SARACEN

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Saracen Investment Funds ICVC

Annual Report and Financial Statements

For the year ended 31st December 2013

CONTENTS PAGE

MANAGEMENT AND ADMINISTRATION

AUTHORISED CORPORATE DIRECTOR ("ACD")
Saracen Fund Managers Limited ("SFM")
19 Rutland Square
Edinburgh EH1 2BB
Scotland
(Authorised and regulated by the Financial Conduct Authority)

DIRECTORS OF THE ACD
Graham Hugh Campbell
James Clelland Fisher
Daniel Avraham Leaf
John Cameron Spence

INVESTMENT MANAGER
Saracen Fund Managers Limited
19 Rutland Square
Edinburgh EH1 2BB
Scotland
(Authorised and regulated by the Financial Conduct Authority)

DEPOSITARY
BNY Mellon Trust & Depositary (UK) Limited
Registered and Head Office
The Bank of New York Mellon Centre
160 Queen Victoria Street
London EC4V 4LA
England
(Authorised and regulated by the Financial Conduct Authority)

ADMINISTRATOR AND REGISTRAR
SMT Fund Services (Ireland) Limited
Block 5
Harcourt Centre
Harcourt Road
Dublin 2
Ireland
(Regulated by the Central Bank of Ireland)

AUDITOR
Deloitte LLP
Lomond House
9 George Square
Glasgow G2 1QQ
Scotland

AUTHORISED STATUS

Saracen Investment Funds ICVC (the “Company”) is an open-ended investment company incorporated in Scotland under registration number SI000005 and authorised by the Financial Services Authority (“FSA”) with effect from 19 January 1999. On 1 April 2013, the FSA was spilt into two bodies; the ‘Prudential Regulation Authority’ (“PRA”) and the ‘Financial Conduct Authority’ (“FCA”). As from 1 April 2013, the Company is regulated by the FCA.

The Company is a “UCITS Scheme” and the currency of the Company is pounds Sterling (“GBP” or “£”).

Shareholders are not liable for the debts of the Company.

DIRECTORS’ STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes (“COLL”) Sourcebook as issued and amended by the FCA.

The Directors are of the opinion it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominately of securities that are readily realisable and, accordingly, the Company has adequate resources to continue in operational existence for the foreseeable future.

On behalf of SFM, ACD of the Company:

______________________ ______________________

Director Director

Date: 10 April 2014

STATEMENT OF ACD'S RESPONSIBILITIES

The ACD is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice ("GAAP").

The COLL Sourcebook requires the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the sub funds and of the net revenue and of the net capital gains on the scheme property of the Company and the sub funds for that year. In preparing those financial statements, the ACD is required to:

- select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements in accordance with the requirements of the Investment Management Association ("IMA") Statement of Recommended Practice ("SORP"); and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements comply with the COLL Sourcebook. The ACD is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's Auditors are unaware; and
- the ACD has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditors are aware of that information.

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

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.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the COLL Sourcebook, the Open–Ended Investment Companies Regulations 2001 (SI 2001/1228) (the "OEIC Regulations") and the Company's Instrument of Incorporation, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers of the Company.

REPORT OF THE DEPOSITARY

In our opinion, during the year under review, we confirm that in all material respects the Company 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 revenue, in accordance with the rules in the COLL Sourcebook and, where applicable, the OEIC Regulations and the Instrument of Incorporation of the Company, and has observed the investment and borrowing powers and restrictions applicable to the Company.

BNY Mellon Trust & Depositary (UK) Limited
Depositary of the Company
Date: 10 April 2014

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SARACEN INVESTMENT FUNDS ICVC

We have audited the financial statements of Saracen Investment Funds ICVC ("the company") for the year ended 31 December 2013 which comprise the Aggregated Statement of Total Return, the Aggregated Statement of Change in Net Assets Attributable to Shareholders, the Aggregated Balance Sheet, the related notes 1 to 9 and for each sub-fund: the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes, and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Management Association in October 2010, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

This report is made solely to the company's shareholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DEPOSITARY, THE AUTHORISED CORPORATE DIRECTOR (ACD) AND THE AUDITOR

As explained more fully in the Depositary's Responsibilities Statement and the ACD's Responsibilities Statement, the Depositary is responsible for safeguarding the property of the company and the ACD is responsible for the preparation of the financial statements. Our responsibility is to audit and express an opinion on the financial statements in accordance with the requirements of the Collective Investment Schemes Sourcebook, applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the ACD; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SARACEN INVESTMENT FUNDS ICVC (Cont.)

