 2.03 |
| £1,022,000 | AT&T 4.25% 01/06/2043 | 1,062 | 0.33 |
| £1,030,000 | Aviva 6.125% 14/11/2036 | 1,142 | 0.35 |
| £938,000 | Barclays Bank 9.5% 07/08/2021 | 1,082 | 0.33 |
| £1,363,000 | BG Energy Capital 5.125% 01/12/2025 | 1,649 | 0.51 |
| £2,100,000 | Blend Funding 3.459% 21/09/2047 | 2,162 | 0.66 |
| £2,400,000 | BP Capital Markets 2.274% 03/07/2026 | 2,403 | 0.74 |
| £2,144,000 | Brown-Forman 2.6% 07/07/2028 | 2,176 | 0.67 |
| £1,499,000 | Bunzl Finance 2.25% 11/06/2025 | 1,463 | 0.45 |
| £1,090,000 | BUPA Finance 2% 05/04/2024 | 1,077 | 0.33 |
| £2,825,000 | Cadent Finance 2.625% 22/09/2038 | 2,621 | 0.80 |
| £765,000 | Centrica 4.375% 13/03/2029 | 858 | 0.26 |
| £1,158,000 | Centrica 5.25% 10/04/2075 | 1,163 | 0.36 |
| £1,363,000 | Channel Link Enterprises Finance 3.043% 30/06/2050 | 1,339 | 0.41 |
| £2,100,000 | Citigroup 2.75% 24/01/2024 | 2,124 | 0.65 |
| £1,900,000 | Clarion Funding 2.625% 18/01/2029 | 1,899 | 0.58 |
| £4,612,000 | Commonwealth Bank of Australia 3% 04/09/2026 | 5,001 | 1.53 |
| £1,400,000 | Compass 2% 05/09/2025 | 1,408 | 0.43 |
| £1,022,000 | Compass 2% 03/07/2029 | 999 | 0.31 |
| £3,373,004 | Connect Plus M25 2.607% 31/03/2039 | 3,428 | 1.05 |
| £2,075,000 | CPUK Finance 3.588% 28/08/2042 | 2,169 | 0.67 |
| £2,800,000 | Deutsche Pfandbriefbank 1.5% 16/12/2021 | 2,796 | 0.86 |
| £1,800,000 | DP World 4.25% 25/09/2030 | 1,786 | 0.55 |
| £3,197,000 | Dwr Cymru Financing 2.5% 31/03/2036 | 3,149 | 0.97 |
| £1,400,000 | E.ON International Finance 5.875% 30/10/2037 | 1,887 | 0.58 |
| £2,050,000 | East Japan Railway 4.5% 25/01/2036 | 2,622 | 0.81 |
| £1,400,000 | Electricite de France 5.5% 17/10/2041 | 1,802 | 0.55 |
| £1,100,000 | Electricite de France 6% Perpetual | 1,102 | 0.34 |
| £5,345,000 | European Investment Bank 3.875% 08/06/2037 | 6,944 | 2.13 |
| £1,261,000 | Eversholt Funding 3.529% 07/08/2042 | 1,206 | 0.37 |
| £1,700,000 | Experian Finance 2.125% 27/09/2024 | 1,710 | 0.53 |
| £4,100,000 | General Electric 4.875% 18/09/2037 | 3,883 | 1.19 |
| £1,227,000 | Grainger 3.375% 24/04/2028 | 1,215 | 0.37 |
| £1,730,480 | Greene King Finance 4.0643% 15/03/2035 | 1,835 | 0.56 |
| £2,488,256 | Gwynt y Mor 2.778% 17/02/2034 | 2,548 | 0.78 |
| £954,000 | Hastings Group Finance 3% 24/05/2025 | 904 | 0.28 |
| £1,192,000 | Heathrow Funding 2.75% 09/08/2051 | 1,072 | 0.33 |
| £5,000,000 | Income Contingent Student Loans 2.5% Perpetual | 4,392 | 1.35 |
| £3,400,000 | Investec Bank 4.25% 24/07/2028 | 3,303 | 1.01 |
| £2,800,000 | Karbon Homes 3.375% 15/11/2047 | 2,898 | 0.89 |
| £2,082,000 | Land Securities Capital Markets 2.375% 29/03/2029 | 2,100 | 0.64 |
| £1,000,000 | Lloyd's Bank 13% Perpetual | 1,642 | 0.50 |
| £3,544,000 | Lloyd's Bank 6% 08/02/2029 | 4,739 | 1.45 |
| £3,500,000 | Metropolitan Life Global Funding I 1.625% 09/06/2022 | 3,487 | 1.07 |
| £1,400,000 | National Grid Electricity Transmission 2.75% 06/02/2035 | 1,415 | 0.43 |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|--|--|-----------------------|--|
| Sterling Denominated Fixed Rate Corporate Bonds (continued) | | | |
| £2,500,000 | National Grid Electricity Transmission 4% 08/06/2027 | 2,837 | 0.87 |
| £3,400,000 | NIBC Bank 3.125% 15/11/2023 | 3,351 | 1.03 |
| £3,160,000 | NIE Finance 2.5% 27/10/2025 | 3,195 | 0.98 |
| £834,000 | Northumbrian Water Finance 2.375% 05/10/2027 | 817 | 0.25 |
| £1,700,000 | Notting Hill Genesis 2.875% 31/01/2029 | 1,699 | 0.52 |
| £1,900,000 | Orange 3.25% 15/01/2032 | 1,947 | 0.60 |
| £1,100,000 | Pension Insurance 5.625% 20/09/2030 | 1,084 | 0.33 |
| £1,363,000 | Phoenix Group 4.125% 20/07/2022 | 1,379 | 0.42 |
| £3,000,000 | Phoenix Group 6.625% 18/12/2025 | 3,139 | 0.96 |
| £2,484,000 | Places For People Treasury 2.875% 17/08/2026 | 2,417 | 0.74 |
| £4,110,000 | Principality Building Society 2.375% 23/11/2023 | 4,003 | 1.23 |
| £2,000,000 | Procter & Gamble 1.375% 03/05/2025 | 1,970 | 0.60 |
| £2,076,000 | Prologis 2.25% 30/06/2029 | 1,985 | 0.61 |
| £3,200,000 | PRS Finance 1.75% 24/11/2026 | 3,231 | 0.99 |
| £1,210,000 | PRS Finance 2% 23/01/2029 | 1,220 | 0.37 |
| £1,227,000 | Prudential 5% 20/07/2055 | 1,287 | 0.40 |
| £1,022,000 | Prudential 5.7% 19/12/2063 | 1,181 | 0.36 |
| £2,418,000 | Quilter 4.478% 28/02/2028 | 2,417 | 0.74 |
| £2,008,000 | RL Finance Bonds No. 2 6.125% 30/11/2043 | 2,222 | 0.68 |
| £459,000 | Saga 3.375% 12/05/2024 | 411 | 0.13 |
| £3,808,000 | Santander UK 5.25% 16/02/2029 | 4,841 | 1.49 |
| £1,363,000 | Santander UK 10.0625% Perpetual | 2,150 | 0.66 |
| £2,144,000 | Scottish Widows 5.5% 16/06/2023 | 2,364 | 0.73 |
| £2,655,000 | Segro 2.875% 11/10/2037 | 2,503 | 0.77 |
| £1,190,000 | Severn Trent Utilities Finance 3.625% 16/01/2026 | 1,274 | 0.39 |
| £1,400,000 | South Eastern Power Networks 5.625% 30/09/2030 (SNR MTN) | 1,783 | 0.55 |
| £1,700,000 | South Eastern Power Networks 5.625% 30/09/2030 | 2,162 | 0.66 |
| £2,008,000 | SP Distribution 5.875% 17/07/2026 | 2,468 | 0.76 |
| £3,302,000 | SpareBank 1 Boligkreditt 1.75% 18/12/2023 | 3,307 | 1.02 |
| £2,893,000 | Standard Life Aberdeen 5.5% 04/12/2042 | 3,182 | 0.98 |
| £1,363,000 | Student Finance 2.6663% 30/09/2029 | 1,330 | 0.41 |
| £2,500,000 | TC Dudgeon OFTO 3.158% 12/11/2038 | 2,587 | 0.79 |
| £2,337,843 | Telereal Secured Finance 4.01% 10/12/2033 | 2,481 | 0.76 |
| £1,703,000 | Telereal Securitisation 4.0902% 10/12/2033 | 1,765 | 0.54 |
| £1,465,874 | Tesco Property Finance 4 5.8006% 13/10/2040 | 1,727 | 0.53 |
| £2,840,000 | Thames Water Utilities Finance 2.625% 24/01/2032 | 2,670 | 0.82 |
| £2,070,000 | Thames Water Utilities Finance 4% 19/06/2025 | 2,249 | 0.69 |
| £2,150,000 | THFC Funding No 3 5.2% 11/10/2043 | 2,832 | 0.87 |
| £1,363,000 | Time Warner Cable 5.75% 02/06/2031 | 1,572 | 0.48 |
| £3,243,000 | TP ICAP 5.25% 26/01/2024 | 3,057 | 0.94 |
| £2,144,000 | UNITE USAF II 3.921% 30/06/2030 | 2,350 | 0.72 |
| £4,900,000 | United Utilities Water Finance 2% 14/02/2025 | 4,841 | 1.49 |
| £1,635,000 | University of Oxford 2.544% 08/12/2117 | 1,543 | 0.47 |
| £3,500,000 | Virgin Money UK 3.375% 24/04/2026 | 3,287 | 1.01 |
| £2,700,000 | Volkswagen International Finance 3.375% 16/11/2026 | 2,713 | 0.83 |
| £1,022,000 | Wellcome Trust 2.517% 07/02/2118 | 970 | 0.30 |
| £2,144,000 | Western Power Distribution 3.625% 06/11/2023 | 2,233 | 0.69 |
| £2,382,000 | Western Power Distribution South West 2.375% 16/05/2029 | 2,305 | 0.71 |
| | | 235,515 | 72.27 |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|--|---|-----------------------|--|
| Sterling Denominated Variable Rate Corporate Bonds 3.65% (31 July 2018 6.43%) | | | |
| £3,400,000 | Bank of Nova Scotia 1.29244% 30/09/2021 | 3,400 | 1.04 |
| £1,300,000 | Barclays Bank 14% Perpetual | 1,355 | 0.42 |
| £1,775,360 | Channel Link Enterprises Finance 1.63294% 30/12/2050 | 1,695 | 0.52 |
| £2,550,000 | Santander UK 1.1358% 20/09/2021 | 2,543 | 0.78 |
| £2,920,000 | Yorkshire Building Society 1.3042% 19/11/2023 | 2,906 | 0.89 |
| | | <u>11,899</u> | <u>3.65</u> |
| Sterling Denominated Fixed Rate Government Bonds 5.73% (31 July 2018 6.16%) | | | |
| £1,600,000 | Kommunalbanken 1.125% 15/12/2021 | 1,593 | 0.49 |
| £3,200,000 | Kommunalbanken 1.125% 30/11/2022 | 3,177 | 0.97 |
| £1,703,000 | Nederlandse Waterschapsbank 5.375% 07/06/2032 | 2,374 | 0.73 |
| £2,400,000 | Province of Alberta Canada 1.5% 15/12/2022 | 2,402 | 0.73 |
| £6,104,742 | United Kingdom Gilt 1.5% 22/07/2047 | 5,794 | 1.78 |
| £2,500,000 | United Kingdom Gilt 4.25% 07/06/2032 | 3,350 | 1.03 |
| | | <u>18,690</u> | <u>5.73</u> |
| Collective Investment Schemes 0.00% (31 July 2018 1.87%) | | | |
| Sterling Denominated Derivatives 0.06% (31 July 2018 (0.04)%) | | | |
| Sterling Denominated Forward Exchange Contracts 0.08% (31 July 2018 (0.03)%) | | | |
| £1,875,086 | Sterling v Euro Forward Exchange Contract | 37 | 0.01 |
| £1,778,756 | Sterling v Euro Forward Exchange Contract | 28 | 0.01 |
| £846,891 | Sterling v Euro Forward Exchange Contract | 15 | - |
| £223,684 | Sterling v Euro Forward Exchange Contract | 5 | - |
| £19,281,827 | Sterling v Euro Forward Exchange Contract | (81) | (0.02) |
| £47,461,597 | Sterling v US Dollar Forward Exchange Contract | 267 | 0.08 |
| £153,536 | Sterling v US Dollar Forward Exchange Contract | 1 | - |
| £77,660 | Sterling v US Dollar Forward Exchange Contract | 1 | - |
| | | <u>273</u> | <u>0.08</u> |
| Sterling Denominated Futures Contracts (0.02)% (31 July 2018 (0.01)%) | | | |
| (70) | Long Gilt Futures March 2019 | (75) | (0.02) |
| | | <u>(75)</u> | <u>(0.02)</u> |
| Overseas 15.31% (31 July 2018 16.01%) | | | |
| Euro 4.24% (31 July 2018 4.01%) | | | |
| Euro Denominated Fixed Rate Corporate Bonds 3.65% (31 July 2018 4.04%) | | | |
| €1,400,000 | Abanca Corporation Bancaria 6.125% 18/01/2029 | 1,221 | 0.37 |
| €2,300,000 | Aroundtown 2.125% Perpetual | 1,765 | 0.54 |
| €2,008,000 | Barclays 2% 07/02/2028 | 1,648 | 0.50 |
| €7,850,000 | Lehman Brothers 4.625% 14/03/2019 (Defaulted)* | - | - |
| €6,500,000 | Sumitomo Mitsui Banking 0.55% 06/11/2023 | 5,725 | 1.76 |
| €1,800,000 | Tesco Corporate Treasury Services 1.375% 24/10/2023 | 1,551 | 0.48 |
| | | <u>11,910</u> | <u>3.65</u> |
| Euro Denominated Fixed Rate Government Bonds 1.02% (31 July 2018 0.00%) | | | |
| €3,361,000 | Bundesrepublik Deutschland Bundesanleihe 1.25% 15/08/2048 | 3,315 | 1.02 |
| | | <u>3,315</u> | <u>1.02</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|---|---|-----------------------|--|
| Euro Denominated Derivatives (0.43)% (31 July 2018 (0.03)%) | | | |
| Euro Denominated Forward Exchange Contracts (0.02)% (31 July 2018 0.00%) | | | |
| €3,054,864 | Euro v Sterling Forward Exchange Contract | 24 | 0.01 |
| €2,630,888 | Euro v Sterling Forward Exchange Contract | (47) | (0.01) |
| €1,880,056 | Euro v Sterling Forward Exchange Contract | (54) | (0.02) |
| €1 | Euro v US Dollar Forward Exchange Contract | - | - |
| | | <u>(77)</u> | <u>(0.02)</u> |
| Euro Denominated Futures Contracts (0.04)% (31 July 2018 (0.03)%) | | | |
| (192) | Euro-Bobl Futures March 2019 | (129) | (0.04) |
| | | <u>(129)</u> | <u>(0.04)</u> |
| Euro Credit Default Swap (0.37)% (31 July 2018 0.00%) | | | |
| (10,823,660) | Buy Protection on ITRAXX-XOVERS30V2 5Years 20/12/2023 JP Morgan | (784) | (0.24) |
| (5,574,629) | Buy Protection on ITRAXX-XOVERS30V2 5Years 20/12/2023 JP Morgan | (404) | (0.13) |
| | | <u>(1,188)</u> | <u>(0.37)</u> |
| US Dollar 11.07% (31 July 2018 12.00%) | | | |
| US Dollar Denominated Fixed Rate Corporate Bonds 1.05% (31 July 2018 3.32%) | | | |
| \$2,663,000 | 21st Century Fox America 6.15% 01/03/2037 | 2,517 | 0.77 |
| \$1,200,000 | UBS Group Funding 7% Perpetual | 919 | 0.28 |
| | | <u>3,436</u> | <u>1.05</u> |
| US Dollar Denominated Variable Rate Corporate Bonds 2.72% (31 July 2018 1.96%) | | | |
| \$3,220,000 | AT&T 3.95594% 12/06/2024 | 2,425 | 0.74 |
| \$4,300,000 | Barclays 4.04613% 15/02/2023 | 3,202 | 0.98 |
| \$2,200,000 | Comcast 3.41731% 15/04/2024 | 1,652 | 0.51 |
| \$2,200,000 | Royal Bank of Scotland 5.123% Perpetual | 1,583 | 0.49 |
| | | <u>8,862</u> | <u>2.72</u> |
| Overseas Collective Investment Schemes 7.44% (31 July 2018 6.71%) | | | |
| 3,356,643 | Merian Financials Contingent Capital Fund - F Income (USD) | 24,232 | 7.44 |
| | | <u>24,232</u> | <u>7.44</u> |
| US Dollar Denominated Derivatives (0.14)% (31 July 2018 0.01%) | | | |
| US Dollar Denominated Forward Exchange Contracts (0.07)% (31 July 2018 0.01%) | | | |
| \$1,900,000 | US Dollar v Euro Forward Exchange Contract | (9) | - |
| \$2,174,166 | US Dollar v Sterling Forward Exchange Contract | 5 | - |
| \$459,118 | US Dollar v Sterling Forward Exchange Contract | (1) | - |
| \$2,361,289 | US Dollar v Sterling Forward Exchange Contract | (3) | - |
| \$349,635 | US Dollar v Sterling Forward Exchange Contract | (9) | - |
| \$2,028,352 | US Dollar v Sterling Forward Exchange Contract | (56) | (0.02) |
| \$2,076,249 | US Dollar v Sterling Forward Exchange Contract | (70) | (0.02) |
| \$2,975,547 | US Dollar v Sterling Forward Exchange Contract | (85) | (0.03) |
| | | <u>(228)</u> | <u>(0.07)</u> |
| US Dollar Denominated Futures Contracts 0.01% (31 July 2018 0.00%) | | | |
| 90 | US 5 Year Treasury Note Futures March 2019 | 37 | 0.01 |
| 84 | US 10 Year Treasury Note Futures March 2019 | (4) | - |
| | | <u>33</u> | <u>0.01</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|--------------|---|-----------------------|--|
| | US Dollar Credit Default Swap (0.08)% (31 July 2018 0.00%) | | |
| (3,350,000) | Buy Protection CDS General Electric 20/12/2023 Goldman Sachs | 55 | 0.02 |
| (1,000,000) | Buy Protection CDS General Electric 20/12/2023 JP Morgan | 17 | 0.01 |
| (10,310,000) | Buy Protection on CDX-NAIGS31V1 5Years 20/12/2023 Barclays | (110) | (0.04) |
| (20,730,000) | Buy Protection on CDX-NAIGS31V1 5Years 20/12/2023 Barclays | (222) | (0.07) |
| | | <u>(260)</u> | <u>(0.08)</u> |
| | Investment assets* | 316,208 | 97.02 |
| | Net other assets | 9,697 | 2.98 |
| | Total net assets | 325,905 | 100.00 |

* Including investment liabilities.

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

Statement of total return

for the period from 1 August 2018 to 31 January 2019

| | Note | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|---|------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Income | | | | | |
| Net capital (losses)/gains | | | (3,457) | | 3,843 |
| Revenue | | 5,052 | | 6,715 | |
| Expenses | | (1,274) | | (1,746) | |
| Interest payable and similar charges | | (7) | | (6) | |
| Net revenue before taxation | | 3,771 | | 4,963 | |
| Taxation | | - | | (6) | |
| Net revenue after taxation | | | 3,771 | | 4,957 |
| Total return before distributions | | | 314 | | 8,800 |
| Distributions | 2 | | (4,363) | | (4,936) |
| Change in net assets attributable to shareholders from investment activities | | | (4,049) | | 3,864 |

Statement of change in net assets attributable to shareholders

for the period from 1 August 2018 to 31 January 2019

| | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Opening net assets attributable to shareholders | | 310,958* | | 452,178 |
| Amounts received on issue of shares | 45,742 | | 44,440 | |
| Amounts paid on cancellation of shares | (29,083) | | (28,810) | |
| | | 16,659 | | 15,630 |
| Dilution adjustment | | 35 | | 224 |
| Change in net assets attributable to shareholders from investment activities | | (4,049) | | 3,864 |
| Retained distribution on accumulation shares | | 2,301 | | 3,529 |
| Unclaimed distributions | | 1 | | 1 |
| Closing net assets attributable to shareholders | | 325,905 | | 475,426* |

* Section 3.30 of the SORP issued by the Investment Management Association in May 2014 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 January 2019

| | 31.01.19 £'000 | 31.07.18 £'000 |
|--|-------------------|-------------------|
| Assets | | |
| Fixed assets | | |
| Investments | 318,351 | 298,437 |
| Current assets | | |
| Debtors | 7,778 | 3,559 |
| Cash and bank balances | 5,045 | 15,851 |
| Total assets | 331,174 | 317,847 |
| Liabilities | | |
| Investment liabilities | (2,143) | (358) |
| Creditors | | |
| Bank overdrafts | (65) | (4,066) |
| Distribution payable | (1,133) | (741) |
| Other creditors | (1,928) | (1,724) |
| Total liabilities | (5,269) | (6,889) |
| Net assets attributable to shareholders | 325,905 | 310,958 |

Notes to the financial statements

for the period from 1 August 2018 to 31 January 2019

1 Accounting policies

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

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 July 2018.

2 Distributions

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

| | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 |
|---|----------------------------------|----------------------------------|
| First Interim – Accumulation shares (31 October) | 985 | 1,721 |
| First Interim – Income shares (31 October) | 962 | 741 |
| Second Interim – Accumulation shares (31 January) | 1,316 | 1,808 |
| Second Interim – Income shares (31 January) | 1,133 | 733 |
| | <u>4,396</u> | <u>5,003</u> |
| Revenue deducted on cancellation of shares | 100 | 71 |
| Revenue received on issue of shares | (133) | (138) |
| Distributions | <u>4,363</u> | <u>4,936</u> |
| Reconciliation of distributions: | | |
| Net revenue after taxation | 3,771 | 4,957 |
| Capitalised fees | 636 | - |
| Authorised Corporate Director's capitalised fee rebates | (44) | (29) |
| Equalisation on conversion | - | 2 |
| Tax effect of fee rebates taken to capital | - | 6 |
| Distributions | <u>4,363</u> | <u>4,936</u> |

Distribution tables

Second Interim distribution

Group 1: Shares purchased prior to 1 November 2018
 Group 2: Shares purchased from 1 November 2018 to 31 January 2019

| | Revenue pence per share | Equalisation pence per share* | Distribution paid 31.03.19 pence per share | Distribution paid 31.03.18 pence per share |
|----------------------------------|----------------------------|----------------------------------|--|--|
| Accumulation 'A' Shares | | | | |
| Group 1 | 1.7550 | - | 1.7550 | 1.0204 |
| Group 2 | 0.8035 | 0.9515 | 1.7550 | 1.0204 |
| Income 'A' Shares | | | | |
| Group 1 | 0.8972 | - | 0.8972 | 0.5310 |
| Group 2 | 0.6798 | 0.2174 | 0.8972 | 0.5310 |
| Accumulation 'P' Shares | | | | |
| Group 1 | 1.3094 | - | 1.3094 | 0.9154 |
| Group 2 | 1.0104 | 0.2990 | 1.3094 | 0.9154 |
| Income 'P' Shares | | | | |
| Group 1 | 0.8989 | - | 0.8989 | 0.6417 |
| Group 2 | 0.8989 | 0.0000 | 0.8989 | 0.6417 |
| Accumulation 'R' Shares | | | | |
| Group 1 | 0.9542 | - | 0.9542 | 0.7156 |
| Group 2 | 0.4663 | 0.4879 | 0.9542 | 0.7156 |
| Income 'R' Shares | | | | |
| Group 1 | 0.8504 | - | 0.8504 | 0.6516 |
| Group 2 | 0.3400 | 0.5104 | 0.8504 | 0.6516 |
| Accumulation 'U1' Shares | | | | |
| Group 1 | 0.8775 | - | 0.8775 | 0.6719 |
| Group 2 | 0.4663 | 0.4112 | 0.8775 | 0.6719 |
| Income 'U1' Shares | | | | |
| Group 1 | 0.7744 | - | 0.7744 | 0.6070 |
| Group 2 | 0.3108 | 0.4636 | 0.7744 | 0.6070 |
| Accumulation 'U2' Shares† | | | | |
| Group 1 | - | - | - | 0.7015 |
| Group 2 | - | - | - | 0.7015 |
| Income 'U2' Shares | | | | |
| Group 1 | 0.7759 | - | 0.7759 | 0.6217 |
| Group 2 | 0.1031 | 0.6728 | 0.7759 | 0.6217 |

Distribution tables (continued)

First Interim distribution

Group 1: Shares purchased prior to 1 August 2018
 Group 2: Shares purchased from 1 August 2018 to 31 October 2018

| | Revenue pence per share | Equalisation pence per share* | Distribution paid 31.12.18 pence per share | Distribution paid 31.12.17 pence per share |
|----------------------------------|----------------------------|----------------------------------|--|--|
| Accumulation 'A' Shares | | | | |
| Group 1 | 1.0965 | - | 1.0965 | 0.9796 |
| Group 2 | 0.5645 | 0.5320 | 1.0965 | 0.9796 |
| Income 'A' Shares | | | | |
| Group 1 | 0.5632 | - | 0.5632 | 0.5120 |
| Group 2 | 0.1963 | 0.3669 | 0.5632 | 0.5120 |
| Accumulation 'P' Shares | | | | |
| Group 1 | 0.9717 | - | 0.9717 | 0.8821 |
| Group 2 | 0.6287 | 0.3430 | 0.9717 | 0.8821 |
| Income 'P' Shares | | | | |
| Group 1 | 0.6670 | - | 0.6670 | 0.6215 |
| Group 2 | 0.4239 | 0.2431 | 0.6670 | 0.6215 |
| Accumulation 'R' Shares | | | | |
| Group 1 | 0.7558 | - | 0.7558 | 0.6887 |
| Group 2 | 0.3257 | 0.4301 | 0.7558 | 0.6887 |
| Income 'R' Shares | | | | |
| Group 1 | 0.6776 | - | 0.6776 | 0.6323 |
| Group 2 | 0.3556 | 0.3220 | 0.6776 | 0.6323 |
| Accumulation 'U1' Shares | | | | |
| Group 1 | 0.7098 | - | 0.7098 | 0.6486 |
| Group 2 | 0.3448 | 0.3650 | 0.7098 | 0.6486 |
| Income 'U1' Shares | | | | |
| Group 1 | 0.6300 | - | 0.6300 | 0.5892 |
| Group 2 | 0.3836 | 0.2464 | 0.6300 | 0.5892 |
| Accumulation 'U2' Shares† | | | | |
| Group 1 | - | - | - | 0.6773 |
| Group 2 | - | - | - | 0.6773 |
| Income 'U2' Shares | | | | |
| Group 1 | 0.6444 | - | 0.6444 | 0.6036 |
| Group 2 | 0.3495 | 0.2949 | 0.6444 | 0.6036 |

† Share class closed on 15 June 2018.

