

Period:

For the 12 months ended 31 May 2013
www.fandc.com



Fund manager:
 Sophie Horsfall

Investment Objective

Investment is concentrated in companies in any market whose products and operations are considered to be making a positive contribution to society and seeks to avoid companies which, on balance, we feel are harming the world its people or its wildlife. The aim is to achieve long-term capital growth.

The Fund may invest indirectly through other permitted investment vehicles in accordance with its investment powers as set out in the Prospectus.

Fund Facts

Lead Fund Manager	Sophie Horsfall
Deputy Fund Manager	Alice Evans
Sector	Global Growth
Benchmark	MSCI World Index
Launch date	13 October 1987
Fund size	at 31 May 2012 £364.73m
	at 31 May 2013 £397.29m
Minimum Investments	£1,000 lump sum, £50 per month
Historic Yield	0.20% (1 Acc), 0.20% (1 Inc), 0.70% (2 Acc), 0.00% (2 Inc), 1.40% (4 Inc)
Share type	Accumulation/Income
Number of stocks	58
Initial charge	5.00%
Annual charge	1.50%
Ongoing charge	1.68% (1 Acc), 1.64% (1 Inc), 0.80% (2 Acc), 0.91% (2 Inc), 0.05% (4 Inc)
Account dates	30 November
	(annual) 31 May
Distribution dates Income	31 July, 31 Jan

Market review

Most stock markets made strong gains in the twelve months under review. Although growth stuttered both in the developed regions and increasingly in the emerging markets, investors took encouragement from the continuation of central bank sponsored financial stimulus programmes. The sovereign debt crisis continued to dominate sentiment and the eurozone slipped into recession as the growth slump in the periphery nations began to filter through to the region's core. The US showed some signs of returning to trend levels of growth and there was some brighter news on the housing market and employment as the year progressed. It was a mixed year for European government bonds in aggregate. Although periphery nations posted impressive gains, core markets became increasingly subdued.

Fund activity

Over the year the biggest purchases were high growth US railroad company Kansas City Southern and US-based industrial equipment manufacturer W.W. Grainger. The latter is in the early stages of its e-commerce strategy which we expect to drive top line growth and give margin leverage. Both purchases were taken as an opportunity to increase the portfolio's weight to the US where the economic prospects appear relatively brighter. We increased the Fund's exposure to Japan taking it to a neutral position. We focused on names that are likely to benefit from expected yen weakness, most notably Toyota Motor. Haemonetics was a large sale over the twelve months. The stock had enjoyed a run of particularly strong performance during the year but valuations had become excessive, so we sold to zero.

Outlook

Investors have been spooked by recent rhetoric from the US Federal Reserve pointing to a scaling back of quantitative easing. Liquidity has been the driving force of the resurgence of markets and the prospect of central bank support being reduced is leaving some market participants feeling exposed. As it stands, the economy continues to perform disappointingly. However, the potential for low inflation, recovering housing and pent-up demand to bring about an improvement in the second half of the year will see data releases become the subject of sharp scrutiny. Risk appetite is also faltering because, in general, economic data has failed to improve in line with expectations. The readjustments that are currently taking place in the major emerging economies have seen growth rates disappoint, with China in particular giving cause for concern. With the eurozone crisis now having only a moderate impact on the market, share prices are being influenced more by perceptions of macro data relative to the US. We believe there is probably a little too much pessimism towards the economy, but a stronger euro and the growth-sapping effect of low inflation is preventing us from being more positive.

Summary Fund Performance

Year	Share Class	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2013	1 Accumulation	310.1	252.1	0.0636
2013	1 Income	305.0	248.0	0.0997
2013	2 Accumulation	227.5	184.3	1.1459
2013	2 Income	63.06	51.13	0.4254
2013	4 Income	308.8	249.5	2.6210

Net Asset Value Record

Share Class	Share Type	Net Asset Value as at 31 May 2012 (pence)	Net Asset Value as at 31 May 2013 (pence)
1	Accumulation	235.8	301.5
1	Income	231.8	296.5
2	Accumulation	171.5	221.2
2	Income	-	60.90
4	Income	232.6	297.8

Distributions for the period

Share Class (Income/Accumulation)	Distribution paid / payable	Distribution period	Distribution Date
1 Accumulation	0.0636	Final	31/07/2013
1 Income	0.0997	Final	31/07/2013
2 Accumulation	1.1459	Final	31/07/2013
2 Income	0.4254	Final	31/07/2013
4 Income	2.6210	Final	31/07/2013
1 Accumulation	-	Interim	31/01/2013
1 Income	-	Interim	31/01/2013
2 Accumulation	0.5494	Interim	31/01/2013
2 Income	-	Interim	31/01/2013
4 Income	1.6431	Interim	31/01/2013

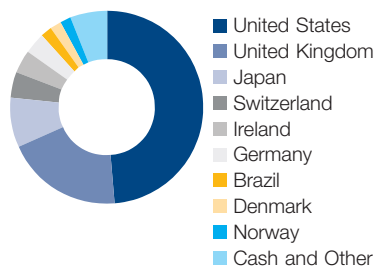
Top Ten Holdings

As at 31 May 2012	%
Apple	3.34
Towers Watson 'A'	2.93
Accenture 'A'	2.89
Amdocs	2.80
Spectra Energy	2.54
U.S. Bancorp	2.54
Praxair	2.52
BG	2.52
F&C International Heritage Fund 4 Acc	2.32
Union Pacific	2.16
Total	26.56