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the financial position of the company and the sub funds as at 31 December 2013 and of the net revenue and the net capital gains on the property of the company and the sub funds for the year ended 31 December 2013; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice "Financial Statements of Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK

In our opinion:

- proper accounting records for the company and the sub funds have been kept and the financial statements are in agreement with those records;

- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and

- the information disclosed in the Annual Report for the year ended 31 December 2013 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom
Date: 10 April 2014

AGGREGATE STATEMENT OF TOTAL RETURN
For the year ended 31 December 2013

	Notes		31 December 2013		31 December 2012
		£	£	£	£
Income:					
Net capital gains	2		12,449,802		5,404,435
Revenue	3	1,870,380		1,394,120	
Expenses	4	(795,993)		(597,373)	
Finance costs: Interest	6	(937)		(1,162)	
Net revenue before taxation		1,073,450		795,585	
Taxation	5	(85,845)		(20,401)	
Net revenue after taxation			987,605		775,184
Total return before distributions			13,437,407		6,179,619
Finance costs: Distributions	6		(1,128,011)		(804,305)
Change in Net Assets Attributable to Shareholders from investment activities			**12,309,396**		**5,375,314**

AGGREGATE STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
For the year ended 31 December 2013

	Notes		31 December 2013		31 December 2012
		£	£	£	£
Opening Net Assets Attributable to Shareholders			**40,455,625**		**38,700,272**
Amounts receivable on issue of shares		21,816,512		1,238,218	
Share exchange issues on in specie transfers*		10,387,219		-	
Amounts payable on cancellation of shares		(22,372,175)		(5,543,825)	
			9,831,556		(4,305,607)
Dilution levy charged	1		-		2,184
Stamp duty reserve tax	1		(2,258)		(2,288)
Change in Net Assets Attributable to Shareholders from investment activities			12,309,396		5,375,314
Retained distribution on Accumulation Shares			913,185		685,720
Closing Net Assets Attributable to Shareholders			**63,502,414**		**40,455,625**

*Relating to the in specie transfer from Bloxham Global Equity Income Fund on 22 February 2013.

AGGREGATE BALANCE SHEET
As at 31 December 2013

	Notes		31 December 2013		31 December 2012
		£	£	£	£
ASSETS					
Investment assets			62,994,351		39,575,858
Other assets					
Debtors	8	402,935		217,040	
Cash and bank balances		4,278,496		996,268	
Total other assets			4,681,431		1,213,308
Total assets			67,675,782		40,789,166
LIABILITIES					
Other liabilities					
Creditors	9	(138,966)		(131,688)	
Distribution payable		(161,230)		(24,374)	
Bank overdrafts		(3,873,172)		(177,479)	
Total other liabilities			(4,173,368)		(333,541)
Total liabilities			(4,173,368)		(333,541)
Net Assets Attributable to Shareholders			**63,502,414**		**40,455,625**

1. ACCOUNTING POLICIES

The principal accounting policies, which have been applied in both the current and prior year, are set out below:

(a) BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the SORP issued by the IMA in October 2010.

(b) GOING CONCERN

The ACD is of the opinion it is appropriate to continue to adopt a going concern basis in the preparation of the accounts as the assets of the Company consist predominantly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

(c) BASIS OF AGGREGATION

There are two sub funds currently available to investors, therefore aggregate financial statements have been prepared.

(d) RECOGNITION OF REVENUE

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex–dividend. Interest on bank and other cash deposits is recognised on an accruals basis.

All revenue is recognised as a gross amount that includes any withholding taxes but excludes any other taxes such as attributable tax credits.

(e) TREATMENT OF STOCK AND SPECIAL DIVIDENDS

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue.

Special dividends are reviewed on a case by case basis to determine whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax accounting treatment follows the treatment of the principal amount.

(f) TREATMENT OF EXPENSES

All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, which are charged against revenue for Saracen Growth Fund (“SGF”). For Saracen Global Income & Growth Fund (“SGIG”) all expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, which are charged to capital, are charged against capital and revenue in a 50:50 split.

(g) ALLOCATION OF REVENUE AND EXPENSES TO MULTIPLE SHARE CLASSES

Any revenue or expense not directly attributable to a particular share class will be allocated pro-rata to the net assets of the relevant share classes.

1. ACCOUNTING POLICIES (continued)

(a) TAXATION

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses. Where overseas tax has been deducted from overseas revenue, tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief.