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

Merian Monthly Income Bond Fund

| | |
|---------------------------|--------------------------------------|
| Launch date | 30 September 2004 |
| IA Sector | Sterling Strategic Bond |
| Investment adviser | Merian Global Investors (UK) Limited |
| Net asset value | £83,675,428 |

Investment Objective and Policy

The sub-fund aims to maximise total returns by investing primarily in a diversified portfolio of fixed, variable and zero rate bond investments, including convertible securities. There are no specific restrictions as to the economic sectors or geographic areas that the sub-fund may invest in.

Subject to the regulations, the property of the sub-fund may include transferable securities; units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives.

More than 35% in value of the property of the sub-fund may consist of Government and other public securities issued by one issuer in accordance with the investment management and borrowing powers of the Company set out in the prospectus.

The sub-fund will be permitted to use derivatives for investment purposes. The use of derivatives for this purpose may affect the volatility or risk profile of the sub-fund although this is not the ACD's intention.

Investment Manager's review

Against the backdrop of slowing US economic data and tightening monetary policy from the US Federal Reserve (Fed), credit and US equity markets went into free fall. Consequently, following the rout in the US equity markets, credit in the fourth quarter of 2018 drifted wider. Spreads sold off markedly until the beginning of December to year-to-date wides. Whilst risk-off sentiment continued throughout December, the UK credit market was reasonably well insulated as issuance dried up and thereby supporting spreads at least technically.

The sub-fund had a longer duration versus the index, which was a positive contributor as a result of the duration rally caused by the weakness in the market. The sub-fund was running a credit hedge through high-yield and investment-grade indices during the fourth quarter of 2018 which reduced the fall that would have been seen otherwise. As a result, our short index positions were a strong contributor to performance. In addition to the defensive positioning of the index, the sub-fund also ran a higher proportion of investment grade holdings (and cash) compared to the benchmark, both of which outperformed the index.

Detractors to the sub-fund's performance included the sub-fund's exposure to high yield cash bonds and those with oil exposure in particular which underperformed into the year end in line with the sell-off in oil. In addition, as a result of the negative sentiment in the quarter, the sub-fund's position in higher beta subordinated financials was also a detractor, a position that was partially hedged as we moved into the new year.

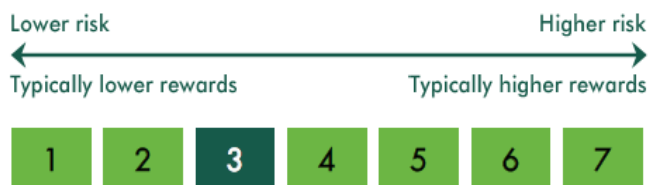
The sub-fund materially outperformed the benchmark during January for a number of reasons. Firstly, the position that had been sanctioned by the US (Rusal) started trading freely again. The position was exited during the month adding more than 1% to sub-fund performance. In addition, the sub-fund is overweight financials and investment grade and significantly

underweight high yield, particularly sterling high yield. The sub-fund has a strong preference for subordinated debt of solid investment-grade issuers in order to generate an attractive low-volatility, low-duration income. This positioning also worked well during January as the rally was limited to quality stocks rather than the market as a whole.

The sub-fund is similarly positioned to the Merian Corporate Bond Fund in terms of retaining a proportionate credit hedge given the fundamental backdrop. We see little value in high yield in particular at current levels when compared to historic default rates. We much prefer the safety of investment-grade issuers or being highly selective in the types of high yield names we invest in.

Merian Monthly Income Bond Fund

Risk and Reward Profile



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

Sub-funds in category 3 have in the past shown moderately low volatility. With a sub-fund of category 3, you have a moderately low risk of losing money but your chance for gains is also moderately low.

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

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

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

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

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

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

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

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

Performance Records

Comparative Tables

| Accumulation 'A' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 72.21 | 73.94 | 70.86 |
| Return before operating charges* | 0.75 | (0.70) | 4.48 |
| Operating charges** | (0.51) | (1.03) | (1.01) |
| Return after operating charges* | 0.24 | (1.73) | 3.47 |
| Distributions | (1.49) | (3.06) | (3.22) |
| Retained distributions | 1.49 | 3.06 | 2.83 |
| Closing net asset value per share | 72.45 | 72.21 | 73.94 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.33% | (2.34)% | 4.89% |
| Other information | | | |
| Closing net asset value (£) | 5,624,664 | 6,403,581 | 8,421,734 |
| Closing number of shares | 7,763,852 | 8,867,573 | 11,389,671 |
| Operating charges**** | 1.40% | 1.40% | 1.40% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 72.64 | 75.56 | 76.94 |
| Lowest share price | 70.60 | 71.61 | 69.78 |
| | | | |
| Income 'A' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 37.41 | 39.93 | 39.79 |
| Return before operating charges* | 0.38 | (0.35) | 2.48 |
| Operating charges** | (0.26) | (0.55) | (0.56) |
| Return after operating charges* | 0.12 | (0.90) | 1.92 |
| Distributions | (0.77) | (1.62) | (1.78) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 36.76 | 37.41 | 39.93 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.32% | (2.25)% | 4.83% |
| Other information | | | |
| Closing net asset value (£) | 9,400,784 | 11,108,703 | 13,137,513 |
| Closing number of shares | 25,576,082 | 29,697,184 | 32,901,617 |
| Operating charges**** | 1.40% | 1.40% | 1.40% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 37.61 | 40.33 | 42.31 |
| Lowest share price | 35.95 | 37.24 | 38.75 |

Comparative Tables (continued)

| Accumulation 'P' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 133.90 | 136.41 | 130.45 |
| Return before operating charges* | 1.38 | (1.28) | 7.84 |
| Operating charges** | (0.60) | (1.23) | (1.18) |
| Return after operating charges* | 0.78 | (2.51) | 6.66 |
| Distributions | (2.77) | (5.66) | (5.91) |
| Retained distributions | 2.77 | 5.66 | 5.21 |
| Closing net asset value per share | 134.68 | 133.90 | 136.41 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.58% | (1.84)% | 5.11% |
| Other information | | | |
| Closing net asset value (£) | 6,538 | 6,502 | 1,054 |
| Closing number of shares | 4,854 | 4,856 | 773 |
| Operating charges**** | 0.90% | 0.90% | 0.90% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 135.0 | 139.70 | 141.95 |
| Lowest share price | 131.2 | 132.70 | 128.48 |
| Income 'P' | | | |
| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 91.70 | 97.40 | 96.57 |
| Return before operating charges* | 0.93 | (0.87) | 6.02 |
| Operating charges** | (0.41) | (0.86) | (0.87) |
| Return after operating charges* | 0.52 | (1.73) | 5.15 |
| Distributions | (1.88) | (3.97) | (4.32) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 90.34 | 91.70 | 97.40 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.57% | (1.78)% | 5.33% |
| Other information | | | |
| Closing net asset value (£) | 92,392 | 112,079 | 119,100 |
| Closing number of shares | 102,276 | 122,219 | 122,281 |
| Operating charges**** | 0.90% | 0.90% | 0.90% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 92.21 | 98.40 | 102.74 |
| Lowest share price | 88.32 | 91.27 | 94.20 |

Comparative Tables (continued)

| Accumulation 'R' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 114.48 | 116.52 | 110.98 |
| Return before operating charges* | 1.18 | (1.11) | 7.05 |
| Operating charges** | (0.46) | (0.93) | (0.91) |
| Return after operating charges* | 0.72 | (2.04) | 6.14 |
| Distributions | (2.36) | (4.84) | (5.05) |
| Retained distributions | 2.36 | 4.84 | 4.45 |
| Closing net asset value per share | 115.20 | 114.48 | 116.52 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.62% | (1.75)% | 5.53% |
| Other information | | | |
| Closing net asset value (£) | 53,874,347 | 51,944,084 | 17,382,335 |
| Closing number of shares | 46,766,213 | 45,373,744 | 14,917,640 |
| Operating charges**** | 0.80% | 0.80% | 0.80% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 115.5 | 119.40 | 117.15 |
| Lowest share price | 112.2 | 113.50 | 109.51 |
| Income 'R' | | | |
| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 97.73 | 103.69 | 102.71 |
| Return before operating charges* | 0.98 | (0.91) | 6.40 |
| Operating charges** | (0.39) | (0.82) | (0.82) |
| Return after operating charges* | 0.59 | (1.73) | 5.58 |
| Distributions | (2.00) | (4.23) | (4.60) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 96.32 | 97.73 | 103.69 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.60% | (1.67)% | 5.43% |
| Other information | | | |
| Closing net asset value (£) | 8,806,069 | 10,553,116 | 14,920,612 |
| Closing number of shares | 9,142,102 | 10,798,018 | 14,389,051 |
| Operating charges**** | 0.80% | 0.80% | 0.80% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 98.28 | 104.80 | 105.59 |
| Lowest share price | 94.17 | 97.26 | 100.22 |

Comparative Tables (continued)

| Accumulation 'U1' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 103.58 | 105.33 | 100.26 |
| Return before operating charges* | 1.07 | (1.00) | 6.35 |
| Operating charges** | (0.37) | (0.75) | (0.73) |
| Return after operating charges* | 0.70 | (1.75) | 5.62 |
| Distributions | (2.14) | (4.38) | (4.57) |
| Retained distributions | 2.14 | 4.38 | 4.02 |
| Closing net asset value per share | 104.28 | 103.58 | 105.33 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.68% | (1.66)% | 5.60% |
| Other information | | | |
| Closing net asset value (£) | 3,677,687 | 3,883,416 | 3,986,642 |
| Closing number of shares | 3,526,825 | 3,749,144 | 3,784,853 |
| Operating charges**** | 0.71% | 0.71% | 0.71% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 104.6 | 108.00 | 105.90 |
| Lowest share price | 101.5 | 102.70 | 98.93 |
| Income 'U1' | | | |
| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 86.10 | 91.28 | 90.33 |
| Return before operating charges* | 0.86 | (0.82) | 5.65 |
| Operating charges** | (0.30) | (0.64) | (0.65) |
| Return after operating charges* | 0.56 | (1.46) | 5.00 |
| Distributions | (1.76) | (3.72) | (4.05) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 84.90 | 86.10 | 91.28 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.65% | (1.60)% | 5.54% |
| Other information | | | |
| Closing net asset value (£) | 2,179,870 | 2,768,462 | 8,140,955 |
| Closing number of shares | 2,567,671 | 3,215,416 | 8,918,987 |
| Operating charges**** | 0.71% | 0.71% | 0.71% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 86.58 | 92.23 | 92.87 |
| Lowest share price | 82.99 | 85.68 | 88.17 |

Comparative Tables (continued)

| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Accumulation 'U2' | | | |
| Change in net assets per share | | | |
| Opening net asset value per share | - | 108.35 | 103.04 |
| Return before operating charges* | - | (0.46) | 6.56 |
| Operating charges** | - | (0.55) | (0.69) |
| Return after operating charges* | - | (1.01) | 5.87 |
| Distributions | - | (3.20) | (4.70) |
| Retained distributions | - | 3.20 | 4.14 |
| Closing net asset value per share | - | 107.34 | 108.35 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | - | (0.93)% | 5.70% |
| Other information | | | |
| Closing net asset value (£) | - | - | 74,630,120 |
| Closing number of shares | - | - | 68,875,664 |
| Operating charges**** | - | 0.65% | 0.65% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | - | 111.10 | 108.94 |
| Lowest share price | - | 107.10 | 101.73 |
| Income 'U2' | | | |
| Change in net assets per share | | | |
| Opening net asset value per share | 89.52 | 94.80 | 93.83 |
| Return before operating charges* | 0.94 | (0.80) | 5.78 |
| Operating charges** | (0.29) | (0.61) | (0.61) |
| Return after operating charges* | 0.65 | (1.41) | 5.17 |
| Distributions | (1.83) | (3.87) | (4.20) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 88.34 | 89.52 | 94.80 |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | 0.73% | (1.49)% | 5.51% |
| Other information | | | |
| Closing net asset value (£) | 13,077 | 121,903 | 125,851 |
| Closing number of shares | 14,803 | 136,173 | 132,751 |
| Operating charges**** | 0.65% | 0.65% | 0.65% |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 90.03 | 95.83 | 96.38 |
| Lowest share price | 86.35 | 89.08 | 91.51 |

Comparative Tables (continued)

| Income 'W'†† | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | - | 100.00 | - |
| Return before operating charges* | - | (1.23) | - |
| Operating charges** | - | (0.13) | - |
| Return after operating charges* | - | (1.36) | - |
| Distributions | - | (0.51) | - |
| Retained distributions | - | 0.51 | - |
| Closing net asset value per share | - | 98.64 | - |
| * after direct transaction costs of*** | - | - | - |
| Performance | | | |
| Return after charges | - | (1.36)% | - |
| Other information | | | |
| Closing net asset value (£) | - | - | - |
| Closing number of shares | - | - | - |
| Operating charges**** | - | 0.65% | - |
| Direct transaction costs*** | - | - | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | - | 100.20 | - |
| Lowest share price | - | 98.09 | - |

† Share class closed on 25 May 2018.

†† From 10 April 2018 to 21 June 2018.

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

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

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

Performance

| | 6 months to 31 January 2019 | 1 year to 31 January 2019 | 3 years to 31 January 2019 | 5 years to 31 January 2019 |
|--|--------------------------------|------------------------------|-------------------------------|-------------------------------|
| Merian Monthly Income Bond Fund* | 0.61% | (2.53)% | 12.88% | 8.01% |
| 50% ICE £ High Yield, 50% 1-5 yr BBB £ Corporate (benchmark)** | (1.15)% | (0.97)% | 9.63% | 19.01% |
| IA Sterling Strategic Bond (sector average) | 0.18% | (0.84)% | 12.71% | 19.40% |
| Quartile ranking | 2 | 4 | 2 | 4 |

* Accumulation 'R' shares

** 1st November 2018, Merian Monthly Income Bond fund change the bench mark to 50% ICE BofAML 1-5yr BBB Sterling Corporate Index / 50% ICE BofAML Sterling High Yield Index.

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

| Portfolio allocation | | Major holdings | Percentage of portfolio |
|----------------------------|----------------|--|----------------------------|
| Europe | 41.45% | Merian Financials Contingent Capital Fund - F Income (USD) | 9.62% |
| United Kingdom | 34.53% | Anheuser-Busch Inbev 1.75% 07/03/2025 | 2.01% |
| North America | 14.72% | AT&T 2.9% 04/12/2026 | 2.00% |
| Japan | 2.33% | Barclays 4.04613% 15/02/2023 | 1.96% |
| United Kingdom Derivatives | 0.11% | AT&T 3.95594% 12/06/2024 | 1.89% |
| Overseas Derivatives | (0.80)% | Sumitomo Mitsui Banking 0.55% 06/11/2023 | 1.69% |
| Net other assets | 7.66% | Abanca Corporation Bancaria 6.125% 18/01/2029 | 1.46% |
| | | United Utilities Water Finance 2% 14/02/2025 | 1.42% |
| Total | 100.00% | Phoenix Group 6.625% 18/12/2025 | 1.37% |
| | | Barclays Bank 14% Perpetual | 1.37% |

Number of holdings 115

Asset allocation

| Asset allocation | | Total Purchases and Sales for the period | |
|---------------------------------------|----------------|--|--------|
| | | 2019 | 2018 |
| | | £'000 | £'000 |
| Sterling Denominated Debt Securities | 47.36% | Total purchases for the 6 month period to 31 January | 68,973 |
| US Dollar Denominated Debt securities | 18.24% | | |
| Euro Denominated Debt Securities | 17.81% | Total sales for the 6 month period to 31 January | 72,736 |
| Collective Investment Schemes | 9.62% | | |
| United Kingdom Derivatives | 0.11% | 73,669 | 56,643 |
| Overseas Derivatives | (0.80)% | | |
| Net other assets | 7.66% | | |
| Total | 100.00% | | |

Portfolio statement

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|---|--|-----------------------|--|
| Sterling 47.47% (31 July 2018 29.31%) | | | |
| Sterling Denominated Fixed Rate Corporate Bonds 41.85% (31 July 2018 27.44%) | | | |
| £1,750,000 | Anheuser-Busch Inbev 1.75% 07/03/2025 | 1,682 | 2.01 |
| £347,000 | Aroundtown 3% 16/10/2029 | 323 | 0.39 |
| £879,000 | Arrow Global Finance 5.125% 15/09/2024 | 817 | 0.98 |
| £700,000 | Ashpol 10.75% 31/12/2025 | - | - |
| £1,700,000 | AT&T 2.9% 04/12/2026 | 1,678 | 2.00 |
| £540,000 | Aviva 6.125% 14/11/2036 | 599 | 0.72 |
| £238,000 | Barclays Bank 9.5% 07/08/2021 | 274 | 0.33 |
| £400,000 | BMW International Investment 1.875% 11/09/2023 | 394 | 0.47 |
| £800,000 | BNP Paribas 3.375% 23/01/2026 | 811 | 0.97 |
| £370,000 | Bunzl Finance 2.25% 11/06/2025 | 361 | 0.43 |
| £555,000 | Centrica 5.25% 10/04/2075 | 557 | 0.67 |
| £600,000 | Citigroup 2.75% 24/01/2024 | 607 | 0.72 |
| £740,000 | Close Brothers 4.25% 24/01/2027 | 767 | 0.92 |
| £783,000 | CPUK Finance 3.588% 28/08/2042 | 818 | 0.98 |
| £500,000 | Daimler International Finance 2% 04/09/2023 | 491 | 0.59 |
| £232,000 | Digital Stout Holding 2.75% 19/07/2024 | 231 | 0.28 |
| £370,000 | DS Smith 2.875% 26/07/2029 | 351 | 0.42 |
| £600,000 | Electricite de France 5.875% Perpetual | 577 | 0.69 |
| £700,000 | Electricite de France 6% Perpetual | 701 | 0.84 |
| £800,000 | European Investment Bank 0.875% 15/12/2023 | 784 | 0.94 |
| £750,000 | General Electric 5.25% 07/12/2028 | 819 | 0.98 |
| £324,000 | Grainger 3.375% 24/04/2028 | 321 | 0.38 |
| £278,000 | Hastings Group Finance 3% 24/05/2025 | 263 | 0.31 |
| £579,000 | Heathrow Finance 3.875% 01/03/2027 | 534 | 0.64 |
| £900,000 | Heathrow Finance 4.75% 01/03/2024 | 911 | 1.09 |
| £1,300,000 | Income Contingent Student Loans 2.5% Perpetual | 1,142 | 1.36 |
| £900,000 | Investec Bank 4.25% 24/07/2028 | 874 | 1.04 |
| £400,000 | Lloyd's Bank 13% Perpetual | 657 | 0.78 |
| £1,200,000 | Metro Bank 5.5% 26/06/2028 | 971 | 1.16 |
| £555,000 | NGG Finance 5.625% 18/06/2073 | 593 | 0.71 |
| £900,000 | NIBC Bank 3.125% 15/11/2023 | 887 | 1.06 |
| £800,000 | NIE Finance 2.5% 27/10/2025 | 809 | 0.97 |
| £400,000 | Notting Hill Genesis 2.875% 31/01/2029 | 400 | 0.48 |
| £700,000 | Orange 3.25% 15/01/2032 | 717 | 0.86 |
| £650,000 | Orange 5.75% Perpetual | 691 | 0.82 |
| £648,000 | Pennon 2.875% Perpetual | 648 | 0.77 |
| £600,000 | Phoenix Group 4.125% 20/07/2022 | 607 | 0.72 |
| £1,100,000 | Phoenix Group 6.625% 18/12/2025 | 1,151 | 1.37 |
| £822,000 | Premier Foods Finance 6.25% 15/10/2023 | 810 | 0.97 |
| £664,000 | Principality Building Society 7% Perpetual | 670 | 0.80 |
| £671,000 | Prudential 5.7% 19/12/2063 | 775 | 0.93 |
| £810,000 | Quilter 4.478% 28/02/2028 | 810 | 0.97 |
| £370,000 | Santander UK 10.0625% Perpetual | 584 | 0.70 |
| £833,000 | Student Finance 2.6663% 30/09/2029 | 813 | 0.97 |
| £588,304 | Tesco Property Finance 4 5.8006% 13/10/2040 | 693 | 0.83 |
| £820,000 | TP ICAP 5.25% 26/01/2024 | 773 | 0.92 |
| £1,200,000 | United Utilities Water Finance 2% 14/02/2025 | 1,186 | 1.42 |
| £942,000 | Virgin Media Receivables Financing Notes II 5.75% 15/04/2023 | 951 | 1.14 |
| £500,000 | Western Power Distribution 3.5% 16/10/2026 | 505 | 0.60 |
| £602,000 | Western Power Distribution 3.625% 06/11/2023 | 627 | 0.75 |
| | | 35,015 | 41.85 |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|--|---|-----------------------|--|
| Sterling Denominated Variable Rate Corporate Bonds 4.08% (31 July 2018 2.09%) | | | |
| £900,000 | Bank of Nova Scotia 1.29244% 30/09/2021 | 900 | 1.08 |
| £1,100,000 | Barclays Bank 14% Perpetual | 1,146 | 1.37 |
| £600,000 | Nationwide Building Society 1.4566% 10/01/2024 | 601 | 0.72 |
| £770,000 | Yorkshire Building Society 1.3042% 19/11/2023 | 766 | 0.91 |
| | | 3,413 | 4.08 |
| Sterling Denominated Fixed Rate Government Bonds 1.43% (31 July 2018 0.00%) | | | |
| £400,000 | Kommunalbanken 1.125% 15/12/2021 | 398 | 0.47 |
| £800,000 | Province of Alberta Canada 1.5% 15/12/2022 | 801 | 0.96 |
| | | 1,199 | 1.43 |
| Sterling Denominated Derivatives 0.11% (31 July 2018 (0.22)%) | | | |
| Sterling Denominated Forward Exchange Contracts 0.11% (31 July 2018 (0.22)%) | | | |
| £382,918 | Sterling v Euro Forward Exchange Contract | 11 | 0.01 |
| £347,671 | Sterling v Euro Forward Exchange Contract | 6 | 0.01 |
| £178,688 | Sterling v Euro Forward Exchange Contract | 4 | 0.01 |
| £19,255,676 | Sterling v Euro Forward Exchange Contract | (81) | (0.10) |
| £26,750,247 | Sterling v US Dollar Forward Exchange Contract | 150 | 0.18 |
| | | 90 | 0.11 |
| Overseas 44.87% (31 July 2018 66.35%) | | | |
| Euro 17.20% (31 July 2018 24.66%) | | | |
| Euro Denominated Fixed Rate Corporate Bonds 17.26% (31 July 2018 22.98%) | | | |
| €1,400,000 | Abanca Corporation Bancaria 6.125% 18/01/2029 | 1,221 | 1.46 |
| €700,000 | Altice France 5.875% 01/02/2027 | 615 | 0.74 |
| €500,000 | ArcelorMittal 2.25% 17/01/2024 | 443 | 0.53 |
| €800,000 | Bankinter 8.625% Perpetual | 779 | 0.93 |
| €850,000 | Corral Petroleum 11.75% 15/05/2021 | 792 | 0.95 |
| €500,000 | EDP - Energias de Portugal 4.496% 30/04/2079 | 440 | 0.53 |
| €810,000 | Equinix 2.875% 01/10/2025 | 703 | 0.84 |
| €700,000 | Groupama 6.375% Perpetual | 671 | 0.80 |
| €800,000 | Iliad 1.5% 14/10/2024 | 637 | 0.76 |
| €1,250,000 | Lehman Brothers 4.625% 14/03/2019 (Defaulted)* | - | - |
| €833,000 | LKQ European 3.625% 01/04/2026 | 714 | 0.85 |
| €500,000 | Lloyd's Banking Group 6.375% Perpetual | 449 | 0.54 |
| €518,000 | Mylan 2.125% 23/05/2025 | 445 | 0.53 |
| €417,000 | NN Group 4.625% 13/01/2048 | 386 | 0.46 |
| €524,000 | OCI 5% 15/04/2023 | 480 | 0.57 |
| €694,000 | Orsted 2.25% 24/11/3017 | 581 | 0.70 |
| €800,000 | Schmolz + Bickenbach Luxembourg Finance 5.625% 15/07/2022 | 654 | 0.78 |
| €648,000 | SES 4.625% Perpetual | 580 | 0.69 |
| €500,000 | Smurfit Kappa Acquisitions 2.875% 15/01/2026 | 436 | 0.52 |
| €350,000 | Starfruit Finco 6.5% 01/10/2026 | 293 | 0.35 |
| €1,600,000 | Sumitomo Mitsui Banking 0.55% 06/11/2023 | 1,409 | 1.69 |
| €600,000 | Takeda Pharmaceutical 1.125% 21/11/2022 | 530 | 0.63 |
| €600,000 | Tesco Corporate Treasury Services 1.375% 24/10/2023 | 517 | 0.62 |
| €600,000 | Volkswagen International Finance 3.875% Perpetual | 488 | 0.58 |
| €200,000 | Vonovia Finance 1.8% 29/06/2025 | 177 | 0.21 |
| | | 14,440 | 17.26 |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|---|---|-----------------------|--|
| Euro Denominated Variable Rate Corporate Bonds 0.55% (31 July 2018 1.67%) | | | |
| €200,000 | Arrow Global Finance 3.75% 01/03/2026 | 166 | 0.20 |
| €675,489 | Hellas Telecommunications Finance 0% 15/07/2015 (defaulted) | - | - |
| €400,000 | Novafives 4.5% 15/06/2025 | 295 | 0.35 |
| | | <u>461</u> | <u>0.55</u> |
| Euro Denominated Derivatives (0.61)% (31 July 2018 0.01%) | | | |
| Euro Denominated Forward Exchange Contracts (0.01)% (31 July 2018 0.01%) | | | |
| €922,223 | Euro v Sterling Forward Exchange Contract | 7 | 0.01 |
| €1,090,000 | Euro v Sterling Forward Exchange Contract | (16) | (0.02) |
| €17,501 | Euro v US Dollar Forward Exchange Contract | - | - |
| | | <u>(9)</u> | <u>(0.01)</u> |
| Euro Credit Default Swap (0.60)% (31 July 2018 0.00%) | | | |
| €(5,505,563) | Buy Protection on ITRAXX-XOVERS30V2 5Years 20/12/2023 JP Morgan | (398) | (0.48) |
| €(1,430,657) | Buy Protection on ITRAXX-XOVERS30V2 5Years 20/12/2023 JP Morgan | (104) | (0.12) |
| | | <u>(502)</u> | <u>(0.60)</u> |
| US Dollar 27.67% (31 July 2018 41.69%) | | | |
| US Dollar Denominated Fixed Rate Corporate Bonds 10.39% (31 July 2018 28.47%) | | | |
| \$600,000 | AK Steel 7.625% 01/10/2021 | 438 | 0.52 |
| \$810,000 | Altice Finco 7.625% 15/02/2025 | 525 | 0.63 |
| \$500,000 | Antero Resources 5% 01/03/2025 | 367 | 0.44 |
| \$1,018,000 | Ardagh Packaging Finance 6% 15/02/2025 | 750 | 0.90 |
| \$675,000 | Ardagh Packaging Finance 7.25% 15/05/2024 | 529 | 0.63 |
| \$750,000 | AT Securities 5.25% Perpetual | 530 | 0.63 |
| \$1,000,000 | Danske Bank 5% 12/01/2022 | 768 | 0.92 |
| \$833,000 | Dell International 6.02% 15/06/2026 | 661 | 0.79 |
| \$250,000 | Fox 4.709% 25/01/2029 | 198 | 0.24 |
| \$787,000 | Intesa Sanpaolo 5.017% 26/06/2024 | 551 | 0.66 |
| \$1,110,000 | NXP Funding 4.125% 01/06/2021 | 848 | 1.01 |
| \$370,000 | Range Resources 5% 15/03/2023 | 266 | 0.32 |
| \$1,295,000 | Rusal Capital 4.85% 01/02/2023 | 918 | 1.10 |
| \$44,000 | Targa Resources Partners Finance 6.5% 15/07/2027 | 34 | 0.04 |
| \$232,000 | Tencent 3.595% 19/01/2028 | 171 | 0.20 |
| \$600,000 | UBS Group Funding 7% Perpetual | 459 | 0.55 |
| \$949,000 | Ziggo Bond Finance 5.875% 15/01/2025 | 680 | 0.81 |
| | | <u>8,693</u> | <u>10.39</u> |
| US Dollar Denominated Variable Rate Corporate Bonds 7.85% (31 July 2018 2.53%) | | | |
| \$2,100,000 | AT&T 3.95594% 12/06/2024 | 1,582 | 1.89 |
| \$2,200,000 | Barclays 4.04613% 15/02/2023 | 1,638 | 1.96 |
| \$1,400,000 | Charter Communications Operating Capital 4.38625% 01/02/2024 | 1,056 | 1.26 |
| \$800,000 | Comcast 3.41731% 15/04/2024 | 601 | 0.72 |
| \$1,300,000 | Royal Bank of Scotland 5.123% Perpetual | 936 | 1.12 |
| \$1,000,000 | Volkswagen Group of America Finance 3.55813% 12/11/2021 | 759 | 0.90 |
| | | <u>6,572</u> | <u>7.85</u> |
| US Dollar Denominated Fixed Rate Government Bonds 0.00% (31 July 2018 1.45%) | | | |
| Collective Investment Schemes 9.62% (31 July 2018 9.24%) | | | |
| 1,115,089 | Merian Financials Contingent Capital Fund - F Income (USD) | 8,050 | 9.62 |
| | | <u>8,050</u> | <u>9.62</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|---------------|--|-----------------------|--|
| | US Dollar Denominated Derivatives (0.19)% (31 July 2018 0.00%) | | |
| | US Dollar Denominated Forward Exchange Contracts (0.14)% (31 July 2018 0.00%) | | |
| \$389,317 | US Dollar v Euro Forward Exchange Contract | (2) | - |
| \$1,250,000 | US Dollar v Euro Forward Exchange Contract | (6) | (0.01) |
| \$3,803,160 | US Dollar v Sterling Forward Exchange Contract | (106) | (0.13) |
| | | <u>(114)</u> | <u>(0.14)</u> |
| | US Dollar Denominated Futures Contracts 0.06% (31 July 2018 0.00%) | | |
| 71 | US 10 Year Treasury Note Futures March 2019 | (3) | - |
| 68 | US 5 Year Treasury Note Futures March 2019 | 54 | 0.06 |
| | | <u>51</u> | <u>0.06</u> |
| | US Dollar Credit Default Swap (0.11)% (31 July 2018 0.00%) | | |
| \$(1,150,000) | Buy Protection CDS General Electric 20/12/2023 JP Morgan | 19 | 0.02 |
| \$(5,200,000) | Buy Protection on CDX-NAIGS31V1 5Years 20/12/2023 Barclays | (56) | (0.06) |
| \$(5,260,000) | Buy Protection on CDX-NAIGS31V1 5Years 20/12/2023 Barclays | (56) | (0.07) |
| | | <u>(93)</u> | <u>(0.11)</u> |
| | Investment assets** | 77,266 | 92.34 |
| | Net other assets | 6,409 | 7.66 |
| | Total net assets | 83,675 | 100.00 |