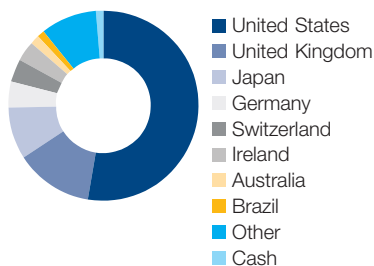
As at 31 May 2013	%
F&C International Heritage Fund 4 Acc	2.90
Apple	2.69
Accenture 'A'	2.63
U.S. Bancorp	2.51
Cardinal Health	2.43
Amdocs	2.41
Praxair	2.38
Spectra Energy	2.30
Towers Watson 'A'	2.25
Principal Financial	2.10
Total	24.60

Portfolio Breakdown

As at 31 May 2012

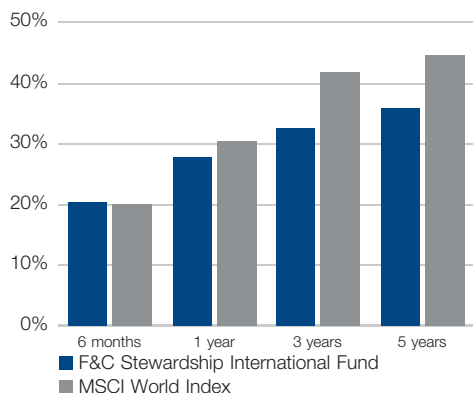


As at 31 May 2013

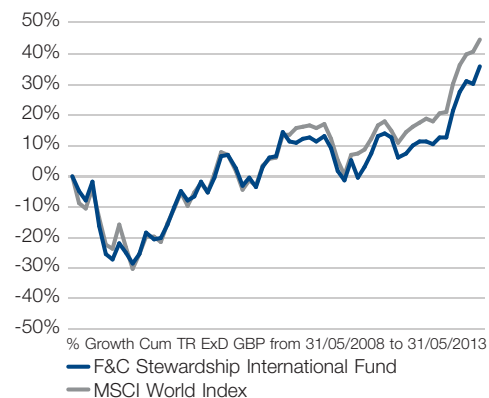


Fund Performance

As at 31 May 2013



As at 31 May 2013



Standardised Performance

31 May 2008 to 31 May 2009	31 May 2009 to 31 May 2010	31 May 2010 to 31 May 2011	31 May 2011 to 31 May 2012	31 May 2012 to 31 May 2013
-20.50%	28.99%	8.65%	-4.61%	27.92%

Past Performance is not a guide to future performance.

Source: Lipper, percentage growth total return (UK net tax), mid to mid, with no initial charges. Share Class 1 income shares. For past performance data for the full range of F&C Funds visit www.fandc.com.

Risk Profiles

Ethical Screening Risk: the screening out of sectors or companies on ethical grounds may mean the Fund is more sensitive to price swings than an equivalent unscreened fund.

Emerging Markets Risk: this Fund invests in emerging markets which are less developed and have additional legal and political risks.

Liquidity Risk: the ability to buy and sell assets at a favourable price may be affected by a low level of counterparties willing to enter into a transaction with the Fund.

Currency Risk: your investment may be adversely affected by changes in currency exchange rates.

Derivative Risk: derivative values rise and fall at a greater rate than equities and debt instruments. Losses can be greater than the initial investment.

Report and Accounts

Copies of the annual and half yearly Reports and Accounts for the Stewardship Investment Funds ICVC, which include this fund are available free of charge on request to the ACD or can be downloaded from our website www.fandc.com.

Other information

The information in this report is designed to enable shareholders to make an informed judgement on the activities of the fund during the period it covers and the results of those activities at the end of the period. For more information about the activities and performance of the fund during this and previous periods, please contact the Authorised Corporate Director.

Authorised Corporate Director

F&C Fund Management Limited, Exchange House, Primrose Street, London EC2A 2NY
Telephone: 0800 0852 752
Regulated by the Financial Conduct Authority.

Investment Advisor

F&C Managers Limited, Exchange House, Primrose Street, London EC2A 2NY

Depositary

State Street Trustees Limited, 20 Churchill Place, London E14 5HJ

Administrator and Registrar

International Financial Data Services (UK) Limited, IFDS House, St Nicholas Lane, Basildon, Essex, SS15 5FS

Independent Auditor

PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH

Fund Accounting and Unit Pricing

State Street Bank and Trust Company, 525 Ferry Road, Edinburgh, EH5 2AW

Legal Advisers

Eversheds LLP, One Wood Street, London EC2V 7WS

The Stewardship International Fund is a sub-fund of the Stewardship Investment Funds ICVC (IC118). Applications may only be made on the basis of the current Prospectus. Calls may be recorded. Past performance is not a guide to future performance. The Authorised Corporate Director (ACD) of the ICVC is F&C Fund Management Limited, a subsidiary of F&C Asset Management plc, Authorised (no 121940) and regulated by the Financial Conduct Authority (FCA). Registered Office; Exchange House, London EC2A 2NY. Registered in England No. 2170242. A registered company, limited by shares. A copy of the Key Investor Information Document is available from www.fandc.com.

Stewardship International 09/13