Deferred tax is provided at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Stamp duty reserve tax suffered on surrender of shares is deducted from capital.

(b) DISTRIBUTION POLICY

Surplus revenue, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders annually on SGF and semi-annually on SGIG fund. Any deficit of revenue is deducted from capital.

(c) BASIS OF VALUATION OF INVESTMENTS

Listed investments are valued at closing bid prices on the last business day of the accounting period.

(d) EXCHANGE RATES

Transactions in foreign currencies are recorded in Sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing exchange rates ruling on that date.

(e) DILUTION LEVY

The ACD may require a dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances: where the scheme property is in continual decline; on a sub fund experiencing large levels of net sales relative to its size; on large deals; in any case where the ACD is of the opinion that the interests of remaining shareholders require the imposition of a dilution levy.

(f) SHAREHOLDER FUNDS

There is no difference in rights between classes in terms of a wind up of the Company. The Company may be wound up under the provisions of the COLL Sourcebook or as an unregistered company under Part V of the Insolvency Act 1986. Winding up under the COLL Sourcebook is carried out by the ACD, which will, as soon as practicable, have the property of the Company attributable to each sub fund to be realised and the liabilities of the Company attributable to each sub fund to be met out of the proceeds. Provided that there are sufficient liquid funds available after making provision for the expenses of winding up and the discharge of the liabilities of the Company, the ACD may arrange for interim distribution to be made to shareholders, when all liabilities have been met, the balance (net of a provision for any further expenses of the Company) will be distributed to shareholders.

1. ACCOUNTING POLICIES (continued)

(a) PROTECTED CELL REGIME

On 21 December 2011, the OEIC Regulations were amended to introduce a Protected Cell Regime ("PCR") for OEICs. Under the PCR, each fund represents a segregated portfolio of assets and accordingly the assets of a fund belong exclusively to that fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body including any other fund and shall not be available for any such purpose.

The Protected Cell Regime was implemented by the Company with effect from 16 March 2012, but no re-allocation of liabilities as described above had been necessary between its two sub funds prior to that implementation.

2.

NET CAPITAL (LOSSES) / GAINS	**31.12.13** **£**	**31.12.12** **£**
The net capital (losses) / gains during the year comprise:		
Non-derivative securities	12,454,216	5,407,451
Currency gains	(1,051)	(106)
Transaction charges	(3,363)	(2,910)
Net capital (losses) / gains	12,449,802	5,404,435

3.

REVENUE	31.12.13 £	31.12.12 £
Non-taxable dividends – ordinary	1,841,776	1,384,621
REIT income	-	4,009
Tax reclaims	28,604	5,467
Bank interest	-	23
Total revenue	1,870,380	1,394,120

4.

EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	656,395	481,101
Expenses	(17,122)	1,547
	639,273	482,648
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	43,819	24,460
Safe custody and other bank charges	9,399	7,033
	53,218	31,493
Other expenses:		
FSA fee	-	-
Fees paid to auditor - audit of the financial statements	11,880	11,455
- tax compliance services	2,932	3,360
Printing fees	3,584	5,681
Publication costs	10,933	10,522
Legal and professional fees	3,799	3,810
Set up costs	-	(30,000)
Administration fees	58,243	49,850
Other expenses	12,131	28,554
	103,502	83,232
Total expenses	795,993	597,373

5. TAXATION	31.12.13 £	31.12.12 £
(a) Analysis of charge for the year		
Corporation tax at 20%	-	-
Overseas tax	85,845	20,401
Current tax charge (note 5b)	85,845	20,401
Total taxation	85,845	20,401

(b) FACTORS AFFECTING CURRENT CHARGE FOR THE YEAR

The tax assessed for the year differs from the standard rate of corporation tax in the UK for and authorised fund (20%) (31.12.12: 20%) for the reasons explained below:

Net revenue before taxation	1,073,450	795,585
Corporation tax at 20%	214,690	159,117
Effects of:		
Non-taxable dividends	(368,355)	(276,924)
Refund of REIT income	-	(802)
Tax reclaims received shown in revenue	(5,721)	(1,093)
Expenses not deductible for tax purposes	187	(5,767)
Unutilised excess management expenses	159,199	125,469
Corporation tax charge	-	-
Overseas tax	85,845	20,401
Current tax charge/(credit) (note 5a)	85,845	20,401

(c) DEFERRED TAX

At the year-end there are potential tax assets of £1,545,355 (31.12.12: £1,386,157) in relation to surplus management expenses. It is considered unlikely that the Company will generate sufficient taxable profits in the future to utilise these amounts and, therefore, no deferred tax asset has been recognised in the current or prior year.