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

** Including investment liabilities.

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

Statement of total return

for the period from 1 August 2018 to 31 January 2019

| | Note | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|---|------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Income | | | | | |
| Net capital losses | | | (982) | | (235) |
| Revenue | | 1,801 | | 2,968 | |
| Expenses | | (395) | | (597) | |
| Interest payable and similar charges | | (3) | | (7) | |
| Net revenue before taxation | | 1,403 | | 2,364 | |
| Taxation | | - | | - | |
| Net revenue after taxation | | | 1,403 | | 2,364 |
| Total return before distributions | | | 421 | | 2,129 |
| Distributions | 2 | | (1,782) | | (2,938) |
| Change in net assets attributable to shareholders from investment activities | | | (1,361) | | (809) |

Statement of change in net assets attributable to shareholders

for the period from 1 August 2018 to 31 January 2019

| | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Opening net assets attributable to shareholders | | 86,902* | | 140,866 |
| Amounts received on issue of shares | 4,470 | | 18,358 | |
| Amounts paid on cancellation of shares | (7,643) | | (6,520) | |
| | | (3,173) | | 11,838 |
| Dilution adjustment | | - | | 55 |
| Change in net assets attributable to shareholders from investment activities | | (1,361) | | (809) |
| Retained distribution on accumulation shares | | 1,307 | | 2,257 |
| Closing net assets attributable to shareholders | | 83,675 | | 154,207* |

* Section 3.30 of the SORP issued by the Investment Management Association in May 2014 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 January 2019

| | 31.01.19 | 31.07.18 |
|--|----------------------|----------------------|
| | £'000 | £'000 |
| Assets | | |
| Fixed assets | | |
| Investments | 78,094 | 83,427 |
| Current assets | | |
| Debtors | 1,448 | 931 |
| Cash and bank balances | 5,618 | 3,221 |
| Total assets | <u>85,160</u> | <u>87,579</u> |
| Liabilities | | |
| Investment liabilities | (828) | (294) |
| Creditors | | |
| Bank overdrafts | - | (3) |
| Distribution payable | (67) | (99) |
| Other creditors | (590) | (281) |
| Total liabilities | <u>(1,485)</u> | <u>(677)</u> |
| Net assets attributable to shareholders | <u>83,675</u> | <u>86,902</u> |

Notes to the financial statements

for the period from 1 August 2018 to 31 January 2019

1 Accounting policies

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

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 July 2018.

2 Distributions

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

| | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 |
|---|----------------------------------|----------------------------------|
| First Interim – Accumulation shares (31 August) | 232 | 385 |
| First Interim – Income shares (31 August) | 90 | 129 |
| Second Interim – Accumulation shares (30 September) | 203 | 310 |
| Second Interim – Income shares (30 September) | 77 | 100 |
| Third Interim – Accumulation shares (31 October) | 241 | 411 |
| Third Interim – Income shares (31 October) | 90 | 131 |
| Fourth Interim – Accumulation shares (30 November) | 212 | 386 |
| Fourth Interim – Income shares (30 November) | 74 | 119 |
| Fifth Interim – Accumulation shares (31 December) | 214 | 373 |
| Fifth Interim – Income shares (31 December) | 73 | 113 |
| Sixth Interim – Accumulation shares (31 January) | 205 | 392 |
| Sixth Interim – Income shares (31 January) | 67 | 111 |
| | 1,778 | 2,960 |
| Revenue deducted on cancellation of shares | 13 | 12 |
| Revenue received on issue of shares | (9) | (34) |
| Distributions | 1,782 | 2,938 |
| Reconciliation of distributions: | | |
| Net revenue after taxation | 1,403 | 2,364 |
| Capitalised fees | 395 | 597 |
| Authorised Corporate Director's capitalised fee rebates | (16) | (23) |
| Distributions | 1,782 | 2,938 |

Distribution table

Sixth Interim distribution

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

| | Revenue pence per share | Equalisation pence per share* | Distribution paid 28.02.19 pence per share | Distribution paid 28.02.18 pence per share |
|----------------------------------|----------------------------|----------------------------------|--|--|
| Accumulation 'A' Shares | | | | |
| Group 1 | 0.2351 | - | 0.2351 | 0.2434 |
| Group 2 | 0.1162 | 0.1189 | 0.2351 | 0.2434 |
| Income 'A' Shares | | | | |
| Group 1 | 0.1197 | - | 0.1197 | 0.1293 |
| Group 2 | 0.0530 | 0.0667 | 0.1197 | 0.1293 |
| Accumulation 'P' Shares | | | | |
| Group 1 | 0.4369 | - | 0.4369 | 0.4516 |
| Group 2 | 0.4369 | 0.0000 | 0.4369 | 0.4516 |
| Income 'P' Shares | | | | |
| Group 1 | 0.2941 | - | 0.2941 | 0.3161 |
| Group 2 | 0.2941 | 0.0000 | 0.2941 | 0.3161 |
| Accumulation 'R' Shares | | | | |
| Group 1 | 0.3737 | - | 0.3737 | 0.3873 |
| Group 2 | 0.1313 | 0.2424 | 0.3737 | 0.3873 |
| Income 'R' Shares | | | | |
| Group 1 | 0.3135 | - | 0.3135 | 0.3367 |
| Group 2 | 0.1648 | 0.1487 | 0.3135 | 0.3367 |
| Accumulation 'U1' Shares | | | | |
| Group 1 | 0.3382 | - | 0.3382 | 0.3479 |
| Group 2 | 0.1588 | 0.1794 | 0.3382 | 0.3479 |
| Income 'U1' Shares | | | | |
| Group 1 | 0.2763 | - | 0.2763 | 0.2964 |
| Group 2 | 0.1930 | 0.0833 | 0.2763 | 0.2964 |
| Accumulation 'U2' Shares† | | | | |
| Group 1 | - | - | - | 0.3581 |
| Group 2 | - | - | - | 0.3581 |
| Income 'U2' Shares | | | | |
| Group 1 | 0.2877 | - | 0.2877 | 0.3083 |
| Group 2 | 0.2093 | 0.0784 | 0.2877 | 0.3083 |

Distribution table (continued)

Fifth Interim distribution

Group 1: Shares purchased prior to 1 December 2018

Group 2: Shares purchased from 1 December 2018 to 31 December 2018

| | Revenue pence per share | Equalisation pence per share* | Distribution paid 31.01.19 pence per share | Distribution paid 31.01.18 pence per share |
|----------------------------------|----------------------------|----------------------------------|--|--|
| Accumulation 'A' Shares | | | | |
| Group 1 | 0.2447 | - | 0.2447 | 0.2367 |
| Group 2 | 0.0098 | 0.2349 | 0.2447 | 0.2367 |
| Income 'A' Shares | | | | |
| Group 1 | 0.1250 | - | 0.1250 | 0.1262 |
| Group 2 | 0.0749 | 0.0501 | 0.1250 | 0.1262 |
| Accumulation 'P' Shares | | | | |
| Group 1 | 0.4558 | - | 0.4558 | 0.4378 |
| Group 2 | 0.4558 | 0.0000 | 0.4558 | 0.4378 |
| Income 'P' Shares | | | | |
| Group 1 | 0.3071 | - | 0.3071 | 0.3083 |
| Group 2 | 0.3071 | 0.0000 | 0.3071 | 0.3083 |
| Accumulation 'R' Shares | | | | |
| Group 1 | 0.3889 | - | 0.3889 | 0.3738 |
| Group 2 | 0.1912 | 0.1977 | 0.3889 | 0.3738 |
| Income 'R' Shares | | | | |
| Group 1 | 0.3275 | - | 0.3275 | 0.3283 |
| Group 2 | 0.0810 | 0.2465 | 0.3275 | 0.3283 |
| Accumulation 'U1' Shares | | | | |
| Group 1 | 0.3520 | - | 0.3520 | 0.3381 |
| Group 2 | 0.1576 | 0.1944 | 0.3520 | 0.3381 |
| Income 'U1' Shares | | | | |
| Group 1 | 0.2886 | - | 0.2886 | 0.2891 |
| Group 2 | 0.2082 | 0.0804 | 0.2886 | 0.2891 |
| Accumulation 'U2' Shares† | | | | |
| Group 1 | - | - | - | 0.3478 |
| Group 2 | - | - | - | 0.3478 |
| Income 'U2' Shares | | | | |
| Group 1 | 0.3000 | - | 0.3000 | 0.3004 |
| Group 2 | 0.2245 | 0.0755 | 0.3000 | 0.3004 |

Distribution table (continued)

Fourth Interim distribution

Group 1: Shares purchased prior to 1 November 2018

Group 2: Shares purchased from 1 November 2018 to 30 November 2018

| | Revenue pence per share | Equalisation pence per share* | Distribution paid 31.12.18 pence per share | Distribution paid 31.12.17 pence per share |
|----------------------------------|----------------------------|----------------------------------|--|--|
| Accumulation 'A' Shares | | | | |
| Group 1 | 0.2404 | - | 0.2404 | 0.2477 |
| Group 2 | 0.1295 | 0.1109 | 0.2404 | 0.2477 |
| Income 'A' Shares | | | | |
| Group 1 | 0.1233 | - | 0.1233 | 0.1324 |
| Group 2 | 0.0353 | 0.0880 | 0.1233 | 0.1324 |
| Accumulation 'P' Shares | | | | |
| Group 1 | 0.4480 | - | 0.4480 | 0.4588 |
| Group 2 | 0.4480 | 0.0000 | 0.4480 | 0.4588 |
| Income 'P' Shares | | | | |
| Group 1 | 0.3026 | - | 0.3026 | 0.3235 |
| Group 2 | 0.3026 | 0.0000 | 0.3026 | 0.3235 |
| Accumulation 'R' Shares | | | | |
| Group 1 | 0.3818 | - | 0.3818 | 0.3910 |
| Group 2 | 0.0814 | 0.3004 | 0.3818 | 0.3910 |
| Income 'R' Shares | | | | |
| Group 1 | 0.3225 | - | 0.3225 | 0.3445 |
| Group 2 | 0.1035 | 0.2190 | 0.3225 | 0.3445 |
| Accumulation 'U1' Shares | | | | |
| Group 1 | 0.3455 | - | 0.3455 | 0.3535 |
| Group 2 | 0.1567 | 0.1888 | 0.3455 | 0.3535 |
| Income 'U1' Shares | | | | |
| Group 1 | 0.2842 | - | 0.2842 | 0.3033 |
| Group 2 | 0.1178 | 0.1664 | 0.2842 | 0.3033 |
| Accumulation 'U2' Shares† | | | | |
| Group 1 | - | - | - | 0.3637 |
| Group 2 | - | - | - | 0.3637 |
| Income 'U2' Shares | | | | |
| Group 1 | 0.2958 | - | 0.2958 | 0.3153 |
| Group 2 | 0.1829 | 0.1129 | 0.2958 | 0.3153 |

Distribution table (continued)

Third Interim distribution

Group 1: Shares purchased prior to 1 October 2018
 Group 2: Shares purchased from 1 October 2018 to 31 October 2018

| | Revenue pence per share | Equalisation pence per share* | Distribution paid 30.11.18 pence per share | Distribution paid 30.11.17 pence per share |
|----------------------------------|----------------------------|----------------------------------|--|--|
| Accumulation 'A' Shares | | | | |
| Group 1 | 0.2734 | - | 0.2734 | 0.2691 |
| Group 2 | 0.1723 | 0.1011 | 0.2734 | 0.2691 |
| Income 'A' Shares | | | | |
| Group 1 | 0.1406 | - | 0.1406 | 0.1444 |
| Group 2 | 0.0964 | 0.0442 | 0.1406 | 0.1444 |
| Accumulation 'P' Shares | | | | |
| Group 1 | 0.5080 | - | 0.5080 | 0.4998 |
| Group 2 | 0.5080 | 0.0000 | 0.5080 | 0.4998 |
| Income 'P' Shares | | | | |
| Group 1 | 0.3451 | - | 0.3451 | 0.3526 |
| Group 2 | 0.3451 | 0.0000 | 0.3451 | 0.3526 |
| Accumulation 'R' Shares | | | | |
| Group 1 | 0.4338 | - | 0.4338 | 0.4221 |
| Group 2 | 0.2422 | 0.1916 | 0.4338 | 0.4221 |
| Income 'R' Shares | | | | |
| Group 1 | 0.3678 | - | 0.3678 | 0.3755 |
| Group 2 | 0.1695 | 0.1983 | 0.3678 | 0.3755 |
| Accumulation 'U1' Shares | | | | |
| Group 1 | 0.3926 | - | 0.3926 | 0.3839 |
| Group 2 | 0.2137 | 0.1789 | 0.3926 | 0.3839 |
| Income 'U1' Shares | | | | |
| Group 1 | 0.3241 | - | 0.3241 | 0.3306 |
| Group 2 | 0.2185 | 0.1056 | 0.3241 | 0.3306 |
| Accumulation 'U2' Shares† | | | | |
| Group 1 | - | - | - | 0.3950 |
| Group 2 | - | - | - | 0.3950 |
| Income 'U2' Shares | | | | |
| Group 1 | 0.3370 | - | 0.3370 | 0.3436 |
| Group 2 | 0.2456 | 0.0914 | 0.3370 | 0.3436 |

Distribution table (continued)

Second Interim distribution

Group 1: Shares purchased prior to 1 September 2018

Group 2: Shares purchased from 1 September 2018 to 30 September 2018

| | Revenue pence per share | Equalisation pence per share* | Distribution paid 31.10.18 pence per share | Distribution paid 31.10.17 pence per share |
|----------------------------------|----------------------------|----------------------------------|--|--|
| Accumulation 'A' Shares | | | | |
| Group 1 | 0.2293 | - | 0.2293 | 0.2071 |
| Group 2 | 0.1205 | 0.1088 | 0.2293 | 0.2071 |
| Income 'A' Shares | | | | |
| Group 1 | 0.1184 | - | 0.1184 | 0.1115 |
| Group 2 | 0.0646 | 0.0538 | 0.1184 | 0.1115 |
| Accumulation 'P' Shares | | | | |
| Group 1 | 0.4263 | - | 0.4263 | 0.3786 |
| Group 2 | 0.4263 | 0.0000 | 0.4263 | 0.3786 |
| Income 'P' Shares | | | | |
| Group 1 | 0.2903 | - | 0.2903 | 0.2721 |
| Group 2 | 0.2903 | 0.0000 | 0.2903 | 0.2721 |
| Accumulation 'R' Shares | | | | |
| Group 1 | 0.3638 | - | 0.3638 | 0.3266 |
| Group 2 | 0.2073 | 0.1565 | 0.3638 | 0.3266 |
| Income 'R' Shares | | | | |
| Group 1 | 0.3095 | - | 0.3095 | 0.2896 |
| Group 2 | 0.1831 | 0.1264 | 0.3095 | 0.2896 |
| Accumulation 'U1' Shares | | | | |
| Group 1 | 0.3292 | - | 0.3292 | 0.2953 |
| Group 2 | 0.0952 | 0.2340 | 0.3292 | 0.2953 |
| Income 'U1' Shares | | | | |
| Group 1 | 0.2727 | - | 0.2727 | 0.2550 |
| Group 2 | 0.1666 | 0.1061 | 0.2727 | 0.2550 |
| Accumulation 'U2' Shares† | | | | |
| Group 1 | - | - | - | 0.3038 |
| Group 2 | - | - | - | 0.3038 |
| Income 'U2' Shares | | | | |
| Group 1 | 0.2836 | - | 0.2836 | 0.2650 |
| Group 2 | 0.1906 | 0.0930 | 0.2836 | 0.2650 |

Distribution table (continued)

First Interim distribution

Group 1: Shares purchased prior to 1 August 2018
 Group 2: Shares purchased from 1 August 2018 to 31 August 2018

| | Revenue pence per share | Equalisation pence per share* | Distribution paid 30.09.18 pence per share | Distribution paid 30.09.17 pence per share |
|----------------------------------|----------------------------|----------------------------------|--|--|
| Accumulation 'A' Shares | | | | |
| Group 1 | 0.2667 | - | 0.2667 | 0.2636 |
| Group 2 | 0.0786 | 0.1881 | 0.2667 | 0.2636 |
| Income 'A' Shares | | | | |
| Group 1 | 0.1381 | - | 0.1381 | 0.1423 |
| Group 2 | 0.0114 | 0.1267 | 0.1381 | 0.1423 |
| Accumulation 'P' Shares | | | | |
| Group 1 | 0.4955 | - | 0.4955 | 0.4773 |
| Group 2 | 0.4955 | 0.0000 | 0.4955 | 0.4773 |
| Income 'P' Shares | | | | |
| Group 1 | 0.3388 | - | 0.3388 | 0.3473 |
| Group 2 | 0.3388 | 0.0000 | 0.3388 | 0.3473 |
| Accumulation 'R' Shares | | | | |
| Group 1 | 0.4229 | - | 0.4229 | 0.4155 |
| Group 2 | 0.0358 | 0.3871 | 0.4229 | 0.4155 |
| Income 'R' Shares | | | | |
| Group 1 | 0.3611 | - | 0.3611 | 0.3698 |
| Group 2 | 0.1041 | 0.2570 | 0.3611 | 0.3698 |
| Accumulation 'U1' Shares | | | | |
| Group 1 | 0.3827 | - | 0.3827 | 0.3756 |
| Group 2 | 0.1816 | 0.2011 | 0.3827 | 0.3756 |
| Income 'U1' Shares | | | | |
| Group 1 | 0.3181 | - | 0.3181 | 0.3255 |
| Group 2 | 0.1333 | 0.1848 | 0.3181 | 0.3255 |
| Accumulation 'U2' Shares† | | | | |
| Group 1 | - | - | - | 0.3864 |
| Group 2 | - | - | - | 0.3864 |
| Income 'U2' Shares | | | | |
| Group 1 | 0.3307 | - | 0.3307 | 0.3382 |
| Group 2 | 0.2570 | 0.0737 | 0.3307 | 0.3382 |

† Share class closed on 25 May 2018.

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

Merian UK Alpha Fund

| | |
|--------------------|--------------------------------------|
| Launch date | 15 June 2018* |
| IA Sector | UK All Companies |
| Investment adviser | Merian Global Investors (UK) Limited |
| Net asset value | £1,836,269,269 |

Investment Objective and Policy

The sub-fund aims to maximise capital growth through investment in a portfolio of predominantly UK equities.

Investment will be in a portfolio of predominantly UK equities, either directly in transferable securities or through collective investment schemes, including those managed and operated by the ACD.

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

For efficient portfolio management purposes only, investment may also be made into derivatives or forward transactions. The ACD considers that the use of derivatives for this purpose is not likely to affect the volatility or risk profile of the sub-fund.

Investment Manager's review

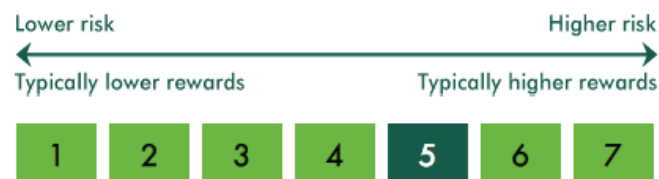
The FTSE All Share Index fell by 8.4% over the period. Evidence of a slowing global economy—affected by the ongoing US/China trade war and Brexit—and tightening monetary policy in the United States and Europe were the main drivers behind the fall in equity markets. Statements from the US Federal Reserve recognising the growth slowdown and indicating greater flexibility in the path of monetary policy led to a recovery in equity markets in the New Year.

The sub-fund performed in line with the index. Leisure group Whitbread moved higher on the sale of its Costa Coffee division at a price well above market expectations and was the largest contributor to performance. Power generator Drax, Smith & Nephew, Sage and Worldpay all performed strongly, reflecting positive operational results in the businesses. On the negative tack, gaming group GVC fell on regulatory concerns in spite of a very strong performance from its online operations. Concerns over the economic cycle saw paper group DS Smith and luxury car manufacturer Aston Martin move lower.

Falls in equities in 2018 have pushed UK equity valuations to below long-term averages. It is frustrating that in spite of a raft of commentary and analysis the Brexit outcome is unforecastable. However if a deal can be agreed, the UK economy looks in reasonable shape to grow, with rising government spending adding to the resilience of the private sector. Meanwhile the “pause” in monetary policy is helpful against the backdrop of a slower but still growing global economy. Investor sentiment globally has fallen sharply—in complete contrast to the euphoria of a year ago. This makes us more constructive for the outlook for 2019.

* The original launch date is 31 January 2003

Risk and Reward Profile



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

Sub-funds in category 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a relatively high risk of losing money but your chance for gains is also moderately high.

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

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

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

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

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

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

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

Performance Records

Comparative Tables

| Accumulation 'A't | 1 Aug 2018 to 31 Jan 2019 p/share | 15 June 2018 to 31 July 2018 p/share |
|--|---|--|
| Change in net assets per share | | |
| Opening net asset value per share | 139.28 | 142.10 |
| Return before operating charges* | (11.03) | (2.54) |
| Operating charges** | (1.05) | (0.28) |
| Return after operating charges* | (12.08) | (2.82) |
| Distributions | (1.90) | (0.27) |
| Retained distributions | 1.90 | 0.27 |
| Closing net asset value per share | 127.20 | 139.28 |
| * after direct transaction costs of*** | 0.01 | 0.01 |
| Performance | | |
| Return after charges | (8.67)% | (1.98)% |
| Other information | | |
| Closing net asset value (£) | 44,271,614 | 68,456,344 |
| Closing number of shares | 34,804,269 | 49,151,531 |
| Operating charges**** | 1.60% | 1.60% |
| Direct transaction costs*** | 0.02% | 0.05% |
| Prices | | |
| | pence per share | pence per share |
| Highest share price | 139.9 | 142.10 |
| Lowest share price | 119.0 | 136.80 |
| | | |
| Income 'A't | 1 Aug 2018 to 31 Jan 2019 p/share | 15 June 2018 to 31 July 2018 p/share |
| Change in net assets per share | | |
| Opening net asset value per share | 122.13 | 124.85 |
| Return before operating charges* | (9.67) | (2.24) |
| Operating charges** | (0.92) | (0.25) |
| Return after operating charges* | (10.59) | (2.49) |
| Distributions | (1.66) | (0.23) |
| Retained distributions | - | - |
| Closing net asset value per share | 109.88 | 122.13 |
| * after direct transaction costs of*** | 0.01 | 0.01 |
| Performance | | |
| Return after charges | (8.67)% | (1.99)% |
| Other information | | |
| Closing net asset value (£) | 2,860,455 | 3,739,494 |
| Closing number of shares | 2,603,278 | 3,061,828 |
| Operating charges**** | 1.60% | 1.60% |
| Direct transaction costs*** | 0.02% | 0.05% |
| Prices | | |
| | pence per share | pence per share |
| Highest share price | 122.7 | 124.85 |
| Lowest share price | 104.4 | 120.20 |

Comparative Tables (continued)

| Accumulation 'R't | 1 Aug 2018 to 31 Jan 2019 p/share | 15 June 2018 to 31 July 2018 p/share |
|--|---|--|
| Change in net assets per share | | |
| Opening net asset value per share | 166.68 | 169.89 |
| Return before operating charges* | (13.22) | (3.03) |
| Operating charges** | (0.67) | (0.18) |
| Return after operating charges* | (13.89) | (3.21) |
| Distributions | (2.27) | (0.32) |
| Retained distributions | 2.27 | 0.32 |
| Closing net asset value per share | 152.79 | 166.68 |
| * after direct transaction costs of*** | 0.01 | 0.01 |
| Performance | | |
| Return after charges | (8.33)% | (1.89)% |
| Other information | | |
| Closing net asset value (£) | 319,045,588 | 361,966,735 |
| Closing number of shares | 208,806,762 | 217,168,642 |
| Operating charges**** | 0.85% | 0.85% |
| Direct transaction costs*** | 0.02% | 0.05% |
| Prices | | |
| | pence per share | pence per share |
| Highest share price | 167.4 | 169.89 |
| Lowest share price | 142.9 | 163.70 |
| | | |
| Income 'R't | 1 Aug 2018 to 31 Jan 2019 p/share | 15 June 2018 to 31 July 2018 p/share |
| Change in net assets per share | | |
| Opening net asset value per share | 127.46 | 130.17 |
| Return before operating charges* | (10.10) | (2.33) |
| Operating charges** | (0.51) | (0.14) |
| Return after operating charges* | (10.61) | (2.47) |
| Distributions | (1.74) | (0.24) |
| Retained distributions | - | - |
| Closing net asset value per share | 115.11 | 127.46 |
| * after direct transaction costs of*** | 0.01 | 0.01 |
| Performance | | |
| Return after charges | (8.32)% | (1.90)% |
| Other information | | |
| Closing net asset value (£) | 21,349,380 | 22,432,596 |
| Closing number of shares | 18,546,797 | 17,599,643 |
| Operating charges**** | 0.85% | 0.85% |
| Direct transaction costs*** | 0.02% | 0.05% |
| Prices | | |
| | pence per share | pence per share |
| Highest share price | 128.0 | 130.17 |
| Lowest share price | 109.3 | 125.40 |

Comparative Tables (continued)

| Accumulation 'U1'† | 1 Aug 2018 to 31 Jan 2019 p/share | 15 June 2018 to 31 July 2018 p/share |
|--|---|--|
| Change in net assets per share | | |
| Opening net asset value per share | 148.03 | 150.88 |
| Return before operating charges* | (11.73) | (2.71) |
| Operating charges** | (0.54) | (0.14) |
| Return after operating charges* | (12.27) | (2.85) |
| Distributions | (2.02) | (0.28) |
| Retained distributions | 2.02 | 0.28 |
| Closing net asset value per share | 135.76 | 148.03 |
| * after direct transaction costs of*** | 0.01 | 0.01 |
| Performance | | |
| Return after charges | (8.29)% | (1.89)% |
| Other information | | |
| Closing net asset value (£) | 473,725,973 | 544,527,362 |
| Closing number of shares | 348,947,901 | 367,838,497 |
| Operating charges**** | 0.78% | 0.78% |
| Direct transaction costs*** | 0.02% | 0.05% |
| Prices | | |
| | pence per share | pence per share |
| Highest share price | 148.7 | 150.88 |
| Lowest share price | 126.9 | 145.40 |
| | | |
| Income 'U1'† | 1 Aug 2018 to 31 Jan 2019 p/share | 15 June 2018 to 31 July 2018 p/share |
| Change in net assets per share | | |
| Opening net asset value per share | 124.77 | 127.41 |
| Return before operating charges* | (9.89) | (2.28) |
| Operating charges** | (0.46) | (0.12) |
| Return after operating charges* | (10.35) | (2.40) |
| Distributions | (1.70) | (0.24) |
| Retained distributions | - | - |
| Closing net asset value per share | 112.72 | 124.77 |
| * after direct transaction costs of*** | 0.01 | 0.01 |
| Performance | | |
| Return after charges | (8.30)% | (1.88)% |
| Other information | | |
| Closing net asset value (£) | 261,406,146 | 355,969,836 |
| Closing number of shares | 231,902,359 | 285,306,882 |
| Operating charges**** | 0.78% | 0.78% |
| Direct transaction costs*** | 0.02% | 0.05% |
| Prices | | |
| | pence per share | pence per share |
| Highest share price | 125.3 | 127.41 |
| Lowest share price | 107.0 | 122.70 |

Comparative Tables (continued)

| Accumulation 'U2'† | 1 Aug 2018 to 31 Jan 2019 p/share | 15 June 2018 to 31 July 2018 p/share |
|--|---|--|
| Change in net assets per share | | |
| Opening net asset value per share | 141.68 | 144.39 |
| Return before operating charges* | (11.22) | (2.59) |
| Operating charges** | (0.47) | (0.12) |
| Return after operating charges* | (11.69) | (2.71) |
| Distributions | (1.93) | (0.27) |
| Retained distributions | 1.93 | 0.27 |
| Closing net asset value per share | 129.99 | 141.68 |
| * after direct transaction costs of*** | 0.01 | 0.01 |
| Performance | | |
| Return after charges | (8.25)% | (1.88)% |
| Other information | | |
| Closing net asset value (£) | 187,504,901 | 199,042,178 |
| Closing number of shares | 144,250,025 | 140,482,805 |
| Operating charges**** | 0.70% | 0.70% |
| Direct transaction costs*** | 0.02% | 0.05% |
| Prices | | |
| | pence per share | pence per share |
| Highest share price | 142.3 | 144.39 |
| Lowest share price | 121.5 | 139.10 |
| | | |
| Income 'U2'† | 1 Aug 2018 to 31 Jan 2019 p/share | 15 June 2018 to 31 July 2018 p/share |
| Change in net assets per share | | |
| Opening net asset value per share | 121.10 | 123.65 |
| Return before operating charges* | (9.60) | (2.21) |
| Operating charges** | (0.40) | (0.11) |
| Return after operating charges* | (10.00) | (2.32) |
| Distributions | (1.65) | (0.23) |
| Retained distributions | - | - |
| Closing net asset value per share | 109.45 | 121.10 |
| * after direct transaction costs of*** | 0.01 | 0.01 |
| Performance | | |
| Return after charges | (8.26)% | (1.88)% |
| Other information | | |
| Closing net asset value (£) | 526,105,212 | 572,543,683 |
| Closing number of shares | 480,670,396 | 472,775,803 |
| Operating charges**** | 0.70% | 0.70% |
| Direct transaction costs*** | 0.02% | 0.05% |
| Prices | | |
| | pence per share | pence per share |
| Highest share price | 121.7 | 123.65 |
| Lowest share price | 103.9 | 119.10 |

† From 15 June 2018.

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

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

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

Performance

| | 6 months to 31 January 2019 | 1 year to 31 January 2019 | 3 years to 31 January 2019 | 5 years to 31 January 2019 |
|--------------------------------------|--------------------------------|------------------------------|-------------------------------|-------------------------------|
| Merian UK Alpha Fund* | (8.34)% | (5.62)% | 26.39% | 22.14% |
| FTSE All Share (benchmark) | (8.44)% | (3.83)% | 28.49% | 31.24% |
| IA-UK All Companies (sector average) | (9.45)% | (5.57)% | 24.96% | 28.69% |
| Quartile ranking | 2 | 3 | 2 | 3 |

* Accumulation 'R' shares

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

| Portfolio allocation | | Major holdings | Percentage of portfolio |
|----------------------------------|----------------|---|----------------------------|
| Travel & Leisure | 15.16% | BP | 4.99% |
| Banks | 11.53% | HSBC (UK Listing) | 4.36% |
| Life Insurance | 9.00% | Whitbread | 4.18% |
| Oil & Gas Producers | 8.89% | Sage | 4.16% |
| Mining | 7.68% | GlaxoSmithKline | 4.15% |
| Pharmaceuticals & Biotechnology | 7.17% | Rio Tinto (UK Listing) | 4.12% |
| Support Services | 6.27% | SSP | 4.07% |
| Software & Computer Services | 5.51% | Lloyd's Banking Group | 3.96% |
| Construction & Materials | 4.29% | Tesco | 3.94% |
| Food & Drug Retailers | 3.94% | Royal Dutch Shell 'B' | 3.90% |
| General Retailers | 3.83% | | |
| Health Care Equipment & Services | 2.96% | Number of holdings | 34 |
| Electricity | 2.94% | | |
| Mobile Telecommunications | 2.50% | | |
| Food Producers | 1.92% | | |
| Personal Goods | 1.88% | | |
| General Industrials | 1.87% | Total Purchases and Sales for the period | |
| Financial Services | 1.55% | | 2019 |
| Automobiles & Parts | 1.30% | | £'000 |
| Net other liabilities | (0.19)% | Total purchases for the 6 month period to 31 January | 48,331 |
| Total | 100.00% | Total sales for the 6 month period to 31 January | 125,369 |
| Asset allocation | | | |
| Investment assets | 100.19% | | |
| Net other liabilities | (0.19)% | | |
| Total | 100.00% | | |

Portfolio statement

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|-------------|--|-----------------------|--|
| | United Kingdom Equities 87.34% (31 July 2018 86.03%) | | |
| | Automobiles & Parts 1.30% (31 July 2018 0.00%) | | |
| 1,957,204 | Aston Martin Lagonda | 23,890 | 1.30 |
| | | <u>23,890</u> | <u>1.30</u> |
| | Banks 11.53% (31 July 2018 11.99%) | | |
| 37,081,614 | Barclays | 58,878 | 3.21 |
| 12,486,892 | HSBC (UK Listing) | 80,066 | 4.36 |
| 125,427,557 | Lloyd's Banking Group | 72,710 | 3.96 |
| | | <u>211,654</u> | <u>11.53</u> |
| | Construction & Materials 2.26% (31 July 2018 2.58%) | | |
| 24,532,115 | Melrose Industries | 41,533 | 2.26 |
| | | <u>41,533</u> | <u>2.26</u> |
| | Electricity 2.94% (31 July 2018 2.39%) | | |
| 13,359,543 | Drax | 53,973 | 2.94 |
| | | <u>53,973</u> | <u>2.94</u> |
| | Financial Services 1.55% (31 July 2018 1.24%) | | |
| 8,957,809 | TP ICAP | 28,432 | 1.55 |
| | | <u>28,432</u> | <u>1.55</u> |
| | Food & Drug Retailers 3.94% (31 July 2018 3.51%) | | |
| 32,517,783 | Tesco | 72,352 | 3.94 |
| | | <u>72,352</u> | <u>3.94</u> |
| | Food Producers 1.92% (31 July 2018 1.56%) | | |
| 5,086,981 | Tate & Lyle | 35,263 | 1.92 |
| | | <u>35,263</u> | <u>1.92</u> |
| | General Industrials 1.87% (31 July 2018 2.47%) | | |
| 9,938,047 | DS Smith | 34,415 | 1.87 |
| | | <u>34,415</u> | <u>1.87</u> |
| | General Retailers 3.83% (31 July 2018 3.70%) | | |
| 815,958 | Next | 39,370 | 2.15 |
| 23,016,712 | Pets at Home | 30,865 | 1.68 |
| | | <u>70,235</u> | <u>3.83</u> |
| | Health Care Equipment & Services 2.96% (31 July 2018 2.53%) | | |
| 3,755,244 | Smith & Nephew | 54,320 | 2.96 |
| | | <u>54,320</u> | <u>2.96</u> |
| | Life Insurance 9.00% (31 July 2018 9.97%) | | |
| 12,990,555 | Aviva | 54,274 | 2.96 |
| 3,947,806 | Prudential | 59,020 | 3.21 |
| 5,483,501 | St James's Place | 52,027 | 2.83 |
| | | <u>165,321</u> | <u>9.00</u> |
| | Mining 4.12% (31 July 2018 3.68%) | | |
| 1,800,705 | Rio Tinto (UK Listing) | 75,585 | 4.12 |
| | | <u>75,585</u> | <u>4.12</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|------------|---|-----------------------|--|
| | Mobile Telecommunications 2.50% (31 July 2018 2.99%) | | |
| 32,516,115 | Vodafone | 45,809 | 2.50 |
| | | <u>45,809</u> | <u>2.50</u> |
| | Oil & Gas Producers 4.99% (31 July 2018 4.95%) | | |
| 17,597,253 | BP | 91,682 | 4.99 |
| | | <u>91,682</u> | <u>4.99</u> |
| | Personal Goods 1.88% (31 July 2018 1.98%) | | |
| 1,916,346 | Burberry | 34,590 | 1.88 |
| | | <u>34,590</u> | <u>1.88</u> |
| | Pharmaceuticals & Biotechnology 7.17% (31 July 2018 7.05%) | | |
| 1,003,595 | AstraZeneca (UK Listing) | 55,469 | 3.02 |
| 5,170,773 | GlaxoSmithKline | 76,155 | 4.15 |
| | | <u>131,624</u> | <u>7.17</u> |
| | Software & Computer Services 5.51% (31 July 2018 4.69%) | | |
| 1,682,708 | Micro Focus International | 24,837 | 1.35 |
| 12,133,505 | Sage | 76,295 | 4.16 |
| | | <u>101,132</u> | <u>5.51</u> |
| | Support Services 2.91% (31 July 2018 2.55%) | | |
| 2,766,827 | Experian | 53,441 | 2.91 |
| | | <u>53,441</u> | <u>2.91</u> |
| | Travel & Leisure 15.16% (31 July 2018 16.20%) | | |
| 7,702,352 | GVC | 52,260 | 2.85 |
| 4,521,517 | International Consolidated Airlines (UK Listing) | 29,119 | 1.59 |
| 13,398,168 | Merlin Entertainments | 45,420 | 2.47 |
| 11,149,149 | SSP | 74,788 | 4.07 |
| 1,559,459 | Whitbread | 76,850 | 4.18 |
| | | <u>278,437</u> | <u>15.16</u> |
| | Overseas 12.85% (31 July 2018 12.93%) | | |
| | Europe 9.49% (31 July 2018 10.04%) | | |
| | Ireland Equities 2.03% (31 July 2018 2.21%) | | |
| | Construction & Materials 2.03% (31 July 2018 2.21%) | | |
| 1,692,748 | CRH (UK Listing) | 37,342 | 2.03 |
| | | <u>37,342</u> | <u>2.03</u> |
| | Netherlands Equities 3.90% (31 July 2018 3.99%) | | |
| | Oil & Gas Producers 3.90% (31 July 2018 3.99%) | | |
| 3,014,554 | Royal Dutch Shell 'B' | 71,596 | 3.90 |
| | | <u>71,596</u> | <u>3.90</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £,000 | Percentage of total net assets % |
|------------|---|-----------------------|--|
| | Switzerland Equities 3.56% (31 July 2018 3.84%) | | |
| 21,237,135 | Mining 3.56% (31 July 2018 3.84%) Glencore | 65,432 | 3.56 |
| | | <u>65,432</u> | <u>3.56</u> |
| | North America 3.36% (31 July 2018 2.89%) | | |
| | United States Equities 3.36% (31 July 2018 2.89%) | | |
| 951,759 | Support Services 3.36% (31 July 2018 2.89%) Worldpay | 61,664 | 3.36 |
| | | <u>61,664</u> | <u>3.36</u> |
| | Investment assets | <u>1,839,722</u> | <u>100.19</u> |
| | Net other liabilities | <u>(3,453)</u> | <u>(0.19)</u> |
| | Total net assets | <u>1,836,269</u> | <u>100.00</u> |

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

Statement of total return

for the period from 1 August 2018 to 31 January 2019

| | Note | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 |
|---|------|----------------------------------|----------------------------------|
| Income | | | |
| Net capital losses | | | (197,476) |
| Revenue | | 29,830 | |
| Expenses | | (7,759) | |
| Interest payable and similar charges | | (4) | |
| Net revenue before taxation | | 22,067 | |
| Taxation | | (118) | |
| Net revenue after taxation | | | 21,949 |
| Total return before distributions | | | (175,527) |
| Distributions | 2 | | (28,722) |
| Change in net assets attributable to shareholders from investment activities | | | (204,249) |

Statement of change in net assets attributable to shareholders

for the period from 1 August 2018 to 31 January 2019

| | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 |
|--|----------------------------------|----------------------------------|
| Opening net assets attributable to shareholders | | 2,128,678 |
| Amounts received on issue of shares | 70,619 | |
| Amounts paid on cancellation of shares | (174,001) | |
| | | (103,382) |
| Dilution adjustment | | - |
| Change in net assets attributable to shareholders from investment activities | | (204,249) |
| Retained distribution on accumulation shares | | 15,222 |
| Closing net assets attributable to shareholders | | 1,836,269 |

Balance sheet

as at 31 January 2019

| | Notes | 31.01.19 £'000 | 31.07.18 £'000 |
|--|-------|-------------------|-------------------|
| Assets | | | |
| Fixed assets | | | |
| Investments | | 1,839,722 | 2,106,442 |
| Current assets | | | |
| Debtors | | 2,542 | 5,800 |
| Cash and bank balances | | 24,665 | 22,881 |
| Total assets | | 1,866,929 | 2,135,123 |
| Liabilities | | | |
| Creditors | | | |
| Distribution payable | | (12,237) | (1,821) |
| Other creditors | | (18,423) | (4,624) |
| Total liabilities | | (30,660) | (6,445) |
| Net assets attributable to shareholders | | 1,836,269 | 2,128,678 |

Notes to the financial statements

for the period from 1 August 2018 to 31 January 2019

1 Accounting policies

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

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 July 2018.

2 Distributions

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

| | 01.08.18 to 31.01.19 £'000 |
|--|----------------------------------|
| Final – Accumulation shares (31 January) | 15,222 |
| Final – Income shares (31 January) | 12,237 |
| | 27,459 |
| Revenue deducted on cancellation of shares | 2,005 |
| Revenue received on issue of shares | (742) |
| Distributions | 28,722 |
| | |
| Reconciliation of distributions: | |
| Net revenue after taxation | 21,949 |
| Capitalised fees | 6,773 |
| Distributions | 28,722 |

Distribution table

First Interim distribution

Group 1: Shares purchased prior to 1 August 2018
 Group 2: Shares purchased from 1 August 2018 to 31 January 2019

| | Revenue pence per share | Equalisation pence per share* | Distribution paid 31.03.19 pence per share |
|---------------------------------|----------------------------|----------------------------------|--|
| Accumulation 'A' Shares | | | |
| Group 1 | 1.8952 | - | 1.8952 |
| Group 2 | 1.0864 | 0.8088 | 1.8952 |
| Income 'A' Shares | | | |
| Group 1 | 1.6618 | - | 1.6618 |
| Group 2 | 0.4434 | 1.2184 | 1.6618 |
| Accumulation 'R' Shares | | | |
| Group 1 | 2.2704 | - | 2.2704 |
| Group 2 | 0.5640 | 1.7064 | 2.2704 |
| Income 'R' Shares | | | |
| Group 1 | 1.7361 | - | 1.7361 |
| Group 2 | 0.4628 | 1.2733 | 1.7361 |
| Accumulation 'U1' Shares | | | |
| Group 1 | 2.0167 | - | 2.0167 |
| Group 2 | 0.6568 | 1.3599 | 2.0167 |
| Income 'U1' Shares | | | |
| Group 1 | 1.6996 | - | 1.6996 |
| Group 2 | 0.5471 | 1.1525 | 1.6996 |
| Accumulation 'U2' Shares | | | |
| Group 1 | 1.9304 | - | 1.9304 |
| Group 2 | 0.4900 | 1.4404 | 1.9304 |
| Income 'U2' Shares | | | |
| Group 1 | 1.6499 | - | 1.6499 |
| Group 2 | 0.4771 | 1.1728 | 1.6499 |

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

Merian UK Equity Income Fund

| | |
|---------------------------|--------------------------------------|
| Launch date | 30 September 1975 |
| IA Sector | UK Equity Income |
| Investment adviser | Merian Global Investors (UK) Limited |
| Net asset value | £83,537,582 |

Investment Objective and Policy

To achieve an above average yield with growth in income and capital appreciation over the long term, through the active management of a diversified portfolio invested primarily in UK equities. UK equities are equities of companies the majority of which will either be domiciled in the UK, or which derive a significant proportion of their income from the UK.

Subject to the regulations, the property of the sub-fund may include transferable securities; units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives.

The sub-fund will be permitted to use derivatives for investment purposes. The use of derivatives for this purpose may affect the volatility or risk profile of the sub-fund although this is not the ACD's intention.

Investment Manager's review

Only two years ago commentators were talking about global "synchronised growth," but the period under review has been termed by some "synchronised sinking." From mid-2018 trade data has been getting worse. Global investment spending that was buoyant in 2017 and early 2018 stalled, leading to indicators such as global PMIs falling consistently.

Near the end of 2018 the markets became increasingly concerned that the drain on liquidity by the US Federal Reserve was badly exacerbating the global trade issue and could lead to the US, which had been resilient, falling into recession. This could have created a downward spiral which markets were just beginning to price in.

Since the turn of the year the Fed has been more accommodative in language, particularly around the final state of its balance sheet, which has alleviated the tail risk of policy error. Alongside this, fiscal moves from China and parts of the Eurozone have helped in some way move the momentum away from certain recession. Equity markets have duly responded. Throughout the period we have been reminded of how unforecastable the outcome of Brexit will be but markets have responded to ebbing and flow of news here with a lower probability on hard Brexit.

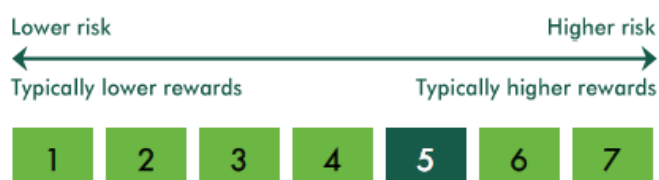
The sub-fund underperformed the index in the period. The sub-fund did though benefit from the de-risking of the hard Brexit option through its position in domestic retailers. General retail was the sub-fund's largest contributing sector in the period. Other positive contributors in this period include the continued recovery of software companies Sage and Micro Focus alongside power generator Drax. On the negative side, gaming group GVC derated on regulatory concerns despite a very strong operational performance. Economic cycle concerns hurt packaging group DS Smith, and company-specific issues hurt retailer Superdry and constructor Kier.

Transactions in the period included selling residual holdings in Pennon, Inmarsat and DMGT. We initiated positions in oil & gas services providers Wood Group and Weir Group. Both companies we believe are exposed to an increasing capital expenditure cycle in both the mining and oil sectors with the former buoyed by synergies coming through from its acquisition of AMEC Foster Wheeler.

Falls in equities in 2018 have pushed UK equity valuations below long-term averages. It is frustrating that in spite of a raft of

commentary and analysis the Brexit outcome is unforecastable. However if a deal can be agreed, the UK economy looks in reasonable shape to grow, with rising government spending adding to the resilience of the private sector. Meanwhile the "pause" in monetary policy is helpful against the backdrop of a slower but still growing global economy. Investor sentiment globally has fallen sharply—in complete contrast to the euphoria of a year ago—so perversely, this makes us more constructive for the outlook for 2019.

Risk and Reward Profile



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

Sub-funds in category 5 have in the past shown relatively high volatility. With a sub-fund of category 5, you have a relatively high risk of losing money but your chance for gains is also moderately high.

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

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

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

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

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

Capital erosion risk* - the sub-fund takes its charges from capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges. Capital erosion may have the effect of reducing the level of income generated.

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

* 1st November 2018, Merian Corporate bond sub-fund changed its expense policy from charges paid to Capital instead of income.