6.

FINANCE COSTS	31.12.13 £	31.12.12 £

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

Interim	201,956	55,584
Annual	1,074,415	710,094
Add: revenue deducted on cancellation of shares	30,248	53,155
Deduct: Revenue received on issue of shares	(178,608)	(14,528)
Net distribution for the year	1,128,011	804,305
Interest	937	1,162
Total finance costs	1,128,948	805,467

Details of the distributions per share are set out in the tables on pages 39 & 63.

7.

MOVEMENT BETWEEN NET REVENUE AND DISTRIBUTIONS		
Net revenue after taxation	987,605	775,184
Allocation to Capital:		
Currency gains	(1,167)	(707)
Undistributed income	-	-
Capital expenses	141,427	29,827
Balance of revenue brought forward	-	-
Balance of revenue carried forward	146	1
Net distributions for the year	1,128,011	804,305

Revenue is distributed annually for SGF and on a semi-annual basis for SGIG.

8.

DEBTORS	**31.12.13 £**	**31.12.12 £**
Amounts receivable for issue of shares	168,831	26,229
Accrued revenue:		
Non-taxable dividends	158,205	113,904
Taxation recoverable:		
Income tax	75,899	76,907
Total debtors	402,935	217,040

9. **CREDITORS**

Amounts payable for cancellation of shares	37,818	24,524
Accrued expenses:		
Amounts payable to the ACD, associates of the		
ACD and agents of either of them:		
ACD's periodic charge	53,451	41,186
Other expenses	-	17,122
	53,451	58,308
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	3,753	2,516
Transaction charges	1,026	5,128
Safe custody and other bank charges	1,338	2,329
Interest payable	-	291
	6,117	10,264
Other expenses	41,543	38,592
Distribution payable	37	-
Total creditors	138,966	131,688

INVESTMENT MANAGER'S REPORT

For the year ended 31 December 2013

INVESTMENT OBJECTIVE AND POLICY

The investment objective of SGF is to achieve a long term total return on the invested assets at a higher rate than the total return on the FTSE All-Share Index. To meet this objective, the ACD will carefully select and invest in a diversified portfolio of primarily United Kingdom equity securities which provide the potential for long term growth. SGF may also invest in overseas securities, and may also invest in cash and near cash, deposits and collective investment schemes. In most cases this is likely to occur only where the ACD considers that equity share prices have become overvalued.

Not more than 10% of SGF's assets can be invested in aggregate in units of other UCITS Schemes (as defined for the purposes of the FCA Rules) or other collective investment undertakings.

Risk will be carefully controlled through diversification and rigorous analysis. In addition to the objective of maximising returns, the ACD will also seek to protect the capital of investors in SGF. SGF would be a UCITS Scheme if it were itself an open-ended investment company in respect of which an authorisation order made by the FCA were in force.

The performance benchmark against which the performance of SGF is measured is the total return index of the FTSE All-Share. The base currency of this Fund is pounds Sterling.

INVESTMENT REVIEW

We began our last three Annual Reports noting the volatility in the stockmarket however this year we are pleased to note the opposite. The market has, in the main, enjoyed steady progress over the course of 2013 with a positive return in nine out of twelve months.

Confidence levels grew as the year progressed when many of the underlying issues affecting market sentiment appeared to become less relevant or disappeared altogether. The tail risks of the Eurozone crisis, slowing growth in China and US tapering were soon dismissed by a buoyant market.

During 2013, SGF outperformed its benchmark, the FTSE All-Share Index (Total Return). For the year as a whole, Alpha shares achieved a total return of 34.1% and Beta shares 34.7% compared with the benchmark total return of 20.8%. Reasons for this outperformance will be explained in greater detail later in this Investment Review, however it is pleasing to note SGF has now outperformed its benchmark in twelve out of its fifteen years.

Since inception on 5 March 1999 to 31 December 2013, SGF's Alpha and Beta shares have achieved a total return of 381.0% and 422.6% respectively after all expenses against a total return of 105.2% from the FTSE All-Share Index.