Performance Records

Comparative Tables

| Accumulation 'A' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 3,331.77 | 3,128.97 | 2,786.67 |
| Return before operating charges* | (321.54) | 256.03 | 391.64 |
| Operating charges** | (25.51) | (53.23) | (49.34) |
| Return after operating charges* | (347.05) | 202.80 | 342.30 |
| Distributions | (60.76) | (134.31) | (125.73) |
| Retained distributions | 60.76 | 134.31 | 125.73 |
| Closing net asset value per share | 2,984.72 | 3,331.77 | 3,128.97 |
| * after direct transaction costs of*** | 1.17 | 4.46 | 11.63 |
| Performance | | | |
| Return after charges | (10.42)% | 6.48% | 12.28% |
| Other information | | | |
| Closing net asset value (£) | 5,637,715 | 7,153,017 | 8,737,821 |
| Closing number of shares | 188,886 | 214,691 | 279,256 |
| Operating charges**** | 1.65% | 1.65% | 1.65% |
| Direct transaction costs*** | 0.08% | 0.14% | 0.39% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 3,334 | 3,402.00 | 3,327.88 |
| Lowest share price | 2,772 | 3,014.00 | 2,760.16 |
| Income 'A' | | | |
| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 874.42 | 855.74 | 794.65 |
| Return before operating charges* | (84.22) | 69.23 | 110.28 |
| Operating charges** | (6.65) | (14.36) | (13.89) |
| Return after operating charges* | (90.87) | 54.87 | 96.39 |
| Distributions | (15.88) | (36.19) | (35.30) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 767.67 | 874.42 | 855.74 |
| * after direct transaction costs of*** | 0.30 | 1.20 | 3.27 |
| Performance | | | |
| Return after charges | (10.39)% | 6.41% | 12.13% |
| Other information | | | |
| Closing net asset value (£) | 19,464,863 | 27,061,984 | 34,629,389 |
| Closing number of shares | 2,535,575 | 3,094,850 | 4,046,711 |
| Operating charges**** | 1.65% | 1.65% | 1.65% |
| Direct transaction costs*** | 0.08% | 0.14% | 0.39% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 874.6 | 915.80 | 919.36 |
| Lowest share price | 717.1 | 811.30 | 786.67 |

Comparative Tables (continued)

| Accumulation 'P' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 194.31 | 181.57 | 160.90 |
| Return before operating charges* | (18.64) | 14.89 | 22.67 |
| Operating charges** | (1.04) | (2.15) | (2.00) |
| Return after operating charges* | (19.68) | 12.74 | 20.67 |
| Distributions | (3.59) | (7.81) | (7.28) |
| Retained distributions | 3.59 | 7.81 | 7.28 |
| Closing net asset value per share | 174.63 | 194.31 | 181.57 |
| * after direct transaction costs of*** | 0.07 | 0.26 | 0.68 |
| Performance | | | |
| Return after charges | (10.13)% | 7.02% | 12.85% |
| Other information | | | |
| Closing net asset value (£) | 270,979 | 448,278 | 1,397,650 |
| Closing number of shares | 155,172 | 230,700 | 769,745 |
| Operating charges**** | 1.15% | 1.15% | 1.15% |
| Direct transaction costs*** | 0.08% | 0.14% | 0.39% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 194.5 | 198.20 | 192.99 |
| Lowest share price | 162.1 | 175.50 | 159.38 |
| Income 'P' | | | |
| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 126.87 | 123.53 | 114.09 |
| Return before operating charges* | (12.22) | 10.03 | 15.92 |
| Operating charges** | (0.67) | (1.45) | (1.40) |
| Return after operating charges* | (12.89) | 8.58 | 14.52 |
| Distributions | (2.31) | (5.24) | (5.08) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 111.67 | 126.87 | 123.53 |
| * after direct transaction costs of*** | 0.04 | 0.17 | 0.47 |
| Performance | | | |
| Return after charges | (10.16)% | 6.95% | 12.73% |
| Other information | | | |
| Closing net asset value (£) | 121,755 | 138,334 | 74,004 |
| Closing number of shares | 109,035 | 109,035 | 59,908 |
| Operating Charges**** | 1.15% | 1.15% | 1.15% |
| Direct transaction costs*** | 0.08% | 0.14% | 0.39% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 126.9 | 132.50 | 132.62 |
| Lowest share price | 104.2 | 117.50 | 112.95 |

Comparative Tables (continued)

| Accumulation 'R' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 174.85 | 162.98 | 144.13 |
| Return before operating charges* | (16.89) | 13.39 | 20.24 |
| Operating charges** | (0.73) | (1.52) | (1.39) |
| Return after operating charges* | (17.62) | 11.87 | 18.85 |
| Distributions | (3.19) | (7.02) | (6.52) |
| Retained distributions | 3.19 | 7.02 | 6.52 |
| Closing net asset value per share | 157.23 | 174.85 | 162.98 |
| * after direct transaction costs of*** | 0.06 | 0.23 | 0.60 |
| Performance | | | |
| Return after charges | (10.08)% | 7.28% | 13.08% |
| Other information | | | |
| Closing net asset value (£) | 12,063,681 | 14,386,772 | 15,321,621 |
| Closing number of shares | 7,672,778 | 8,228,199 | 9,400,977 |
| Operating charges**** | 0.90% | 0.90% | 0.90% |
| Direct transaction costs*** | 0.08% | 0.14% | 0.39% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 175.0 | 178.30 | 166.51 |
| Lowest share price | 145.9 | 157.80 | 142.77 |
| Income 'R' | | | |
| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 140.15 | 136.12 | 125.41 |
| Return before operating charges* | (13.51) | 11.06 | 17.50 |
| Operating charges** | (0.58) | (1.25) | (1.20) |
| Return after operating charges* | (14.09) | 9.81 | 16.30 |
| Distributions | (2.55) | (5.78) | (5.59) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 123.51 | 140.15 | 136.12 |
| * after direct transaction costs of*** | 0.05 | 0.19 | 0.52 |
| Performance | | | |
| Return after charges | (10.05)% | 7.21% | 13.00% |
| Other information | | | |
| Closing net asset value (£) | 17,386,048 | 21,177,320 | 22,799,577 |
| Closing number of shares | 14,076,850 | 15,110,896 | 16,749,665 |
| Operating charges**** | 0.90% | 0.90% | 0.90% |
| Direct transaction costs*** | 0.08% | 0.14% | 0.39% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 140.2 | 146.20 | 140.48 |
| Lowest share price | 115.3 | 129.70 | 124.16 |

Comparative Tables (continued)

| Accumulation 'U1' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 131.25 | 122.25 | 107.99 |
| Return before operating charges* | (12.68) | 10.04 | 15.21 |
| Operating charges** | (0.50) | (1.04) | (0.95) |
| Return after operating charges* | (13.18) | 9.00 | 14.26 |
| Distributions | (2.40) | (5.27) | (4.89) |
| Retained distributions | 2.40 | 5.27 | 4.89 |
| Closing net asset value per share | 118.07 | 131.25 | 122.25 |
| * after direct transaction costs of*** | 0.05 | 0.17 | 0.45 |
| Performance | | | |
| Return after charges | (10.04)% | 7.36% | 13.20% |
| Other information | | | |
| Closing net asset value (£) | 6,053,845 | 8,331,489 | 11,517,697 |
| Closing number of shares | 5,127,358 | 6,347,655 | 9,421,222 |
| Operating charges**** | 0.83% | 0.83% | 0.83% |
| Direct transaction costs*** | 0.08% | 0.14% | 0.39% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 131.4 | 133.80 | 124.89 |
| Lowest share price | 109.6 | 118.40 | 106.97 |
| Income 'U1' | | | |
| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 110.96 | 107.69 | 99.15 |
| Return before operating charges* | (10.69) | 8.75 | 13.83 |
| Operating charges** | (0.42) | (0.91) | (0.87) |
| Return after operating charges* | (11.11) | 7.84 | 12.96 |
| Distributions | (2.02) | (4.57) | (4.42) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 97.83 | 110.96 | 107.69 |
| * after direct transaction costs of*** | 0.04 | 0.15 | 0.41 |
| Performance | | | |
| Return after charges | (10.01)% | 7.28% | 13.07% |
| Other information | | | |
| Closing net asset value (£) | 3,961,799 | 4,595,278 | 5,761,666 |
| Closing number of shares | 4,049,852 | 4,141,334 | 5,350,180 |
| Operating charges**** | 0.83% | 0.83% | 0.83% |
| Direct transaction costs*** | 0.08% | 0.14% | 0.39% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 111.0 | 115.70 | 111.13 |
| Lowest share price | 91.30 | 102.60 | 98.16 |

Comparative Tables (continued)

| Accumulation 'U2' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 132.36 | 122.58 | 108.19 |
| Return before operating charges* | (12.79) | 10.72 | 15.27 |
| Operating charges** | (0.46) | (0.94) | (0.88) |
| Return after operating charges* | (13.25) | 9.78 | 14.39 |
| Distributions | (2.42) | (5.30) | (4.90) |
| Retained distributions | 2.42 | 5.30 | 4.90 |
| Closing net asset value per share | 119.11 | 132.36 | 122.58 |
| * after direct transaction costs of*** | 0.05 | 0.17 | 0.45 |
| Performance | | | |
| Return after charges | (10.01)% | 7.98% | 13.30% |
| Other information | | | |
| Closing net asset value (£) | 14,000 | 18,099 | 46,507,016 |
| Closing number of shares | 11,754 | 13,674 | 37,940,687 |
| Operating charges**** | 0.75% | 0.75% | 0.75% |
| Direct transaction costs*** | 0.08% | 0.14% | 0.39% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 132.5 | 134.30 | 125.21 |
| Lowest share price | 110.5 | 118.80 | 107.17 |
| Income 'U2' | | | |
| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 109.40 | 106.11 | 97.66 |
| Return before operating charges* | (10.54) | 8.61 | 13.59 |
| Operating charges** | (0.38) | (0.81) | (0.78) |
| Return after operating charges* | (10.92) | 7.80 | 12.81 |
| Distributions | (1.99) | (4.51) | (4.36) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 96.49 | 109.40 | 106.11 |
| * after direct transaction costs of*** | 0.04 | 0.15 | 0.41 |
| Performance | | | |
| Return after charges | (9.98)% | 7.35% | 13.12% |
| Other information | | | |
| Closing net asset value (£) | 18,562,897 | 21,867,438 | 19,471,286 |
| Closing number of shares | 19,238,667 | 19,988,045 | 18,350,061 |
| Operating charges**** | 0.75% | 0.75% | 0.75% |
| Direct transaction costs*** | 0.08% | 0.14% | 0.39% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 109.4 | 114.00 | 109.48 |
| Lowest share price | 90.04 | 101.20 | 96.69 |

Comparative Tables (continued)

| Income 'W'† | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | - | 100.00 | - |
| Return before operating charges* | - | 6.47 | - |
| Operating charges** | - | (0.11) | - |
| Return after operating charges* | - | 6.36 | - |
| Distributions | - | (0.25) | - |
| Retained distributions | - | 0.25 | - |
| Closing net asset value per share | - | 106.36 | - |
| * after direct transaction costs of*** | - | 0.16 | - |
| Performance | - | - | - |
| Return after charges | - | 6.36% | - |
| Other information | | | |
| Closing net asset value (£) | - | - | - |
| Closing number of shares | - | - | - |
| Operating charges**** | - | 0.75% | - |
| Direct transaction costs*** | - | 0.14% | - |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | - | 109.00 | - |
| Lowest share price | - | 100.00 | - |

† From 10 April 2018 to 31 May 2018.

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

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

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

Performance

| | 6 months to 31 January 2019 | 1 year to 31 January 2019 | 3 years to 31 January 2019 | 5 years to 31 January 2019 |
|--------------------------------------|--------------------------------|------------------------------|-------------------------------|-------------------------------|
| Merian UK Equity Income Fund* | (10.11)% | (7.90)% | 15.31% | 23.43% |
| FTSE All Share (benchmark) | (8.44)% | (3.83)% | 28.49% | 31.24% |
| IA UK Equity Income (sector average) | (8.21)% | (5.11)% | 19.15% | 29.09% |
| Quartile ranking | 4 | 4 | 3 | 4 |

* Accumulation 'R' shares

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

| Portfolio allocation | | Major holdings | | Percentage of portfolio |
|--|----------------|--|--------------|--------------------------------|
| Banks | 12.52% | GlaxoSmithKline | | 4.56% |
| Oil & Gas Producers | 10.14% | HSBC (UK Listing) | | 4.54% |
| Travel & Leisure | 9.51% | Royal Dutch Shell 'B' | | 4.52% |
| Mining | 8.08% | Lloyd's Banking Group | | 4.20% |
| Life Insurance | 7.35% | BP | | 3.98% |
| Pharmaceuticals & Biotechnology | 6.78% | Glencore | | 3.92% |
| Tobacco | 6.22% | Barclays | | 3.78% |
| General Retailers | 5.82% | Rio Tinto (UK Listing) | | 3.52% |
| Software & Computer Services | 5.37% | Tesco | | 3.50% |
| Food & Drug Retailers | 3.50% | Imperial Brands | | 3.47% |
| Electricity | 3.15% | | | |
| General Industrials | 2.81% | Number of holdings | | 48 |
| Nonlife Insurance | 2.68% | | | |
| Industrial Engineering | 2.57% | | | |
| Mobile Telecommunications | 2.51% | Total Purchases and Sales for the period | | |
| Construction & Materials | 1.91% | | 2019 | 2018 |
| Financial Services | 1.84% | | £'000 | £'000 |
| Health Care Equipment & Services | 1.69% | Total purchases for the 6 month period to 31 January | 6,963 | 31,925 |
| Household Goods & Home Construction | 1.32% | Total sales for the 6 month period to 31 January | 15,688 | 17,976 |
| Food Producers | 1.20% | | | |
| Real Estate Investment Trusts | 1.11% | | | |
| Support Services | 0.89% | | | |
| Oil Equipment, Services & Distribution | 0.89% | | | |
| Equity Investment Instruments | 0.71% | | | |
| Personal Goods | 0.67% | | | |
| Real Estate Investment & Services | 0.62% | | | |
| Net other liabilities | (1.86)% | | | |
| Total | 100.00% | | | |
| Asset allocation | | | | |
| Equities | 101.86% | | | |
| Net other liabilities | (1.86)% | | | |
| Total | 100.00% | | | |

Portfolio statement

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|-----------|---|-----------------------|--|
| | United Kingdom 88.54% (31 July 2018 88.32%) | | |
| | United Kingdom Equities 88.54% (31 July 2018 88.32%) | | |
| | Banks 12.52% (31 July 2018 12.42%) | | |
| 1,990,434 | Barclays | 3,160 | 3.78 |
| 591,064 | HSBC (UK Listing) | 3,790 | 4.54 |
| 6,053,497 | Lloyd's Banking Group | 3,509 | 4.20 |
| | | <u>10,459</u> | <u>12.52</u> |
| | Construction & Materials 0.00% (31 July 2018 1.21%) | | |
| | Electricity 3.15% (31 July 2018 3.03%) | | |
| 418,615 | Drax | 1,691 | 2.02 |
| 80,453 | SSE | 943 | 1.13 |
| | | <u>2,634</u> | <u>3.15</u> |
| | Financial Services 1.84% (31 July 2018 2.18%) | | |
| 273,193 | OneSavings Bank | 1,038 | 1.24 |
| 156,966 | TP ICAP | 498 | 0.60 |
| | | <u>1,536</u> | <u>1.84</u> |
| | Food & Drug Retailers 3.50% (31 July 2018 3.79%) | | |
| 1,316,113 | Tesco | 2,928 | 3.50 |
| | | <u>2,928</u> | <u>3.50</u> |
| | Food Producers 1.20% (31 July 2018 0.88%) | | |
| 144,126 | Tate & Lyle | 999 | 1.20 |
| | | <u>999</u> | <u>1.20</u> |
| | Gas, Water & Multiutilities 0.00% (31 July 2018 0.97%) | | |
| | General Industrials 2.81% (31 July 2018 2.88%) | | |
| 677,542 | DS Smith | 2,346 | 2.81 |
| | | <u>2,346</u> | <u>2.81</u> |
| | General Retailers 5.82% (31 July 2018 4.63%) | | |
| 197,780 | Dunelm | 1,435 | 1.72 |
| 102,150 | Inchcape | 600 | 0.72 |
| 1,116,301 | Pets at Home | 1,497 | 1.79 |
| 1,209,122 | Saga | 1,330 | 1.59 |
| | | <u>4,862</u> | <u>5.82</u> |
| | Health Care Equipment & Services 1.69% (31 July 2018 1.42%) | | |
| 97,415 | Smith & Nephew | 1,409 | 1.69 |
| | | <u>1,409</u> | <u>1.69</u> |
| | Household Goods & Home Construction 1.32% (31 July 2018 0.71%) | | |
| 661,958 | Taylor Wimpey | 1,106 | 1.32 |
| | | <u>1,106</u> | <u>1.32</u> |
| | Industrial Engineering 2.57% (31 July 2018 1.17%) | | |
| 95,187 | IMI | 926 | 1.11 |
| 79,999 | Weir | 1,218 | 1.46 |
| | | <u>2,144</u> | <u>2.57</u> |
| | Life Insurance 7.35% (31 July 2018 7.92%) | | |
| 614,411 | Aviva | 2,567 | 3.07 |
| 185,791 | Phoenix Group Holdings | 1,189 | 1.43 |
| 159,384 | Prudential | 2,383 | 2.85 |
| | | <u>6,139</u> | <u>7.35</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|-----------|--|-----------------------|--|
| | Media 0.00% (31 July 2018 0.38%) | | |
| | Mining 4.16% (31 July 2018 4.39%) | | |
| 233,784 | Central Asia Metals | 532 | 0.64 |
| 70,134 | Rio Tinto (UK Listing) | 2,944 | 3.52 |
| | | <u>3,476</u> | <u>4.16</u> |
| | Mobile Telecommunications 2.51% (31 July 2018 4.04%) | | |
| 1,486,761 | Vodafone | 2,095 | 2.51 |
| | | <u>2,095</u> | <u>2.51</u> |
| | Nonlife Insurance 2.68% (31 July 2018 2.68%) | | |
| 266,806 | RSA Insurance | 1,395 | 1.67 |
| 298,634 | Sabre Insurance | 842 | 1.01 |
| | | <u>2,237</u> | <u>2.68</u> |
| | Oil & Gas Producers 3.98% (31 July 2018 3.98%) | | |
| 637,908 | BP | 3,324 | 3.98 |
| | | <u>3,324</u> | <u>3.98</u> |
| | Oil Equipment, Services & Distribution 0.89% (31 July 2018 0.00%) | | |
| 137,343 | John Wood | 742 | 0.89 |
| | | <u>742</u> | <u>0.89</u> |
| | Personal Goods 0.67% (31 July 2018 1.12%) | | |
| 106,920 | Superdry | 564 | 0.67 |
| | | <u>564</u> | <u>0.67</u> |
| | Pharmaceuticals & Biotechnology 6.78% (31 July 2018 6.56%) | | |
| 33,560 | AstraZeneca (UK Listing) | 1,855 | 2.22 |
| 258,335 | GlaxoSmithKline | 3,805 | 4.56 |
| | | <u>5,660</u> | <u>6.78</u> |
| | Real Estate Investment Trusts 1.11% (31 July 2018 1.07%) | | |
| 95,896 | Big Yellow | 930 | 1.11 |
| | | <u>930</u> | <u>1.11</u> |
| | Software & Computer Services 5.37% (31 July 2018 4.05%) | | |
| 147,425 | Micro Focus International | 2,176 | 2.61 |
| 367,030 | Sage | 2,308 | 2.76 |
| | | <u>4,484</u> | <u>5.37</u> |
| | Support Services 0.89% (31 July 2018 0.92%) | | |
| 416,655 | Biffa | 745 | 0.89 |
| | | <u>745</u> | <u>0.89</u> |
| | Tobacco 6.22% (31 July 2018 6.99%) | | |
| 87,950 | British American Tobacco | 2,299 | 2.75 |
| 117,228 | Imperial Brands | 2,900 | 3.47 |
| | | <u>5,199</u> | <u>6.22</u> |
| | Travel & Leisure 9.51% (31 July 2018 8.93%) | | |
| 398,601 | GVC | 2,705 | 3.24 |
| 391,978 | Merlin Entertainments | 1,329 | 1.59 |
| 235,282 | National Express | 927 | 1.11 |
| 184,737 | SSP | 1,239 | 1.48 |
| 35,452 | Whitbread | 1,747 | 2.09 |
| | | <u>7,947</u> | <u>9.51</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|-----------|---|-----------------------|--|
| | Overseas 13.32% (31 July 2018 11.66%) | | |
| | Asia Pacific (excluding Japan) 0.62% (31 July 2018 0.50%) | | |
| | Mauritius Equities 0.62% (31 July 2018 0.50%) | | |
| 481,104 | Real Estate Investment & Services 0.62% (31 July 2018 0.50%) Grit Real Estate Income | 518 | 0.62 |
| | | <u>518</u> | <u>0.62</u> |
| | Europe 11.06% (31 July 2018 10.12%) | | |
| | Ireland Equities 2.62% (31 July 2018 2.50%) | | |
| 72,246 | Construction & Materials 1.91% (31 July 2018 1.90%) CRH (UK Listing) | 1,594 | 1.91 |
| | | <u>1,594</u> | <u>1.91</u> |
| 648,214 | Equity Investment Instruments 0.71% (31 July 2018 0.60%) Greencoat Renewables | 596 | 0.71 |
| | | <u>596</u> | <u>0.71</u> |
| | Netherlands Equities 4.52% (31 July 2018 4.80%) | | |
| 158,967 | Oil & Gas Producers 4.52% (31 July 2018 4.80%) Royal Dutch Shell 'B' | 3,775 | 4.52 |
| | | <u>3,775</u> | <u>4.52</u> |
| | Switzerland Equities 3.92% (31 July 2018 2.82%) | | |
| 1,062,679 | Mining 3.92% (31 July 2018 2.82%) Glencore | 3,274 | 3.92 |
| | | <u>3,274</u> | <u>3.92</u> |
| | North America 1.64% (31 July 2018 1.04%) | | |
| | United States Equities 1.64% (31 July 2018 1.04%) | | |
| 1,179,940 | Oil & Gas Producers 1.64% (31 July 2018 1.04%) Diversified Gas & Oil | 1,369 | 1.64 |
| | | <u>1,369</u> | <u>1.64</u> |
| | Investment assets | <u>85,091</u> | <u>101.86</u> |
| | Net other liabilities | <u>(1,553)</u> | <u>(1.86)</u> |
| | Total net assets | <u>83,538</u> | <u>100.00</u> |

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

All investments are ordinary shares unless otherwise stated.

Statement of total return

for the period from 1 August 2018 to 31 January 2019

| | Note | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|---|------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Income | | | | | |
| Net capital (losses)/gains | | | (11,791) | | 5,834 |
| Revenue | | 1,927 | | 2,868 | |
| Expenses | | (503) | | (874) | |
| Interest payable and similar charges | | - | | (3) | |
| Net revenue before taxation | | 1,424 | | 1,991 | |
| Taxation | | (8) | | (9) | |
| Net revenue after taxation | | | 1,416 | | 1,982 |
| Total return before distributions | | | (10,375) | | 7,816 |
| Distributions | 2 | | (1,851) | | (2,728) |
| Change in net assets attributable to shareholders from investment activities | | | (12,226) | | 5,088 |

Statement of change in net assets attributable to shareholders

for the period from 1 August 2018 to 31 January 2019

| | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Opening net assets attributable to shareholders | | 105,178* | | 166,218 |
| Amounts received on issue of shares | 1,529 | | 28,127 | |
| Amounts paid on cancellation of shares | (11,460) | | (16,163) | |
| | | (9,931) | | 11,964 |
| Dilution adjustment | | - | | 190 |
| Change in net assets attributable to shareholders from investment activities | | (12,226) | | 5,088 |
| Retained distribution on accumulation shares | | 513 | | 1,512 |
| Unclaimed distributions | | 4 | | 6 |
| Closing net assets attributable to shareholders | | 83,538 | | 184,978* |

* Section 3.30 of the SORP issued by the Investment Management Association in May 2014 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 January 2019

| | 31.01.19 | 31.07.18 |
|--|----------------------|-----------------------|
| | £'000 | £'000 |
| Assets | | |
| Fixed assets | | |
| Investments | 85,091 | 105,160 |
| Current assets | | |
| Debtors | 423 | 706 |
| Cash and bank balances | 137 | <u>421</u> |
| Total assets | 85,651 | <u>106,287</u> |
| Liabilities | | |
| Creditors | | |
| Distribution payable | (348) | (720) |
| Other creditors | (1,765) | <u>(389)</u> |
| Total liabilities | <u>(2,113)</u> | <u>(1,109)</u> |
| Net assets attributable to shareholders | <u>83,538</u> | <u>105,178</u> |

Notes to the financial statements

for the period from 1 August 2018 to 31 January 2019

1 Accounting policies

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

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 July 2018.

2 Distributions

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

| | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 |
|---|----------------------------------|----------------------------------|
| First Interim – Accumulation shares (31 October) | 373 | 927 |
| First Interim – Income shares (31 October) | 930 | 849 |
| Second Interim – Accumulation shares (31 January) | 140 | 585 |
| Second Interim – Income shares (31 January) | 348 | 421 |
| | <hr/> 1,791 | <hr/> 2,782 |
| Revenue deducted on cancellation of shares | 72 | 93 |
| Revenue received on issue of shares | (12) | (147) |
| Distributions | <hr/> 1,851 | <hr/> 2,728 |
| Reconciliation of distributions: | | |
| Net revenue after taxation | 1,416 | 1,982 |
| Capitalised fees | 435 | 746 |
| Distributions | <hr/> 1,851 | <hr/> 2,728 |

Distribution table

Second Interim distribution

Group 1: Shares purchased prior to 1 November 2018
 Group 2: Shares purchased from 1 November 2018 to 31 January 2019

| | Revenue pence per share | Equalisation pence per share* | Distribution paid 31.03.19 pence per share | Distribution paid 31.03.18 pence per share |
|---------------------------------|----------------------------|----------------------------------|--|--|
| Accumulation 'A' Shares | | | | |
| Group 1 | 17.3416 | - | 17.3416 | 17.7373 |
| Group 2 | 3.3224 | 14.0192 | 17.3416 | 17.7373 |
| Income 'A' Shares | | | | |
| Group 1 | 4.4880 | - | 4.4880 | 4.7997 |
| Group 2 | 2.9467 | 1.5413 | 4.4880 | 4.7997 |
| Accumulation 'P' Shares | | | | |
| Group 1 | 1.1597 | - | 1.1597 | 1.0308 |
| Group 2 | 0.3798 | 0.7799 | 1.1597 | 1.0308 |
| Income 'P' Shares | | | | |
| Group 1 | 0.6520 | - | 0.6520 | 0.6938 |
| Group 2 | 0.6520 | 0.0000 | 0.6520 | 0.6938 |
| Accumulation 'R' Shares | | | | |
| Group 1 | 0.9116 | - | 0.9116 | 0.9262 |
| Group 2 | 0.3014 | 0.6102 | 0.9116 | 0.9262 |
| Income 'R' Shares | | | | |
| Group 1 | 0.7226 | - | 0.7226 | 0.7654 |
| Group 2 | 0.1078 | 0.6148 | 0.7226 | 0.7654 |
| Accumulation 'U1' Shares | | | | |
| Group 1 | 0.6857 | - | 0.6857 | 0.6948 |
| Group 2 | 0.2734 | 0.4123 | 0.6857 | 0.6948 |
| Income 'U1' Shares | | | | |
| Group 1 | 0.5711 | - | 0.5711 | 0.6056 |
| Group 2 | 0.2324 | 0.3387 | 0.5711 | 0.6056 |
| Accumulation 'U2' Shares | | | | |
| Group 1 | 0.6899 | - | 0.6899 | 0.6969 |
| Group 2 | 0.0550 | 0.6349 | 0.6899 | 0.6969 |
| Income 'U2' Shares | | | | |
| Group 1 | 0.5629 | - | 0.5629 | 0.5970 |
| Group 2 | 0.0288 | 0.5341 | 0.5629 | 0.5970 |

Distribution table (continued)

First Interim distribution

Group 1: Shares purchased prior to 1 August 2018
 Group 2: Shares purchased from 1 August 2018 to 31 October 2018

| | Revenue pence per share | Equalisation pence per share* | Distribution paid 31.12.18 pence per share | Distribution paid 31.12.17 pence per share |
|---------------------------------|----------------------------|----------------------------------|--|--|
| Accumulation 'A' Shares | | | | |
| Group 1 | 43.4228 | - | 43.4228 | 34.1986 |
| Group 2 | 5.3347 | 38.0881 | 43.4228 | 34.1986 |
| Income 'A' Shares | | | | |
| Group 1 | 11.3874 | - | 11.3874 | 9.3530 |
| Group 2 | 5.2886 | 6.0988 | 11.3874 | 9.3530 |
| Accumulation 'P' Shares | | | | |
| Group 1 | 2.4351 | - | 2.4351 | 1.9851 |
| Group 2 | 1.2124 | 1.2227 | 2.4351 | 1.9851 |
| Income 'P' Shares | | | | |
| Group 1 | 1.6532 | - | 1.6532 | 1.3505 |
| Group 2 | 1.6532 | 0.0000 | 1.6532 | 1.3505 |
| Accumulation 'R' Shares | | | | |
| Group 1 | 2.2809 | - | 2.2809 | 1.7822 |
| Group 2 | 0.8971 | 1.3838 | 2.2809 | 1.7822 |
| Income 'R' Shares | | | | |
| Group 1 | 1.8255 | - | 1.8255 | 1.4885 |
| Group 2 | 0.5066 | 1.3189 | 1.8255 | 1.4885 |
| Accumulation 'U1' Shares | | | | |
| Group 1 | 1.7112 | - | 1.7112 | 1.3369 |
| Group 2 | 0.5827 | 1.1285 | 1.7112 | 1.3369 |
| Income 'U1' Shares | | | | |
| Group 1 | 1.4467 | - | 1.4467 | 1.1777 |
| Group 2 | 0.5773 | 0.8694 | 1.4467 | 1.1777 |
| Accumulation 'U2' Shares | | | | |
| Group 1 | 1.7262 | - | 1.7262 | 1.3406 |
| Group 2 | 0.4008 | 1.3254 | 1.7262 | 1.3406 |
| Income 'U2' Shares | | | | |
| Group 1 | 1.4261 | - | 1.4261 | 1.1604 |
| Group 2 | 0.7364 | 0.6897 | 1.4261 | 1.1604 |

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

Merian UK Mid Cap Fund

| | |
|---------------------------|--------------------------------------|
| Launch date | 22 February 2002 |
| IA Sector | UK All Companies |
| Investment adviser | Merian Global Investors (UK) Limited |
| Net asset value | £3,132,361,714 |

Investment Objective and Policy

To provide capital growth from investing primarily in a portfolio of medium sized UK companies.

Medium sized companies are defined for this purpose as those companies that are members of the FTSE 250 Index and those UK listed companies that have a market capitalisation consistent with inclusion in the FTSE 250 Index but are not included in this reference benchmark. Typically at least 75% of the invested assets will be held in companies meeting this definition. Liquidity will under normal circumstances not exceed 10% of the value of the holding of the sub-fund.

Subject to the regulations, the property of the sub-fund may include transferable securities; units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives.

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

Investment Manager's review

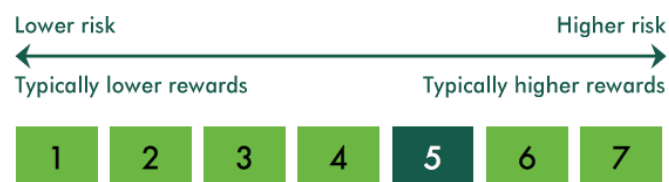
Economic growth slowed through the review period as trade tensions between the US and China escalated, stricter emissions testing procedures in Europe severely impacted production in the important automotive sector and the UK continued to suffer from Brexit-related uncertainty. The US Federal Reserve (Fed), while recognising the slowdown, raised interest rates while the European Central Bank ended asset purchases. This combination of tightening monetary policy against a backdrop of slowing economic growth pushed equity markets sharply lower in the final quarter of 2018. Given the scale of the Q4 sell-off, equity markets rallied somewhat in January 2019, aided by the prospect of a positive resolution to US/China trade negotiations, more dovish language from the Fed and, closer to home, diminishing prospects for a 'no deal' Brexit.

Against this backdrop, the sub-fund underperformed its reference index. Stock selection was primarily responsible for the sub-fund's negative performance, reflecting poor performance in the sub-fund's holdings in Blue Prism, boohoo, FeverTree, Ashtead and Superdry, in particular. On the positive side, positions in Rentokil and Ascential performed relatively well compared to the sub-fund's benchmark. In terms of activity, the degree of underweight to consumer discretionary was closed mainly via purchases in the housebuilders Taylor Wimpey, Barratt Developments and Persimmon, as well as real estate company Workspace. Positions were also opened via IPO in Funding Circle and Aston Martin.

It seems likely that 2019 will deliver moderate global growth but at a level below 2018. If the Fed maintains its 'data dependent' stance and if US/China trade talks reach a satisfactory conclusion, equity markets could perform well, given relatively low current valuations – the FTSE All Share Index trades on a 12-month forward price/earnings ratio of c.12.5x and the FTSE 250 ex Investment Trusts on c.13.0x. From a UK domestic

perspective, avoiding a disorderly Brexit should enable sterling to continue its recent rally, which in turn should provide earnings tailwinds for import-dependent, consumer-exposed stocks and improve sentiment towards a grouping that in aggregate has underperformed since 2016's Brexit referendum.

Risk and Reward Profile



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

Sub-funds in category 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a relatively high risk of losing money but your chance for gains is also moderately high.

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

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

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

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

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

Capital erosion risk - the sub-fund takes its charges from the income of the sub-fund in the first instance. The impact of sub-fund charges may be material on the value of any income you receive from your investment. There is potential for capital erosion if insufficient income is generated by the sub-fund to cover these charges. Capital erosion may have the effect of reducing the level of income generated.

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

Performance Records

Comparative Tables

| Accumulation 'A' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|---|--|--|
| Change in net assets per share | | | |
| Opening net asset value per share | 497.78 | 463.73 | 336.62 |
| Return before operating charges* | (81.63) | 41.65 | 133.45 |
| Operating charges** | (3.54) | (7.60) | (6.34) |
| Return after operating charges* | (85.17) | 34.05 | 127.11 |
| Distributions | - | (2.98) | (1.74) |
| Retained distributions | - | 2.98 | 1.74 |
| Closing net asset value per share | 412.61 | 497.78 | 463.73 |
| *after direct transaction costs of*** | 0.18 | 0.57 | 0.88 |
| Performance | | | |
| Return after charges | (17.11)% | 7.34% | 37.76% |
| Other information | | | |
| Closing net asset value (£) | 437,210,626 | 578,764,585 | 573,206,283 |
| Closing number of shares | 105,963,279 | 116,270,135 | 123,608,212 |
| Operating charges**** | 1.60% | 1.60% | 1.60% |
| Direct transaction costs*** | 0.08% | 0.12% | 0.22% |
| Prices | pence per share | pence per share | pence per share |
| Highest share price | 498.0 | 510.10 | 486.32 |
| Lowest share price | 368.7 | 445.20 | 331.93 |
| Income 'A' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 439.46 | 411.87 | 300.11 |
| Return before operating charges* | (72.08) | 36.99 | 118.96 |
| Operating charges** | (3.12) | (6.75) | (5.65) |
| Return after operating charges* | (75.20) | 30.24 | 113.31 |
| Distributions | - | (2.65) | (1.55) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 364.26 | 439.46 | 411.87 |
| * after direct transaction costs of*** | 0.16 | 0.50 | 0.78 |
| Performance | | | |
| Return after charges | (17.11)% | 7.34% | 37.76% |
| Other information | | | |
| Closing net asset value (£) | 150,084,312 | 190,480,191 | 181,846,481 |
| Closing number of shares | 41,202,004 | 43,343,858 | 44,151,241 |
| Operating charges**** | 1.60% | 1.60% | 1.60% |
| Direct transaction costs*** | 0.08% | 0.12% | 0.22% |
| Prices | pence per share | pence per share | pence per share |
| Highest share price | 439.6 | 453.10 | 433.56 |
| Lowest share price | 325.5 | 395.40 | 295.89 |

Comparative Tables (continued)

| Accumulation 'P' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 426.51 | 395.35 | 285.55 |
| Return before operating charges* | (69.99) | 35.63 | 113.52 |
| Operating charges** | (2.09) | (4.47) | (3.72) |
| Return after operating charges* | (72.08) | 31.16 | 109.80 |
| Distributions | - | (4.59) | (3.17) |
| Retained distributions | - | 4.59 | 3.17 |
| Closing net asset value per share | 354.43 | 426.51 | 395.35 |
| * after direct transaction costs of*** | 0.16 | 0.48 | 0.75 |
| Performance | | | |
| Return after charges | (16.90)% | 7.88% | 38.45% |
| Other information | | | |
| Closing net asset value (£) | 14,078,885 | 18,533,146 | 14,734,806 |
| Closing number of shares | 3,972,313 | 4,345,326 | 3,727,017 |
| Operating charges**** | 1.10% | 1.10% | 1.10% |
| Direct transaction costs*** | 0.08% | 0.12% | 0.22% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 426.7 | 436.80 | 414.59 |
| Lowest share price | 316.6 | 380.90 | 281.58 |
| | | | |
| Income 'P' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 261.01 | 244.58 | 178.08 |
| Return before operating charges* | (42.84) | 22.04 | 70.81 |
| Operating charges** | (1.28) | (2.77) | (2.33) |
| Return after operating charges* | (44.12) | 19.27 | 68.48 |
| Distributions | - | (2.84) | (1.98) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 216.89 | 261.01 | 244.58 |
| * after direct transaction costs of*** | 0.10 | 0.30 | 0.47 |
| Performance | | | |
| Return after charges | (16.90)% | 7.88% | 38.45% |
| Other information | | | |
| Closing net asset value (£) | 3,403,309 | 5,249,603 | 4,057,849 |
| Closing number of shares | 1,569,146 | 2,011,227 | 1,659,134 |
| Operating charges**** | 1.10% | 1.10% | 1.10% |
| Direct transaction costs*** | 0.08% | 0.12% | 0.22% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 261.1 | 270.20 | 258.54 |
| Lowest share price | 193.7 | 235.60 | 175.59 |

Comparative Tables (continued)

| Accumulation 'R' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 332.32 | 307.28 | 221.39 |
| Return before operating charges* | (54.55) | 27.73 | 88.12 |
| Operating charges** | (1.26) | (2.69) | (2.23) |
| Return after operating charges* | (55.81) | 25.04 | 85.89 |
| Distributions | - | (4.36) | (3.12) |
| Retained distributions | - | 4.36 | 3.12 |
| Closing net asset value per share | 276.51 | 332.32 | 307.28 |
| * after direct transaction costs of*** | 0.12 | 0.38 | 0.58 |
| Performance | | | |
| Return after charges | (16.79)% | 8.15% | 38.80% |
| Other information | | | |
| Closing net asset value (£) | 886,540,304 | 1,090,037,406 | 846,768,761 |
| Closing number of shares | 320,621,822 | 328,005,588 | 275,571,636 |
| Operating charges**** | 0.85% | 0.85% | 0.85% |
| Direct transaction costs*** | 0.08% | 0.12% | 0.22% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 332.5 | 340.20 | 309.82 |
| Lowest share price | 246.9 | 296.50 | 218.31 |
| | | | |
| Income 'R' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 263.23 | 246.63 | 179.51 |
| Return before operating charges* | (43.22) | 22.26 | 71.42 |
| Operating charges** | (1.00) | (2.16) | (1.78) |
| Return after operating charges* | (44.22) | 20.10 | 69.64 |
| Distributions | - | (3.50) | (2.52) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 219.01 | 263.23 | 246.63 |
| * after direct transaction costs of*** | 0.10 | 0.30 | 0.47 |
| Performance | | | |
| Return after charges | (16.80)% | 8.15% | 38.79% |
| Other information | | | |
| Closing net asset value (£) | 224,411,614 | 317,394,438 | 238,317,418 |
| Closing number of shares | 102,464,490 | 120,576,780 | 96,630,728 |
| Operating charges**** | 0.85% | 0.85% | 0.85% |
| Direct transaction costs*** | 0.08% | 0.12% | 0.22% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 263.4 | 273.10 | 251.21 |
| Lowest share price | 195.6 | 238.00 | 177.00 |

Comparative Tables (continued)

| Accumulation 'U1' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 184.04 | 170.04 | 122.42 |
| Return before operating charges* | (30.23) | 15.36 | 48.76 |
| Operating charges** | (0.63) | (1.36) | (1.14) |
| Return after operating charges* | (30.86) | 14.00 | 47.62 |
| Distributions | - | (2.54) | (1.83) |
| Retained distributions | - | 2.54 | 1.83 |
| Closing net asset value per share | 153.18 | 184.04 | 170.04 |
| * after direct transaction costs of*** | 0.07 | 0.21 | 0.33 |
| Performance | | | |
| Return after charges | (16.77)% | 8.23% | 38.90% |
| Other information | | | |
| Closing net asset value (£) | 671,989,733 | 838,133,870 | 630,634,156 |
| Closing number of shares | 438,678,996 | 455,415,982 | 370,873,371 |
| Operating charges**** | 0.78% | 0.78% | 0.78% |
| Direct transaction costs*** | 0.08% | 0.12% | 0.22% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 184.1 | 188.40 | 171.44 |
| Lowest share price | 136.8 | 164.20 | 120.72 |
| | | | |
| Income 'U1' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 176.21 | 165.09 | 120.15 |
| Return before operating charges* | (28.94) | 14.91 | 47.89 |
| Operating charges** | (0.60) | (1.32) | (1.15) |
| Return after operating charges* | (29.54) | 13.59 | 46.74 |
| Distributions | - | (2.47) | (1.80) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 146.67 | 176.21 | 165.09 |
| * after direct transaction costs of*** | 0.07 | 0.20 | 0.33 |
| Performance | | | |
| Return after charges | (16.76)% | 8.23% | 38.90% |
| Other information | | | |
| Closing net asset value (£) | 538,433,435 | 545,864,739 | 375,154,304 |
| Closing number of shares | 367,105,494 | 309,775,625 | 227,239,255 |
| Operating charges**** | 0.78% | 0.78% | 0.78% |
| Direct transaction costs*** | 0.08% | 0.12% | 0.22% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 176.3 | 182.90 | 168.27 |
| Lowest share price | 131.0 | 159.40 | 118.48 |

Comparative Tables (continued)

| Accumulation 'U2' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 187.87 | 173.45 | 124.79 |
| Return before operating charges* | (30.85) | 15.67 | 49.67 |
| Operating charges** | (0.58) | (1.25) | (1.01) |
| Return after operating charges* | (31.43) | 14.42 | 48.66 |
| Distributions | - | (2.73) | (1.98) |
| Retained distributions | - | 2.73 | 1.98 |
| Closing net asset value per share | 156.44 | 187.87 | 173.45 |
| * after direct transaction costs of*** | 0.07 | 0.21 | 0.32 |
| Performance | | | |
| Return after charges | (16.73)% | 8.31% | 38.99% |
| Other information | | | |
| Closing net asset value (£) | 19,890,721 | 16,950,540 | 15,629,841 |
| Closing number of shares | 12,714,245 | 9,022,299 | 9,010,941 |
| Operating charges**** | 0.70% | 0.70% | 0.70% |
| Direct transaction costs*** | 0.08% | 0.12% | 0.22% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 188.0 | 192.30 | 174.89 |
| Lowest share price | 139.7 | 167.50 | 123.05 |
| | | | |
| Income 'U2' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 163.38 | 153.07 | 111.39 |
| Return before operating charges* | (26.86) | 13.82 | 44.38 |
| Operating charges** | (0.50) | (1.10) | (0.93) |
| Return after operating charges* | (27.36) | 12.72 | 43.45 |
| Distributions | - | (2.41) | (1.77) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 136.02 | 163.38 | 153.07 |
| * after direct transaction costs of*** | 0.06 | 0.19 | 0.29 |
| Performance | | | |
| Return after charges | (16.75)% | 8.31% | 39.01% |
| Other information | | | |
| Closing net asset value (£) | 186,318,775 | 87,074,401 | 79,571,318 |
| Closing number of shares | 136,979,133 | 53,294,284 | 51,984,597 |
| Operating charges**** | 0.70% | 0.70% | 0.70% |
| Direct transaction costs*** | 0.08% | 0.12% | 0.22% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 163.5 | 169.70 | 156.11 |
| Lowest share price | 121.4 | 147.90 | 109.84 |

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

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

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

Performance

| | 6 months to 31 January 2019 | 1 year to 31 January 2019 | 3 years to 31 January 2019 | 5 years to 31 January 2019 |
|--------------------------------------|--------------------------------|------------------------------|-------------------------------|-------------------------------|
| Merian UK Mid Cap Fund* | (16.53)% | (13.61)% | 31.37% | 63.80% |
| FTSE 250 ex-IT (benchmark) | (10.38)% | (6.26)% | 19.91% | 32.69% |
| IA UK All Companies (sector average) | (9.45)% | (5.57)% | 24.96% | 28.69% |
| Quartile ranking | 4 | 4 | 1 | 1 |

* Accumulation 'R' shares

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

| Portfolio allocation | | Major holdings | Percentage of portfolio | |
|-------------------------------------|----------------|--|-------------------------|--------------|
| Support Services | 16.98% | boohoo | 7.97% | |
| Financial Services | 12.72% | Ascential | 5.75% | |
| General Retailers | 11.83% | SSP | 4.97% | |
| Travel & Leisure | 8.12% | Ashtead | 4.21% | |
| Media | 7.51% | Burford Capital | 3.84% | |
| Real Estate Investment Trusts | 7.23% | Workspace | 3.55% | |
| Software & Computer Services | 5.56% | HomeServe | 3.26% | |
| Household Goods & Home Construction | 5.18% | Rentokil Initial | 3.04% | |
| Real Estate Investment & Services | 4.11% | Blue Prism | 2.88% | |
| Retail | 2.82% | The Hut Group | 2.82% | |
| Beverages | 2.62% | | | |
| Industrial Engineering | 2.23% | | | |
| Automobiles & Parts | 1.91% | | | |
| Life Insurance | 1.79% | | | |
| Chemicals | 1.59% | | | |
| Food & Drug Retailers | 1.22% | | | |
| Construction & Materials | 1.21% | | | |
| Equity Investment Instruments | 0.43% | | | |
| Technology | 0.23% | | | |
| Pharmaceuticals & Biotechnology | 0.14% | | | |
| Net other assets | 4.57% | | | |
| Total | 100.00% | | | |
| Asset allocation | | | | |
| Equities | 95.43% | | | |
| Net other assets | 4.57% | | | |
| Total | 100.00% | | | |
| | | Number of holdings | 46 | |
| | | Total Purchases and Sales for the period | | |
| | | | 2019 | 2018 |
| | | | £'000 | £'000 |
| | | Total purchases for the 6 month period to 31 January | 564,247 | 861,562 |
| | | Total sales for the 6 month period to 31 January | 559,604 | 363,348 |

Portfolio statement

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|-------------|---|-----------------------|--|
| | United Kingdom 88.66% (31 July 2018 95.29%) | | |
| | United Kingdom Equities 88.66% (31 July 2018 95.29%) | | |
| | Automobiles & Parts 1.91% (31 July 2018 0.00%) | | |
| 4,905,000 | Aston Martin Lagonda | 59,870 | 1.91 |
| | | <u>59,870</u> | <u>1.91</u> |
| | Beverages 2.62% (31 July 2018 4.74%) | | |
| 3,173,385 | Fevertree Drinks | 81,937 | 2.62 |
| | | <u>81,937</u> | <u>2.62</u> |
| | Chemicals 1.59% (31 July 2018 1.96%) | | |
| 13,697,665 | Synthomer | 49,887 | 1.59 |
| | | <u>49,887</u> | <u>1.59</u> |
| | Construction & Materials 1.21% (31 July 2018 3.40%) | | |
| 56,380,275 | Breedon | 37,888 | 1.21 |
| | | <u>37,888</u> | <u>1.21</u> |
| | Financial Services 6.38% (31 July 2018 8.79%) | | |
| 20,420,000 | Charter Court Financial Services | 56,686 | 1.81 |
| 5,182,536 | Draper Esprit (Placing) | 27,467 | 0.88 |
| 18,884,575 | OneSavings Bank | 71,761 | 2.29 |
| 1,029,438 | Transferwise* | 44,010 | 1.40 |
| | | <u>199,924</u> | <u>6.38</u> |
| | Food & Drug Retailers 1.22% (31 July 2018 1.19%) | | |
| 3,895,000 | Ocado | 38,249 | 1.22 |
| | | <u>38,249</u> | <u>1.22</u> |
| | General Industrials 0.00% (31 July 2018 1.15%) | | |
| | General Retailers 11.84% (31 July 2018 9.25%) | | |
| 133,646,527 | boohoo | 249,785 | 7.97 |
| 13,381,686 | JD Sports Fashion | 61,542 | 1.97 |
| 21,239,022 | Pets at Home | 28,481 | 0.91 |
| 1,577,000 | WH Smith | 31,035 | 0.99 |
| | | <u>370,843</u> | <u>11.84</u> |
| | Household Goods & Home Construction 5.16% (31 July 2018 5.18%) | | |
| 8,117,000 | Barratt Developments | 44,092 | 1.41 |
| 1,963,000 | Persimmon | 47,269 | 1.51 |
| 42,099,158 | Taylor Wimpey | 70,348 | 2.24 |
| | | <u>161,709</u> | <u>5.16</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|------------|---|-----------------------|--|
| | Industrial Engineering 2.23% (31 July 2018 5.36%) | | |
| 9,025,783 | Bodycote | 69,905 | 2.23 |
| | | <u>69,905</u> | <u>2.23</u> |
| | Life Insurance 1.79% (31 July 2018 1.94%) | | |
| 5,914,064 | St James's Place | 56,113 | 1.79 |
| | | <u>56,113</u> | <u>1.79</u> |
| | Media 7.52% (31 July 2018 6.72%) | | |
| 47,026,442 | Ascential | 180,205 | 5.75 |
| 12,138,214 | AutoTrader | 55,253 | 1.77 |
| | | <u>235,458</u> | <u>7.52</u> |
| | Mobile Telecommunications 0.00% (31 July 2018 0.76%) | | |
| | Personal Goods 0.00% (31 July 2018 1.54%) | | |
| | Pharmaceuticals & Biotechnology 0.14% (31 July 2018 3.14%) | | |
| 3,885,373 | Indivior | 4,414 | 0.14 |
| | | <u>4,414</u> | <u>0.14</u> |
| | Real Estate Investment & Services 4.12% (31 July 2018 3.53%) | | |
| 15,366,990 | Capital & Counties Properties | 38,986 | 1.25 |
| 29,521,714 | Purplebricks | 51,397 | 1.64 |
| 4,619,000 | Savills | 38,638 | 1.23 |
| | | <u>129,021</u> | <u>4.12</u> |
| | Real Estate Investment Trusts 7.22% (31 July 2018 6.11%) | | |
| 6,361,540 | Big Yellow | 61,675 | 1.97 |
| 5,759,000 | Unite | 53,156 | 1.70 |
| 11,732,582 | Workspace | 111,342 | 3.55 |
| | | <u>226,173</u> | <u>7.22</u> |
| | Retail 2.82% (31 July 2018 2.96%) | | |
| 199,833 | The Hut Group* | 88,484 | 2.82 |
| | | <u>88,484</u> | <u>2.82</u> |
| | Software & Computer Services 5.56% (31 July 2018 2.75%) | | |
| 6,399,374 | Blue Prism | 90,359 | 2.88 |
| 960,000 | Blue Prism (Placing) | 10,560 | 0.34 |
| 15,832,041 | Funding Circle | 50,663 | 1.62 |
| 30,464,970 | Learning Technologies | 22,605 | 0.72 |
| | | <u>174,187</u> | <u>5.56</u> |
| | Support Services 16.98% (31 July 2018 15.74%) | | |
| 6,772,351 | Ashtead | 131,892 | 4.21 |
| 10,860,066 | Electrocomponents | 59,622 | 1.90 |
| 24,938,787 | Hays | 38,131 | 1.22 |
| 10,696,000 | HomeServe | 101,986 | 3.26 |
| 9,843,000 | Pagegroup | 43,860 | 1.40 |
| 28,374,567 | Rentokil Initial | 95,310 | 3.04 |
| 9,417,829 | Smart Metering Systems | 60,933 | 1.95 |
| | | <u>531,734</u> | <u>16.98</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|------------|---|-----------------------|--|
| | Technology 0.23% (31 July 2018 0.00%) | | |
| 2,209,479 | Graphcore* | 7,190 | 0.23 |
| | | <u>7,190</u> | <u>0.23</u> |
| | Travel & Leisure 8.12% (31 July 2018 9.08%) | | |
| 12,405,978 | GVC | 84,175 | 2.69 |
| 117,275 | Secret Escapes* | 14,345 | 0.46 |
| 23,216,099 | SSP | 155,734 | 4.97 |
| | | <u>254,254</u> | <u>8.12</u> |
| | Overseas 6.77% (31 July 2018 3.19%) | | |
| | Europe 4.27% (31 July 2018 3.19%) | | |
| | Guernsey Equities 4.27% (31 July 2018 3.19%) | | |
| | Equity Investment Instruments 0.43% (31 July 2018 0.00%) | | |
| 13,191,196 | Merian Chrysalis Investment Company | 13,323 | 0.43 |
| | | <u>13,323</u> | <u>0.43</u> |
| | Financial Services 3.84% (31 July 2018 3.19%) | | |
| 6,433,189 | Burford Capital | 120,301 | 3.84 |
| | | <u>120,301</u> | <u>3.84</u> |
| | Middle East 2.50% (31 July 2018 0.00%) | | |
| | Israel Equities 2.50% (31 July 2018 0.00%) | | |
| | Financial Services 2.50% (31 July 2018 0.00%) | | |
| 5,117,235 | Plus500 | 78,345 | 2.50 |
| | | <u>78,345</u> | <u>2.50</u> |
| | Investment assets | 2,989,209 | 95.43 |
| | Net other assets | 143,153 | 4.57 |
| | Total net assets | 3,132,362 | 100.00 |

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

All investments are ordinary shares unless otherwise stated.