PORTFOLIO REVIEW

Before mentioning specific stocks which helped to generate performance for SGF, it is important to note the change in the composition of the fund which occurred during 2013. We began the year under review with 46% of the portfolio in FTSE 100 companies, 16% in FTSE 250 stocks and 38% held within the FTSE Small Cap and AIM. Fast forward twelve months and the fund now has 24% in the FTSE 100, 23% in the FTSE 250 and 53% held in FTSE Small Cap and AIM stocks. Over the course of the year we have found better value in companies lower down the market capitalisation scale. This readjustment has helped the fund outperform its benchmark over the past twelve months.

Turning to specific stocks which have driven outperformance, the strongest performer over the course of 2013 was **STV Group**. STV is the national commercial broadcaster for Scotland and the shares ended the year at 299p, up 200% over the twelve months. The stock has been on a very inexpensive rating for a number of years as worries persisted over the high level of debt and pension deficit the company was running. Management has taken decisive action to reduce both of the above and recent results have shown the strategy to be successful, with earnings having also increased materially.

Howden Joinery, the UK's leading supplier of kitchens and joinery to trade customers, again makes it into our end of year review having doubled during 2013. This rise follows on from the 75% share price appreciation witnessed in 2012. The company continues to have a dominant position and is generating considerable amounts of cash which it is beginning to return to shareholders through higher dividend payments.

Development Securities performed exceptionally strongly in share price terms, ending the year under review up 87%. We believed the company had been overlooked by the stockmarket in recent years and to a degree there was an element of catch-up. Additionally, it became clear asset price increases were not the preserve of prime properties but had spread to secondary sites in which Development Securities specialises.

Gleeson (MJ), first purchased for the fund in October 2012 at 140p, ended the year under review at 322p, a 129% increase on our initial purchase price and 82% ahead in 2013. Based in the North of England, the house builder focuses on the affordable end of the market with an additional strategic land buying business in the South of the country.

GKN, SGF's largest position, advanced 63% on positive trading. The company continues to be exposed to positive end markets, namely civil aerospace and global automobiles and margins are expected to continue to increase. Invensys, a mainstay of SGF, agreed to a takeover by Schneider Electric of France. Invensys had finished the prior year 57% higher and we sold our shareholding at 490p, some 50% higher than the 2012 close.

Other notable winners included **Avon Rubber**, the market leader in respiratory protection and automated dairy processing, **XP Power**, a provider of supply solutions to the electronics industry and **Berkeley Group**, the house builder focused on the London and South-East market.

Underperforming stocks in 2013 included some of our Mid and Small Cap holdings. **Ormonde Mining**, **Concurrent Technologies**, **Anglo Pacific Group** and **Zytronic** all ended the year down on an absolute basis. Although these companies have had a detrimental impact on performance in the short-term, we remain positive on their future prospects.

INVESTMENT MANAGER'S REPORT
For the year ended 31 December 2013 (Cont.)

PROSPECTS
The FTSE All-Share (Total Return) has had a strong 24 months, increasing 12.3% in 2012 and 20.8% in 2013. After such a strong performance, one might expect us to be slightly more cautious on the prospect for further progress this year. That, however, is not the case. We believe the UK stockmarket remains attractively valued. With meaningful signs of an economic recovery, both at home and abroad, we believe we are justified retaining our positive stance.

In last year's Prospects section we wrote:

'We believe M&A activity is a theme which will continue and indeed accelerate during 2013. Companies have, in the main, an attractive combination of robust balance sheets together with attractive valuations. UK corporate has spent the last four years paying down debt and has emerged from the recession in better shape. The strengthening of UK balance sheets by many companies places them in a strong position to purchase undervalued peers or more likely, be acquired by larger global players. Banks are again lending and with interest rates at historically low levels, increased corporate activity is, in our view, more likely than not.'

Roll forward twelve months and our view remains undiminished. M&A activity did indeed pick-up over the course of 2013 however it is likely this will continue. Interest rates remain at historically low levels and with signs of a global economic recovery and confidence continuing to build we expect more deals this year.

As always, fellow shareholders, we thank you for your support. It is very much appreciated.

Craig Yeaman & Jim Fisher

20 January 2014

COMPARATIVE TABLES

PERFORMANCE RECORD

Calendar Year	Share Class	Highest Price P	Lowest Price P	Distribution per Share P
2009	Alpha	197.94	125.23	3.2051
	Beta	306.89	193.36	6.6391
2010	Alpha	231.68	178.46	2.3999
	Beta	361.01	277.40	4.9852
2011^	Alpha			2.2863
	Beta			5.1237

^ Please note the highest and lowest prices for 2011 are shown in pounds below and from 3 June 2011 the Net Assets and distribution per Share are reported in pounds.