Statement of total return

for the period from 1 August 2018 to 31 January 2019

| | Note | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|---|------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Income | | | | | |
| Net capital (losses)/gains | | | (647,794) | | 116,802 |
| Revenue | | 25,565 | | 26,016 | |
| Expenses | | (16,050) | | (16,063) | |
| Interest payable and similar charges | | (11) | | - | |
| Net revenue before taxation | | 9,504 | | 9,953 | |
| Taxation | | - | | - | |
| Net revenue after taxation | | | 9,504 | | 9,953 |
| Total return before distributions | | | (638,290) | | 126,755 |
| Distributions | 2 | | 246 | | 638 |
| Change in net assets attributable to shareholders from investment activities | | | (638,044) | | 127,393 |

Statement of change in net assets attributable to shareholders

for the period from 1 August 2018 to 31 January 2019

| | | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|--|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Opening net assets attributable to shareholders | | | 3,688,483* | | 2,959,921 |
| Amounts received on issue of shares | | 303,097 | | 349,614 | |
| Amounts paid on cancellation of shares | | (221,945) | | (46,789) | |
| | | | 81,152 | | 302,825 |
| Dilution adjustment | | | 771 | | 1,795 |
| Change in net assets attributable to shareholders from investment activities | | | (638,044) | | 127,393 |
| Closing net assets attributable to shareholders | | | 3,132,362 | | 3,391,934* |

* Section 3.30 of the SORP issued by the Investment Management Association in May 2014 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 January 2019

| | 31.01.19 £'000 | 31.07.18 £'000 |
|--|--------------------------|--------------------------|
| Assets | | |
| Fixed assets | | |
| Investments | 2,989,209 | 3,632,348 |
| Current assets | | |
| Debtors | 3,997 | 23,100 |
| Cash and bank balances | 185,208 | 51,329 |
| Total assets | <u>3,178,414</u> | <u>3,706,777</u> |
| Liabilities | | |
| Creditors | | |
| Distribution payable | - | (14,363) |
| Other creditors | (46,052) | (3,931) |
| Total liabilities | <u>(46,052)</u> | <u>(18,294)</u> |
| Net assets attributable to shareholders | <u>3,132,362</u> | <u>3,688,483</u> |

Notes to the financial statements

for the period from 1 August 2018 to 31 January 2019

1 Accounting policies

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

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 July 2018.

2 Distributions

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

| | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 |
|--|----------------------------------|----------------------------------|
| Revenue deducted on cancellation of shares | 458 | 79 |
| Revenue received on issue of shares | (704) | (717) |
| Distributions | (246) | (638) |
| Reconciliation of distributions: | | |
| Net revenue after taxation | 9,504 | 9,953 |
| Equalisation on conversion | 22 | 60 |
| Undistributed revenue carried forward | (9,772) | (10,651) |
| Distributions | (246) | (638) |

Merian UK Opportunities Fund

| | |
|---------------------------|--------------------------------------|
| Launch date | 2 August 2013 |
| IA Sector | Targeted Absolute Return |
| Investment adviser | Merian Global Investors (UK) Limited |
| Net asset value | £12,017,957 |

Investment Objective and Policy

The sub-fund aims to deliver an absolute return over rolling three year periods.

Notwithstanding that the sub-fund is expressed to be an “absolute return” sub-fund, any capital invested is, in fact, at risk. The sub-fund aims to deliver a positive absolute return over rolling three year periods, but there is no guarantee that such return will be generated over that specific time period or within another time period.

The sub-fund will obtain exposure (either directly or indirectly) principally to UK equities and convertible bonds. UK equities are equities of companies the majority of which will either be domiciled in the UK, or which derive a significant proportion of their income from the UK. Such investments will be across the market capitalisation spectrum, with the majority of these being companies included in the FTSE 100 and FTSE 250 indices. Up to 15 per cent of the sub-fund’s NAV may be exposed to non-UK equities and convertible bonds.

More than 35% in value of the property of the sub-fund may consist of Government and other public securities issued by one issuer in accordance with the investment management and borrowing powers of the Company set out in the prospectus.

The sub-fund will principally use derivatives to take long and short positions in order to gain exposure to particular companies, industries or sectors. Where the sub-fund gains exposure through derivatives its physical assets will consist of cash deposits or short term investment grade money market instruments to provide cover for this exposure.

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

The sub-fund is permitted to use derivatives for investment purposes. The use of derivatives for this purpose may affect the volatility or risk profile of the sub-fund although this is not the ACD’s intention.

Investment Manager’s review

Evidence of a slowing global economy-affected by the ongoing US/China trade war and Brexit-and tightening monetary policy in the United States and Europe were the main drivers behind the fall in equity markets. Statements from the Federal Reserve recognising the growth slowdown and indicating greater flexibility in the path of monetary policy led to a recovery in equity markets in the New Year.

Given the falls in the market, the short book and the hedge book were positive contributors to performance. Stock-specific shorting contributed modestly despite being a relatively small portion of the sub-fund for much of the period, and the hedging book was the main contributor given its large size. The cause of the fall in the NAV was the long book. Our investment in British American Tobacco did not provide the protection in a falling market which we expected, while other more cyclical investments were caught up in the market sell-off.

In January 2019 James Bowmaker became lead manager of the sub-fund.

Looking forward it is apparent there are a number of factors that have significantly affected stock markets and which are likely to see some form of resolution. These include changes in central bank policy, global trade disputes and the on-going uncertainty of Brexit. The range of potential outcomes from events such as these is large and it is difficult to forecast with any degree of confidence. In this environment it is likely the right strategy to limit the gross exposure of the sub-fund to investments we are confident can deliver a return that is not overly dependent on these factors, and in this context the sub-fund has seen some changes in its construction.

The broad philosophy around this is to reduce the level of macroeconomic and market-related investment themes and to increase the level of more company-specific factors. Gross exposure has fallen to around 100% of NAV while macro and political developments play out. The long book has reduced to around 50% of NAV, focussing on higher conviction ideas, and the short alpha book has increased in size and scope to around 30% of NAV, reflecting our conviction in shorting ideas. The overall net position of the sub-fund has not changed materially but the level of index hedging used to achieve that net position is much lower at around 20% of NAV compared with around 65% previously. The net market exposure of the sub-fund is not expected to be a primary driver of returns.

It is possible that if/when some of these events have played out the sub-fund could increase gross exposure. Some multiyear themes present in stock markets appear to have at least been challenged, if not reversed, and it is anticipated this could present opportunities in due course.

Merian UK Opportunities Fund

Risk and Reward Profile



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

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

Investment risk - whilst the sub-fund aims to deliver above zero performance irrespective of market conditions, there can be no guarantee this aim will be achieved. A capital loss of some or all of the amount invested may occur.

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

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

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

Capital erosion risk - the sub-fund takes its charges from the income of the sub-fund in the first instance. The impact of sub-fund charges may be material on the value of any income you receive from your investment. There is potential for capital erosion if insufficient income is generated by the sub-fund to cover these charges. Capital erosion may have the effect of reducing the level of income generated.

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

Performance Records

Comparative Tables

| Accumulation 'A' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 109.31 | 115.37 | 118.11 |
| Return before operating charges* | (3.51) | (4.18) | (0.83) |
| Operating charges** | (0.90) | (1.88) | (1.91) |
| Return after operating charges* | (4.41) | (6.06) | (2.74) |
| Distributions | - | - | - |
| Retained distributions | - | - | - |
| Closing net asset value per share | 104.90 | 109.31 | 115.37 |
| * after direct transaction costs of*** | 0.11 | 0.19 | 0.23 |
| Performance | | | |
| Return after charges | (4.03)% | (5.25)% | (2.32)% |
| Other information | | | |
| Closing net asset value (£) | 8,547,362 | 9,610,147 | 12,494,887 |
| Closing number of shares | 8,148,371 | 8,791,719 | 10,830,127 |
| Operating charges**** | 1.65% | 1.65% | 1.65% |
| Direct transaction costs*** | 0.21% | 0.16% | 0.20% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 110.0 | 118.10 | 123.98 |
| Lowest share price | 104.5 | 108.90 | 113.65 |
| | | | |
| Accumulation 'R' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 114.63 | 120.08 | 122.01 |
| Return before operating charges* | (3.70) | (4.37) | (0.85) |
| Operating charges** | (0.51) | (1.08) | (1.08) |
| Return after operating charges* | (4.21) | (5.45) | (1.93) |
| Distributions | - | - | - |
| Retained distributions | - | - | - |
| Closing net asset value per share | 110.42 | 114.63 | 120.08 |
| * after direct transaction costs of*** | 0.12 | 0.19 | 0.24 |
| Performance | | | |
| Return after charges | (3.67)% | (4.54)% | (1.58)% |
| Other information | | | |
| Closing net asset value (£) | 2,073,383 | 2,373,362 | 6,402,242 |
| Closing number of shares | 1,877,738 | 2,070,466 | 5,331,639 |
| Operating charges**** | 0.90% | 0.90% | 0.90% |
| Direct transaction costs*** | 0.21% | 0.16% | 0.20% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 115.5 | 123.00 | 123.30 |
| Lowest share price | 110.0 | 114.20 | 117.76 |

Comparative Tables (continued)

| Accumulation 'U1' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 88.83 | 92.91 | 94.26 |
| Return before operating charges* | (2.86) | (3.32) | (0.59) |
| Operating charges** | (0.37) | (0.76) | (0.76) |
| Return after operating charges* | (3.23) | (4.08) | (1.35) |
| Distributions | - | - | - |
| Retained distributions | - | - | - |
| Closing net asset value per share | 85.60 | 88.83 | 92.91 |
| * after direct transaction costs of*** | 0.09 | 0.15 | 0.18 |
| Performance | | | |
| Return after charges | (3.64)% | (4.39)% | (1.43)% |
| Other information | | | |
| Closing net asset value (£) | 1,397,212 | 1,674,820 | 3,379,943 |
| Closing number of shares | 1,632,278 | 1,885,443 | 3,637,815 |
| Operating charges**** | 0.83% | 0.83% | 0.83% |
| Direct transaction costs*** | 0.21% | 0.16% | 0.20% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 89.50 | 95.21 | 95.27 |
| Lowest share price | 85.30 | 88.49 | 91.03 |
| | | | |
| Accumulation 'U2'† | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 90.50 | 94.54 | 95.91 |
| Return before operating charges* | 0.48 | (3.33) | (0.66) |
| Operating charges** | (0.07) | (0.71) | (0.71) |
| Return after operating charges* | 0.41 | (4.04) | (1.37) |
| Distributions | - | - | - |
| Retained distributions | - | - | - |
| Closing net asset value per share | 90.91 | 90.50 | 94.54 |
| * after direct transaction costs of*** | 0.01 | 0.15 | 0.19 |
| Performance | | | |
| Return after charges | 0.45% | (4.27)% | (1.43)% |
| Other information | | | |
| Closing net asset value (£) | - | 15,045 | 945,703 |
| Closing number of shares | - | 16,624 | 1,000,282 |
| Operating charges**** | 0.75% | 0.75% | 0.75% |
| Direct transaction costs*** | 0.21% | 0.16% | 0.20% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 91.10 | 96.85 | 96.95 |
| Lowest share price | 90.60 | 90.16 | 92.63 |

† Share class closed on 4 Sept 2018.

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

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

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

Performance

| | 6 months to 31 January 2019 | 1 year to 31 January 2019 | 3 years to 31 January 2019 | 5 years to 31 January 2019 |
|-------------------------------|--------------------------------|------------------------------|-------------------------------|-------------------------------|
| Merian UK Opportunities Fund* | (3.66)% | (7.61)% | (14.40)% | (12.18)% |
| BOE base rate (benchmark) | 0.38% | 0.62% | 1.32% | 2.34% |
| Quartile ranking | 3 | 4 | 4 | 4 |

* Accumulation 'R' shares

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

| Portfolio allocation | | Major holdings | Percentage of portfolio | |
|--|----------------|--|-------------------------|--------------|
| Sterling Denominated Fixed Rate Government Bonds | 51.52% | BNP Paribas 0.50819% | 11.10% | |
| United Kingdom Equities | 26.45% | UK Treasury 0% 07/05/2019 | 8.31% | |
| Sterling Denominated Cash on Deposit | 11.10% | UK Treasury 0% 13/05/2019 | 8.30% | |
| Europe Equities | 6.34% | UK Treasury 0% 25/03/2019 | 7.48% | |
| United Kingdom Contracts for Difference | 0.31% | UK Treasury 0% 29/04/2019 | 6.64% | |
| Sterling Denominated Futures Contracts | (0.08)% | UK Treasury 0% 04/02/2019 | 6.24% | |
| | | UK Treasury 0% 23/04/2019 | 6.23% | |
| | | UK Treasury 0% 11/02/2019 | 4.16% | |
| Net other assets | 4.36% | UK Treasury 0% 11/03/2019 | 4.16% | |
| | | Whitbread | 3.08% | |
| Total | 100.00% | | | |
| | | Number of holdings | 61 | |
| Asset allocation | | | | |
| Government Bonds | 51.52% | | | |
| Equities | 32.79% | Total Purchases and Sales for the period | | |
| Cash on Deposit | 11.10% | | 2019 | 2018 |
| Contracts for Difference | 0.31% | | £'000 | £'000 |
| Sterling Denominated Futures Contracts | (0.08)% | Total purchases for the 6 month period to 31 January | 13,148 | 11,989 |
| Net other assets | 4.36% | Total sales for the 6 month period to 31 January | 13,373 | 19,047 |
| Total | 100.00% | | | |

Portfolio statement

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|--|---------------------------|-----------------------|--|
| United Kingdom 89.30% (31 July 2018 84.56%) | | | |
| Sterling Denominated Fixed Rate Government Bonds 51.52% (31 July 2018 35.81%) | | | |
| £750,000 | UK Treasury 0% 04/02/2019 | 750 | 6.24 |
| £500,000 | UK Treasury 0% 11/02/2019 | 500 | 4.16 |
| £500,000 | UK Treasury 0% 11/03/2019 | 500 | 4.16 |
| £900,000 | UK Treasury 0% 25/03/2019 | 899 | 7.48 |
| £750,000 | UK Treasury 0% 23/04/2019 | 749 | 6.23 |
| £800,000 | UK Treasury 0% 29/04/2019 | 798 | 6.64 |
| £1,000,000 | UK Treasury 0% 07/05/2019 | 998 | 8.31 |
| £1,000,000 | UK Treasury 0% 13/05/2019 | 998 | 8.30 |
| | | 6,192 | 51.52 |
| United Kingdom Equities 26.45% (31 July 2018 39.35%) | | | |
| 14,675 | Aston Martin Lagonda | 179 | 1.49 |
| 132,865 | BT | 314 | 2.61 |
| 6,513 | Experian | 126 | 1.05 |
| 9,931 | Fevertree Drinks | 256 | 2.13 |
| 35,193 | GVC | 239 | 1.99 |
| 13,977 | HomeServe | 133 | 1.11 |
| 5,096 | Imperial Brands | 126 | 1.05 |
| 2,630 | Next | 127 | 1.06 |
| 30,122 | Phoenix Group Holdings | 193 | 1.61 |
| 240,298 | Sherborne Investors | 142 | 1.18 |
| 35,910 | SSP | 241 | 2.00 |
| 12,539 | St James's Place | 119 | 0.99 |
| 23,075 | Superdry | 122 | 1.01 |
| 145,177 | Taylor Wimpey | 243 | 2.02 |
| 81,967 | Vodafone | 115 | 0.96 |
| 8,840 | Weir | 134 | 1.11 |
| 7,507 | Whitbread | 370 | 3.08 |
| | | 3,179 | 26.45 |
| Sterling Denominated Contracts For Difference 0.31% (31 July 2018 (0.32)%) | | | |
| (15,249) | A.G. BARR | 7 | 0.06 |
| (244,514) | AA | (23) | (0.19) |
| (143,091) | AO World | 5 | 0.04 |
| 2,220 | AstraZeneca (UK Listing) | (3) | (0.02) |
| (76,833) | Barclays | 5 | 0.04 |
| (58,357) | BCA Marketplace | 1 | 0.01 |
| 23,482 | BP | - | - |
| (9,540) | British American Tobacco | (5) | (0.04) |
| 13,466 | Diageo | 17 | 0.14 |
| 20,508 | GlaxoSmithKline | (4) | (0.03) |
| (115,006) | Halfords | 5 | 0.04 |
| 19,127 | HSBC (UK Listing) | (2) | (0.02) |
| (12,829) | IMI | 1 | 0.01 |
| (42,379) | J Sainsbury | (7) | (0.06) |
| (25,205) | Just Eat | (6) | (0.05) |
| (81,894) | Kingfisher | (7) | (0.06) |
| (66,100) | Marks & Spencer | (4) | (0.03) |
| (107,654) | Mitie | 6 | 0.05 |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|--|---|-----------------------|--|
| Sterling Denominated Contracts For Difference (continued) | | | |
| (2,930) | Paddy Power Betfair | (2) | (0.02) |
| (86,830) | PZ Cussons | 28 | 0.23 |
| (4,419) | Renishaw | (18) | (0.15) |
| 35,759 | Rentokil Initial | (4) | (0.03) |
| 9,502 | Rio Tinto (UK Listing) | 25 | 0.21 |
| (28,329) | Rolls-Royce | 1 | 0.01 |
| 5,141 | Royal Dutch Shell 'B' | (1) | (0.01) |
| (44,150) | Royal Mail | 10 | 0.08 |
| 17,176 | Smith & Nephew | (4) | (0.03) |
| 196,345 | Tesco | 5 | 0.04 |
| (21,131) | Travis Perkins | - | - |
| (7,873) | Victrex | 11 | 0.09 |
| | | <u>37</u> | <u>0.31</u> |
| Sterling Denominated Cash On Deposit 11.10% (31 July 2018 9.72%) | | | |
| £1,334,067 | BNP Paribas 0.50819% | 1,334 | 11.10 |
| | | <u>1,334</u> | <u>11.10</u> |
| Sterling Denominated Futures Contracts (0.08)% (31 July 2018 0.00%) | | | |
| (209) | FTSE 100 Index Futures January 2100 | (8) | (0.06) |
| (18) | FTSE MID 250 (excl Investment Trusts) Futures December 2099 | (2) | (0.02) |
| | | <u>(10)</u> | <u>(0.08)</u> |
| Overseas 6.34% (31 July 2018 9.23%) | | | |
| Europe 6.34% (31 July 2018 7.20%) | | | |
| Guernsey Equities 1.12% (31 July 2018 0.00%) | | | |
| 7,234 | Burford Capital | 135 | 1.12 |
| | | <u>135</u> | <u>1.12</u> |
| Ireland Equities 2.06% (31 July 2018 3.40%) | | | |
| 11,204 | CRH (UK Listing) | 247 | 2.06 |
| | | <u>247</u> | <u>2.06</u> |
| Switzerland Equities 3.16% (31 July 2018 3.80%) | | | |
| 2,333 | Ferguson | 121 | 1.01 |
| 83,965 | Glencore | 259 | 2.15 |
| | | <u>380</u> | <u>3.16</u> |
| North America 0.00% (31 July 2018 2.03%) | | | |
| Mexico Equities 0.00% (31 July 2018 0.83%) | | | |
| United States Equities 0.00% (31 July 2018 1.20%) | | | |
| | Investment assets* | <u>11,494</u> | <u>95.64</u> |
| | Net other assets | <u>524</u> | <u>4.36</u> |
| | Total net assets | <u>12,018</u> | <u>100.00</u> |

* Including investment liabilities.

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

Statement of total return

for the period from 1 August 2018 to 31 January 2019

| | Note | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|---|------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Income | | | | | |
| Net capital (losses)/gains | | | (451) | | 63 |
| Revenue | | 298 | | 291 | |
| Expenses | | (92) | | (131) | |
| Interest payable and similar charges | | (258) | | (329) | |
| Net expenses before taxation | | (52) | | (169) | |
| Taxation | | - | | (1) | |
| Net expenses after taxation | | | (52) | | (170) |
| Total return before distributions | | | (503) | | (107) |
| Distributions | 2 | | - | | - |
| Change in net assets attributable to shareholders from investment activities | | | (503) | | (107) |

Statement of change in net assets attributable to shareholders

for the period from 1 August 2018 to 31 January 2019

| | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Opening net assets attributable to shareholders | | 13,673* | | 23,223 |
| Amounts received on issue of shares | 121 | | 339 | |
| Amounts paid on cancellation of shares | (1,273) | | (6,064) | |
| | | (1,152) | | (5,725) |
| Dilution adjustment | | - | | 10 |
| Change in net assets attributable to shareholders from investment activities | | (503) | | (107) |
| Closing net assets attributable to shareholders | | 12,018 | | 17,401* |

* Section 3.30 of the SORP issued by the Investment Management Association in May 2014 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 January 2019

| | 31.01.19 | 31.07.18 |
|--|-----------------|-----------------|
| | £'000 | £'000 |
| Assets | | |
| Fixed assets | | |
| Investments | 11,594 | 13,007 |
| Current assets | | |
| Debtors | 85 | 51 |
| Cash and bank balances | 501 | 887 |
| Total assets | 12,180 | 13,945 |
| Liabilities | | |
| Investment liabilities | (100) | (183) |
| Creditors | | |
| Bank overdrafts | (10) | (14) |
| Other creditors | (52) | (75) |
| Total liabilities | (162) | (272) |
| Net assets attributable to shareholders | 12,018 | 13,673 |

Notes to the financial statements

for the period from 1 August 2018 to 31 January 2019

1 Accounting policies

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

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 July 2018.

2 Distributions

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

| | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 |
|--|----------------------------------|----------------------------------|
| Revenue deducted on cancellation of shares | - | - |
| Revenue received on issue of shares | - | - |
| Distributions | - | - |
| Reconciliation of distributions: | | |
| Net expense after taxation | (52) | (170) |
| Revenue deficit carried forward | 52 | 170 |
| Distributions | - | - |

Merian UK Smaller Companies Fund

| | |
|---------------------------|--------------------------------------|
| Launch date | 9 February 2001 |
| IA Sector | UK Smaller Companies |
| Investment adviser | Merian Global Investors (UK) Limited |
| Net asset value | £1,263,245,794 |

Investment Objective and Policy

To provide capital growth from investing primarily in a portfolio of UK smaller companies.

Smaller companies are defined for this purpose as those companies which are quoted on a regulated market and which have market capitalisations no greater than the largest company in the Numis Smaller Companies Index at the time of the initial investment. Typically, the ACD will invest at least 80% of the portfolio in smaller companies. Liquidity will under normal circumstances not exceed 10% of the value of the holding of the sub-fund.

Subject to the regulations, the property of the sub-fund may include transferable securities; units in collective investment schemes (including those managed or operated by the ACD or an associate of the ACD), warrants, money market instruments, deposits and derivatives.

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

Investment Manager's review

Economic growth slowed through the review period as trade tensions between the USA and China escalated, stricter emissions testing procedures in Europe severely impacted production in the important automotive sector and the UK continued to suffer from Brexit-related uncertainty. The US Federal Reserve (Fed), while recognising the slowdown, raised interest rates while the European Central Bank ended asset purchases. This combination of tightening monetary policy against a backdrop of slowing economic growth pushed equity markets sharply lower in the final quarter of 2018. Given the scale of the Q4 sell-off, equity markets rallied somewhat in January of 2019, aided by the prospect of a positive resolution to US/China trade negotiations, more dovish language from the Fed and, closer to home, diminishing prospects for a 'no deal' Brexit.

Against this backdrop, the sub-fund underperformed both its reference index and the median of its peer group. Both sector allocation and stock selection were negative for the sub-fund's performance relative to its index. At a sector level, underweights to consumer discretionary and real estate detracted from performance, while the underweight to energy added value. At a stock level, positive contributions came from Smart Metering Systems and Burford, while the sub-fund benefited too from not owning Computacenter, which underperformed. By contrast, holdings in Restore, Fever Tree Drinks and Victoria underperformed.

In terms of activity, the degree of underweight to consumer discretionary was closed via purchases of EI Group, On the Beach, Dunelm and Bovis. Positions were also opened via IPO in Funding Circle and AJ Bell.

The extent of the sub-fund's overweight to structural growth stocks (which typically trade on above market average multiples) was reduced via sales of GB Group and Hotel Chocolat; positions in Superdry and Victoria were exited as we took the view that the investment case for both had broken down.

It seems likely that 2019 will deliver moderate global growth but at a level below 2018. If the Fed maintains its 'data dependent' stance and if US/China trade talks reach a satisfactory conclusion, equity markets could perform well, given relatively low current valuations – the FTSE All Share Index trades on a 12-month forward price/earnings ratio of 12.4x and the Numis Smaller Companies Index (excluding Investment Trusts) on 11.2x. From a UK domestic perspective, avoiding a disorderly Brexit should enable sterling to continue its recent rally, which in turn should provide earnings tailwinds for import-dependent, consumer-exposed stocks and improve sentiment towards a grouping that in aggregate has underperformed since 2016's Brexit referendum.

Merian UK Smaller Companies Fund

Risk and Reward Profile



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

Sub-funds in category 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately high.

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

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

Smaller companies risk - smaller companies are subject to greater risk and reward potential. Investments may be volatile or difficult to buy or sell.

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

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

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

Capital erosion risk - the sub-fund takes its charges from the income of the sub-fund in the first instance. The impact of sub-fund charges may be material on the value of any income you receive from your investment. There is potential for capital erosion if insufficient income is generated by the sub-fund to cover these charges. Capital erosion may have the effect of reducing the level of income generated.

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

Performance Records

Comparative Tables

| Accumulation 'A' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 555.79 | 507.53 | 357.62 |
| Return before operating charges* | (74.71) | 58.43 | 158.00 |
| Operating charges** | (4.85) | (10.17) | (8.09) |
| Return after operating charges* | (79.56) | 48.26 | 149.91 |
| Distributions | - | - | - |
| Retained distributions | - | - | - |
| Closing net asset value per share | 476.23 | 555.79 | 507.53 |
| * after direct transaction costs of*** | 0.23 | 0.45 | 0.69 |
| Performance | | | |
| Return after charges | (14.31)% | 9.51% | 41.92% |
| Other information | | | |
| Closing net asset value (£) | 243,979,073 | 289,768,109 | 281,745,812 |
| Closing number of shares | 51,230,929 | 52,136,322 | 55,513,641 |
| Operating charges**** | 1.90% | 1.90% | 1.90% |
| Direct transaction costs*** | 0.09% | 0.08% | 0.16% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 564.6 | 565.4 | 533.47 |
| Lowest share price | 440.8 | 504.0 | 357.13 |
| Income 'A' | | | |
| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 532.55 | 486.31 | 342.68 |
| Return before operating charges* | (71.58) | 55.98 | 151.38 |
| Operating charges** | (4.65) | (9.74) | (7.75) |
| Return after operating charges* | (76.23) | 46.24 | 143.63 |
| Distributions | - | - | - |
| Retained distributions | - | - | - |
| Closing net asset value per share | 456.32 | 532.55 | 486.31 |
| * after direct transaction costs of*** | 0.22 | 0.43 | 0.66 |
| Performance | | | |
| Return after charges | (14.31)% | 9.51% | 41.91% |
| Other information | | | |
| Closing net asset value (£) | 27,157,892 | 33,450,944 | 35,968,088 |
| Closing number of shares | 5,951,485 | 6,281,238 | 7,396,119 |
| Operating charges**** | 1.90% | 1.90% | 1.90% |
| Direct transaction costs*** | 0.09% | 0.08% | 0.16% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 541.0 | 541.7 | 511.17 |
| Lowest share price | 422.4 | 482.9 | 342.19 |

Comparative Tables (continued)

| Accumulation 'P' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 416.91 | 378.81 | 265.52 |
| Return before operating charges* | (56.08) | 43.71 | 117.76 |
| Operating charges** | (2.69) | (5.61) | (4.47) |
| Return after operating charges* | (58.77) | 38.10 | 113.29 |
| Distributions | - | (0.63) | (1.18) |
| Retained distributions | - | 0.63 | 1.18 |
| Closing net asset value per share | 358.14 | 416.91 | 378.81 |
| * after direct transaction costs of*** | 0.17 | 0.34 | 0.52 |
| Performance | | | |
| Return after charges | (14.10)% | 10.06% | 42.67% |
| Other information | | | |
| Closing net asset value (£) | 2,477,145 | 3,127,107 | 2,532,465 |
| Closing number of shares | 691,674 | 750,063 | 668,530 |
| Operating charges**** | 1.40% | 1.40% | 1.40% |
| Direct transaction costs*** | 0.09% | 0.08% | 0.16% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 423.7 | 423.8 | 398.06 |
| Lowest share price | 331.3 | 376.2 | 265.17 |
| Income 'P' | | | |
| | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 242.76 | 220.97 | 155.43 |
| Return before operating charges* | (32.67) | 25.52 | 68.80 |
| Operating charges** | (1.56) | (3.28) | (2.57) |
| Return after operating charges* | (34.23) | 22.24 | 66.23 |
| Distributions | - | (0.45) | (0.69) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 208.53 | 242.76 | 220.97 |
| * after direct transaction costs of*** | 0.10 | 0.20 | 0.30 |
| Performance | | | |
| Return after charges | (14.10)% | 10.06% | 42.61% |
| Other information | | | |
| Closing net asset value (£) | 749,524 | 811,400 | 490,549 |
| Closing number of shares | 359,428 | 334,246 | 221,996 |
| Operating charges**** | 1.40% | 1.40% | 1.40% |
| Direct transaction costs*** | 0.09% | 0.08% | 0.16% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 246.7 | 247.2 | 233.02 |
| Lowest share price | 192.9 | 219.5 | 155.22 |

Comparative Tables (continued)

| Accumulation 'R' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 295.24 | 267.25 | 186.67 |
| Return before operating charges* | (39.74) | 30.89 | 82.88 |
| Operating charges** | (1.40) | (2.90) | (2.30) |
| Return after operating charges* | (41.14) | 27.99 | 80.58 |
| Distributions | - | (1.51) | (1.67) |
| Retained distributions | - | 1.51 | 1.67 |
| Closing net asset value per share | 254.10 | 295.24 | 267.25 |
| * after direct transaction costs of*** | 0.12 | 0.24 | 0.37 |
| Performance | | | |
| Return after charges | (13.93)% | 10.47% | 43.17% |
| Other information | | | |
| Closing net asset value (£) | 451,955,654 | 547,184,307 | 436,193,614 |
| Closing number of shares | 177,867,912 | 185,336,909 | 163,214,941 |
| Operating charges**** | 1.03% | 1.03% | 1.03% |
| Direct transaction costs*** | 0.09% | 0.08% | 0.16% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 300.2 | 300.0 | 270.10 |
| Lowest share price | 235.0 | 265.5 | 186.43 |
| | | | |
| Income 'R' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 269.92 | 245.58 | 172.61 |
| Return before operating charges* | (36.34) | 28.40 | 76.62 |
| Operating charges** | (1.27) | (2.67) | (2.11) |
| Return after operating charges* | (37.61) | 25.73 | 74.51 |
| Distributions | - | (1.39) | (1.54) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 232.31 | 269.92 | 245.58 |
| * after direct transaction costs of*** | 0.11 | 0.22 | 0.34 |
| Performance | | | |
| Return after charges | (13.93)% | 10.48% | 43.17% |
| Other information | | | |
| Closing net asset value (£) | 177,537,053 | 188,525,849 | 155,681,571 |
| Closing number of shares | 76,423,531 | 69,845,301 | 63,392,200 |
| Operating charges**** | 1.03% | 1.03% | 1.03% |
| Direct transaction costs*** | 0.09% | 0.08% | 0.16% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 274.4 | 275.7 | 249.77 |
| Lowest share price | 214.8 | 243.9 | 172.39 |

Comparative Tables (continued)

| Accumulation 'U1' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 185.90 | 168.13 | 117.33 |
| Return before operating charges* | (25.04) | 19.44 | 52.13 |
| Operating charges** | (0.80) | (1.67) | (1.33) |
| Return after operating charges* | (25.84) | 17.77 | 50.80 |
| Distributions | - | (1.11) | (1.17) |
| Retained distributions | - | 1.11 | 1.17 |
| Closing net asset value per share | 160.06 | 185.90 | 168.13 |
| * after direct transaction costs of*** | 0.08 | 0.15 | 0.23 |
| Performance | | | |
| Return after charges | (13.90)% | 10.57% | 43.30% |
| Other information | | | |
| Closing net asset value (£) | 237,171,059 | 266,790,653 | 202,258,318 |
| Closing number of shares | 148,174,708 | 143,516,044 | 120,300,916 |
| Operating charges**** | 0.94% | 0.94% | 0.94% |
| Direct transaction costs*** | 0.09% | 0.08% | 0.16% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 189.0 | 188.9 | 169.92 |
| Lowest share price | 148.0 | 167.0 | 117.18 |
| | | | |
| Income 'U1' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 186.14 | 169.35 | 119.02 |
| Return before operating charges* | (25.06) | 19.59 | 52.85 |
| Operating charges** | (0.80) | (1.68) | (1.33) |
| Return after operating charges* | (25.86) | 17.91 | 51.52 |
| Distributions | - | (1.12) | (1.19) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 160.28 | 186.14 | 169.35 |
| * after direct transaction costs of*** | 0.08 | 0.15 | 0.23 |
| Performance | | | |
| Return after charges | (13.89)% | 10.58% | 43.29% |
| Other information | | | |
| Closing net asset value (£) | 75,514,089 | 53,818,047 | 40,907,236 |
| Closing number of shares | 47,113,886 | 28,912,206 | 24,154,810 |
| Operating charges**** | 0.94% | 0.94% | 0.94% |
| Direct transaction costs*** | 0.09% | 0.08% | 0.16% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 189.3 | 190.3 | 172.37 |
| Lowest share price | 148.2 | 168.2 | 118.87 |

Comparative Tables (continued)

| Accumulation 'U2' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
|--|--|---|---|
| Change in net assets per share | | | |
| Opening net asset value per share | 185.06 | 167.23 | 116.61 |
| Return before operating charges* | (24.93) | 19.35 | 51.79 |
| Operating charges** | (0.72) | (1.52) | (1.17) |
| Return after operating charges* | (25.65) | 17.83 | 50.62 |
| Distributions | - | (1.26) | (1.29) |
| Retained distributions | - | 1.26 | 1.29 |
| Closing net asset value per share | 159.41 | 185.06 | 167.23 |
| * after direct transaction costs of*** | 0.08 | 0.15 | 0.22 |
| Performance | | | |
| Return after charges | (13.86)% | 10.66% | 43.41% |
| Other information | | | |
| Closing net asset value (£) | 14,435,954 | 12,257,879 | 4,180,472 |
| Closing number of shares | 9,055,917 | 6,623,763 | 2,499,804 |
| Operating charges**** | 0.85% | 0.85% | 0.85% |
| Direct transaction costs*** | 0.09% | 0.08% | 0.16% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 188.2 | 188.0 | 169.02 |
| Lowest share price | 147.4 | 166.1 | 116.46 |
| | | | |
| Income 'U2' | 1 August 2018 to 31 January 2019 p/share | 1 August 2017 to 31 July 2018 p/share | 1 August 2016 to 31 July 2017 p/share |
| Change in net assets per share | | | |
| Opening net asset value per share | 176.72 | 160.77 | 112.97 |
| Return before operating charges* | (23.80) | 18.61 | 50.20 |
| Operating charges** | (0.69) | (1.45) | (1.15) |
| Return after operating charges* | (24.49) | 17.16 | 49.05 |
| Distributions | - | (1.21) | (1.25) |
| Retained distributions | - | - | - |
| Closing net asset value per share | 152.23 | 176.72 | 160.77 |
| * after direct transaction costs of*** | 0.07 | 0.14 | 0.22 |
| Performance | | | |
| Return after charges | (13.86)% | 10.67% | 43.42% |
| Other information | | | |
| Closing net asset value (£) | 32,268,351 | 38,504,698 | 40,198,400 |
| Closing number of shares | 21,197,549 | 21,788,838 | 25,003,305 |
| Operating charges**** | 0.85% | 0.85% | 0.85% |
| Direct transaction costs*** | 0.09% | 0.08% | 0.16% |
| Prices | | | |
| | pence per share | pence per share | pence per share |
| Highest share price | 179.7 | 180.8 | 163.75 |
| Lowest share price | 140.8 | 159.7 | 112.83 |

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

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

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

Performance

| | 6 months to 31 January 2019 | 1 year to 31 January 2019 | 3 years to 31 January 2019 | 5 years to 31 January 2019 |
|---|--------------------------------|------------------------------|-------------------------------|-------------------------------|
| Merian Smaller Companies Fund* | (13.60)% | (10.98)% | 44.41% | 63.62% |
| Numis Smaller Companies Index (benchmark) | (9.42)% | (7.37)% | 26.42% | 27.82% |
| IA UK Smaller Companies (sector average) | (12.31)% | (8.07)% | 34.10% | 41.83% |
| Quartile ranking | 3 | 4 | 1 | 1 |

* Accumulation 'R' shares

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

| Portfolio allocation | | Major holdings | Percentage of portfolio | |
|--|----------------|--|-------------------------|--------------|
| Support Services | 16.19% | Ascential | 3.19% | |
| Financial Services | 13.91% | boohoo | 2.95% | |
| Software & Computer Services | 11.16% | Blue Prism | 2.80% | |
| General Retailers | 5.61% | Smart Metering Systems | 2.67% | |
| Media | 5.38% | Burford Capital | 2.62% | |
| Real Estate Investment Trusts | 4.37% | Clinigen | 2.56% | |
| Travel & Leisure | 3.93% | Fevertree Drinks | 2.54% | |
| Real Estate Investment & Services | 3.89% | Johnson Service | 2.23% | |
| Pharmaceuticals & Biotechnology | 3.63% | OneSavings Bank | 2.04% | |
| Construction & Materials | 3.15% | Workspace | 1.91% | |
| Beverages | 2.54% | | | |
| Household Goods & Home Construction | 2.37% | Number of holdings | 89 | |
| Nonlife Insurance | 2.05% | | | |
| Industrial Engineering | 1.90% | Total Purchases and Sales for the period | | |
| Retail | 1.89% | | 2019 | 2018 |
| General Industrials | 1.47% | | £'000 | £'000 |
| Food Producers | 1.46% | Total purchases for the 6 month period to 31 January | 175,068 | 214,834 |
| Oil & Gas Producers | 1.37% | Total sales for the 6 month period to 31 January | 116,218 | 165,587 |
| Electronic & Electrical Equipment | 1.35% | | | |
| Health Care Equipment & Services | 1.12% | | | |
| Oil Equipment, Services & Distribution | 1.09% | | | |
| Chemicals | 1.04% | | | |
| Mobile Telecommunications | 0.77% | | | |
| Mining | 0.43% | | | |
| Equity Investment Instruments | 0.38% | | | |
| Technology | 0.23% | | | |
| Leisure Goods | 0.06% | | | |
| Net other assets | 7.26% | | | |
| Total | 100.00% | | | |
| Asset Allocation | | | | |
| Equities | 92.74% | | | |
| Net other assets | 7.26% | | | |
| Total | 100.00% | | | |

Portfolio statement

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|------------|---|-----------------------|--|
| | United Kingdom 86.84% (31 July 2018 85.67%) | | |
| | United Kingdom Equities 86.84% (31 July 2018 85.67%) | | |
| | Beverages 2.54% (31 July 2018 4.09%) | | |
| 1,242,000 | Fevertree Drinks | 32,068 | 2.54 |
| | | <u>32,068</u> | <u>2.54</u> |
| | Chemicals 1.04% (31 July 2018 1.06%) | | |
| 3,598,000 | Synthomer | 13,104 | 1.04 |
| | | <u>13,104</u> | <u>1.04</u> |
| | Construction & Materials 3.15% (31 July 2018 2.97%) | | |
| 20,142,795 | Breedon | 13,536 | 1.07 |
| 3,126,877 | Marshalls | 16,135 | 1.28 |
| 5,962,000 | Melrose Industries | 10,094 | 0.80 |
| | | <u>39,765</u> | <u>3.15</u> |
| | Electronic & Electrical Equipment 0.77% (31 July 2018 0.31%) | | |
| 1,073,713 | Oxford Instruments | 9,706 | 0.77 |
| | | <u>9,706</u> | <u>0.77</u> |
| | Financial Services 11.29% (31 July 2018 10.99%) | | |
| 1,996,708 | AJ Bell | 5,353 | 0.43 |
| 8,288,000 | Charter Court Financial Services | 23,007 | 1.82 |
| 3,781,953 | Draper Esprit | 19,855 | 1.57 |
| 1,523,866 | IntegraFin | 5,176 | 0.41 |
| 3,133,500 | JTC | 11,249 | 0.89 |
| 2,431,310 | Liontrust Asset Management | 14,102 | 1.12 |
| 837,552 | Mortgage Advice Bureau | 4,707 | 0.37 |
| 6,789,930 | OneSavings Bank | 25,802 | 2.04 |
| 5,936,586 | Premier Asset Management | 11,754 | 0.93 |
| 338,881 | Transferwise | 14,487 | 1.15 |
| 4,786,641 | XPS Pensions | 7,060 | 0.56 |
| | | <u>142,552</u> | <u>11.29</u> |
| | Food Producers 1.46% (31 July 2018 1.98%) | | |
| 1,941,000 | Hilton Food | 18,478 | 1.46 |
| | | <u>18,478</u> | <u>1.46</u> |
| | General Industrials 1.47% (31 July 2018 1.46%) | | |
| 3,292,000 | Vesuvius | 18,534 | 1.47 |
| | | <u>18,534</u> | <u>1.47</u> |
| | General Retailers 4.21% (31 July 2018 3.65%) | | |
| 19,914,857 | boohoo | 37,221 | 2.95 |
| 899,050 | DFS Furniture | 2,113 | 0.17 |
| 855,000 | Dunelm | 6,203 | 0.49 |
| 2,672,938 | Joules | 6,923 | 0.55 |
| 656,314 | Lookers | 705 | 0.05 |
| | | <u>53,165</u> | <u>4.21</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|------------|--|-----------------------|--|
| | Health Care Equipment & Services 1.12% (31 July 2018 1.15%) | | |
| 1,536,000 | Consort Medical | 14,193 | 1.12 |
| | | <u>14,193</u> | <u>1.12</u> |
| | Household Goods & Home Construction 2.37% (31 July 2018 2.67%) | | |
| 1,107,489 | Bovis Homes | 11,385 | 0.90 |
| 4,939,000 | Crest Nicholson | 18,610 | 1.47 |
| | | <u>29,995</u> | <u>2.37</u> |
| | Industrial Engineering 1.59% (31 July 2018 1.80%) | | |
| 2,594,000 | Bodycote | 20,091 | 1.59 |
| | | <u>20,091</u> | <u>1.59</u> |
| | Leisure Goods 0.06% (31 July 2018 0.93%) | | |
| 437,000 | Codemasters Group | 765 | 0.06 |
| | | <u>765</u> | <u>0.06</u> |
| | Life Insurance 0.00% (31 July 2018 0.03%) | | |
| | Media 5.38% (31 July 2018 4.30%) | | |
| 10,529,960 | Ascential | 40,351 | 3.19 |
| 2,164,856 | Future | 11,604 | 0.92 |
| 12,857,360 | Huntsworth | 13,500 | 1.07 |
| 1,901,741 | S4 Capital | 2,510 | 0.20 |
| | | <u>67,965</u> | <u>5.38</u> |
| | Mobile Telecommunications 0.77% (31 July 2018 0.00%) | | |
| 1,201,500 | Gamma Communications | 9,780 | 0.77 |
| | | <u>9,780</u> | <u>0.77</u> |
| | Nonlife Insurance 2.05% (31 July 2018 1.79%) | | |
| 1,996,000 | Lancashire | 11,337 | 0.90 |
| 5,149,193 | Sabre Insurance | 14,521 | 1.15 |
| | | <u>25,858</u> | <u>2.05</u> |
| | Oil & Gas Producers 1.37% (31 July 2018 1.52%) | | |
| 7,806,400 | Amerisur Resources | 1,297 | 0.10 |
| 5,769,000 | Cairn Energy | 11,013 | 0.87 |
| 6,747,000 | Premier Oil | 5,050 | 0.40 |
| | | <u>17,360</u> | <u>1.37</u> |
| | Oil Equipment, Services & Distribution 1.09% (31 July 2018 1.23%) | | |
| 2,453,000 | Hunting | 13,737 | 1.09 |
| | | <u>13,737</u> | <u>1.09</u> |
| | Personal Goods 0.00% (31 July 2018 0.78%) | | |
| | Pharmaceuticals & Biotechnology 3.63% (31 July 2018 3.55%) | | |
| 4,115,000 | Clinigen | 32,303 | 2.56 |
| 2,950,383 | Eco Animal Health | 13,572 | 1.07 |
| | | <u>45,875</u> | <u>3.63</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|---|------------------------------------|-----------------------|--|
| Real Estate Investment & Services 3.89% (31 July 2018 3.23%) | | | |
| 5,884,955 | Helical | 19,715 | 1.56 |
| 4,334,925 | Purplebricks | 7,547 | 0.60 |
| 2,616,000 | Savills | 21,883 | 1.73 |
| | | 49,145 | 3.89 |
| Real Estate Investment Trusts 4.37% (31 July 2018 3.97%) | | | |
| 1,443,146 | Big Yellow | 13,991 | 1.11 |
| 1,844,000 | Unite | 17,020 | 1.35 |
| 2,546,000 | Workspace | 24,162 | 1.91 |
| | | 55,173 | 4.37 |
| Retail 1.89% (31 July 2018 2.05%) | | | |
| 53,949 | The Hut Group* | 23,888 | 1.89 |
| | | 23,888 | 1.89 |
| Software & Computer Services 11.16% (31 July 2018 12.14%) | | | |
| 628,000 | Accesso Technology | 8,918 | 0.70 |
| 507,000 | AVEVA | 13,912 | 1.10 |
| 2,506,502 | Blue Prism | 35,392 | 2.80 |
| 261,000 | Blue Prism (Placing)* | 2,871 | 0.23 |
| 1,609,000 | FDM | 13,757 | 1.09 |
| 322,000 | First Derivatives | 7,277 | 0.58 |
| 3,074,988 | Funding Circle | 9,840 | 0.78 |
| 2,464,789 | Ideagen | 3,451 | 0.27 |
| 1,986,983 | IMImobile | 4,451 | 0.35 |
| 10,055,540 | Learning Technologies | 7,461 | 0.59 |
| 627,124 | LoopUp | 1,881 | 0.15 |
| 3,585,000 | Microgen | 13,802 | 1.09 |
| 2,626,311 | SDL | 13,972 | 1.11 |
| 660,893 | Tracsis | 4,031 | 0.32 |
| | | 141,016 | 11.16 |
| Support Services 16.01% (31 July 2018 15.19%) | | | |
| 3,240,345 | Alpha Financial Markets Consulting | 7,453 | 0.59 |
| 1,954,669 | Electrocomponents | 10,731 | 0.85 |
| 21,329,237 | Johnson Service | 28,155 | 2.23 |
| 3,298,518 | Knights | 8,091 | 0.64 |
| 1,884,677 | Midwich | 10,083 | 0.80 |
| 4,705,911 | Mind Gym | 7,059 | 0.56 |
| 2,629,000 | Pagegroup | 11,715 | 0.93 |
| 6,716,000 | Restore | 18,133 | 1.43 |
| 3,820,000 | Robert Walters | 19,864 | 1.57 |
| 3,799,000 | RWS | 17,703 | 1.40 |
| 2,659,000 | Sanne | 13,534 | 1.07 |
| 5,206,000 | Smart Metering Systems | 33,683 | 2.67 |
| 27,436,000 | Speedy Hire | 16,077 | 1.27 |
| | | 202,281 | 16.01 |
| Technology 0.23% (31 July 2018 0.00%) | | | |
| 891,750 | Graphcore* | 2,902 | 0.23 |
| | | 2,902 | 0.23 |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|-----------|---|-----------------------|--|
| | Travel & Leisure 3.93% (31 July 2018 2.83%) | | |
| 6,872,000 | El | 13,744 | 1.09 |
| 5,622,452 | Gym | 11,442 | 0.91 |
| 2,197,000 | On the Beach | 9,722 | 0.77 |
| 45,854 | Secret Escapes* | 5,609 | 0.44 |
| 855,000 | Young & Co's Brewery 'A' (non-voting) | 9,148 | 0.72 |
| | | <u>49,665</u> | <u>3.93</u> |
| | Overseas 5.90% (31 July 2018 5.96%) | | |
| | Asia Pacific (excluding Japan) 0.58% (31 July 2018 0.91%) | | |
| | Singapore Equities 0.58% (31 July 2018 0.91%) | | |
| | Electronic & Electrical Equipment 0.58% (31 July 2018 0.91%) | | |
| 359,000 | XP Power (UK Listing) | 7,288 | 0.58 |
| | | <u>7,288</u> | <u>0.58</u> |
| | Europe 4.40% (31 July 2018 4.21%) | | |
| | Guernsey Equities 3.00% (31 July 2018 2.29%) | | |
| | Equity Investment Instruments 0.38% (31 July 2018 0.00%) | | |
| 4,737,421 | Merian Chrysalis Investment Company | 4,785 | 0.38 |
| | | <u>4,785</u> | <u>0.38</u> |
| | Financial Services 2.62% (31 July 2018 2.29%) | | |
| 1,772,000 | Burford Capital | 33,136 | 2.62 |
| | | <u>33,136</u> | <u>2.62</u> |
| | Ireland Equities 1.40% (31 July 2018 1.92%) | | |
| | General Retailers 1.40% (31 July 2018 1.05%) | | |
| 3,410,200 | Applegreen | 17,733 | 1.40 |
| | | <u>17,733</u> | <u>1.40</u> |
| | Support Services 0.00% (31 July 2018 0.87%) | | |
| | South America 0.43% (31 July 2018 0.35%) | | |
| | Peru Equities 0.43% (31 July 2018 0.35%) | | |
| | Mining 0.43% (31 July 2018 0.35%) | | |
| 2,893,000 | Hochschild Mining | 5,381 | 0.43 |
| | | <u>5,381</u> | <u>0.43</u> |

Portfolio statement (continued)

as at 31 January 2019

| Holding | Investment | Market Value £'000 | Percentage of total net assets % |
|-----------|---|-------------------------|--|
| | North America 0.49% (31 July 2018 0.49%) | | |
| | United States Equities 0.49% (31 July 2018 0.49%) | | |
| | Financial Services 0.00% (31 July 2018 0.19%) | | |
| | Industrial Engineering 0.31% (31 July 2018 0.30%) | | |
| 1,149,000 | Somero Enterprises | 3,907 | 0.31 |
| | | <u>3,907</u> | <u>0.31</u> |
| | Support Services 0.18% (31 July 2018 0.00%) | | |
| 2,699,693 | Boku | 2,214 | 0.18 |
| | | <u>2,214</u> | <u>0.18</u> |
| | Investment assets | <u>1,171,505</u> | <u>92.74</u> |
| | Net other assets | <u>91,741</u> | <u>7.26</u> |
| | Total net assets | <u>1,263,246</u> | <u>100.00</u> |

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

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

All investments are ordinary shares unless otherwise stated.

Statement of total return

for the period from 1 August 2018 to 31 January 2019

| | Note | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|---|------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Income | | | | | |
| Net capital (losses)/gains | | | (201,555) | | 81,225 |
| Revenue | | 8,965 | | 8,804 | |
| Expenses | | (7,916) | | (7,978) | |
| Net revenue before taxation | | 1,049 | | 826 | |
| Taxation | | (14) | | - | |
| Net revenue after taxation | | | 1,035 | | 826 |
| Total return before distributions | | | (200,520) | | 82,051 |
| Distributions | 2 | | 78 | | 128 |
| Change in net assets attributable to shareholders from investment activities | | | (200,442) | | 82,179 |

Statement of change in net assets attributable to shareholders

for the period from 1 August 2018 to 31 January 2019

| | | 01.08.18 to 31.01.19 £'000 | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 | 01.08.17 to 31.01.18 £'000 |
|--|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Opening net assets attributable to shareholders | | | 1,434,239* | | 1,200,157 |
| Amounts received on issue of shares | | 98,998 | | 129,293 | |
| Amounts paid on cancellation of shares | | (69,549) | | (43,433) | |
| | | | 29,449 | | 85,860 |
| Dilution adjustment | | | - | | 1,022 |
| Change in net assets attributable to shareholders from investment activities | | | (200,442) | | 82,179 |
| Closing net assets attributable to shareholders | | | 1,263,246 | | 1,369,218* |

* Section 3.30 of the SORP issued by the Investment Management Association in May 2014 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 January 2019

| | 31.01.19 | 31.07.18 |
|--|-------------------------|-------------------------|
| | £'000 | £'000 |
| Assets | | |
| Fixed assets | | |
| Investments | 1,171,505 | 1,314,207 |
| Current assets | | |
| Debtors | 5,309 | 6,484 |
| Cash and bank balances | 95,200 | 118,189 |
| Total assets | <u>1,272,014</u> | <u>1,438,880</u> |
| Liabilities | | |
| Creditors | | |
| Distribution payable | - | (1,560) |
| Other creditors | (8,768) | (3,081) |
| Total liabilities | <u>(8,768)</u> | <u>(4,641)</u> |
| Net assets attributable to shareholders | <u>1,263,246</u> | <u>1,434,239</u> |

Notes to the financial statements

for the period from 1 August 2018 to 31 January 2019

1 Accounting policies

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

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 July 2018.

2 Distributions

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

| | 01.08.18 to 31.01.19 £'000 | 01.08.17 to 31.01.18 £'000 |
|--|----------------------------------|----------------------------------|
| Revenue deducted on cancellation of shares | 75 | 54 |
| Revenue received on issue of shares | (153) | (182) |
| Distributions | (78) | (128) |
| Reconciliation of distributions: | | |
| Net revenue after taxation | 1,035 | 826 |
| Equalisation on conversion | 3 | 15 |
| Undistributed revenue carried forward | (1,116) | (969) |
| Distributions | (78) | (128) |