		Pounds £	Pounds £	Pounds £
2011	Alpha	2.43	1.90	
	Beta	3.80	2.97	
2012	Alpha	2.48	2.14	0.0249
	Beta	3.90	3.35	0.0563
2013	Alpha	3.30	2.51	0.0366
	Beta	5.23	3.95	0.0758
2014*	Alpha	-	-	0.0098
	Beta	-	-	0.0291

* Paid on 31 March 2014

COMPARATIVE TABLES (CONT.)

NET ASSETS

Date	Share Class	Net Assets £	Shares in Issue	Net Assets per Share P
31.12.11	Alpha Beta	17,544,599 16,817,319	8,323,956 5,094,548	2.1077 3.3010
31.12.12	Alpha Beta	18,998,089 16,301,833	7,709,676 4,202,823	2.4642 3.8788
31.12.13	Alpha Beta	4,975,351 24,909,463	1,506,115 4,766,591	3.3034 5.2258

ONGOING CHARGES FIGURE ("OCF")

	31.12.13 %		31.12.12 %	
	Alpha	Beta	Alpha	Beta
OCF	1.72	1.23	1.77	1.27

The OCF represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the year. The OCF is expressed as an annual percentage rate.

The OCF replaces the previously disclosed Total Expense Ratio ("TER") following the introduction of UCITS IV and publication of the Key Investor Information Document ("KIID").

Synthetic Risk and Reward Indicator ("SRRI"). As disclosed in the most recent KIID the SRRI figure for the period of this report is 6 (2012: 6).

PORTFOLIO STATEMENT

Holding	Portfolio of Investments	Value £	Total Net Assets 31.12.13 %	Total Net Assets 31.12.12 %
	UNITED KINGDOM			
	AEROSPACE & DEFENCE			
140,000	Avon Rubber	819,000	2.74	3.98
	AUTOMOBILES & PARTS			
470,000	GKN	1,754,510	5.87	4.47
	CHEMICALS			
630,000	Elementis	1,694,070	774,982	
47,000	Victrex Plc	863,390	2.89	
		2,557,460	8.56	4.91
	CONSTRUCTION MATERIALS			
440,252	Tyman Plc	1,005,976	3.37	-
	ELECTRONIC & ELECTRICAL EQUIPMENT			
60,000	XP Power	953,400	3.19	
106,404	Zytronic	253,241	0.85	
		1,206,641	4.04	5.89
	FINANCIAL SERVICES			
246,400	City of London Investment Group	584,584	1.96	
52,430	Rathbone Brothers	846,220	2.83	
		1,430,804	4.79	6.06
	GENERAL FINANCIAL			
80,000	Aberdeen Asset Management	400,000	1.34	
40,000	Close Bros Group	548,800	1.84	
280,000	Lion Trust	707,000	2.36	
		1,655,800	5.54	2.81
	GENERAL INDUSTRIALS			
172,000	RPC Group	1,014,800	3.40	5.04

Holding	Portfolio of Investments	Value £	Total Net Assets 31.12.13 %	31.12.12 %
	UNITED KINGDOM (Cont.)			
	GENERAL RETAILERS			
237,500	Bon Marche Holdings	559,313	1.87	-
	HEALTHCARE			
500,000	Futura Medical	382,500	1.28	0.81
	HOUSE, LEISURE & PERSONAL GOODS			
50,000	Berkeley Group Holdings	1,328,000	4.44	
446,659	MJ Gleeson Group	1,438,242	4.81	
		2,766,242	9.25	4.43
	INDUSTRIAL ENGINEERING			
120,000	Fenner Plc	582,000	1.95	
170,000	Hill & Smith Holdings	876,350	2.93	
92,000	IMI	1,403,000	4.69	
56,000	Weir Group (The)	1,193,920	4.00	
		4,055,270	13.57	9.92
	INVESTMENT COMPANIES (AIM LISTED)			
39,000	Brooks Macdonald Group	576,225	1.93	2.86
	LEISURE			
34,000	Carnival Corp Com	850,340	2.85	2.09
	LIFE INSURANCE			
169,000	Aviva Plc	759,993	2.54	3.30

Holding	Portfolio of Investments	Value £	31.12.13 %	31.12.12 %
	UNITED KINGDOM (Cont.)			
	MEDIA			
465,000	STV Group	1,388,025	4.64	2.03
	MINING			
346,000	Anglo Pacific Group	637,505	2.13	
12,500,000	Ormonde Mining	558,750	1.87	
		1,196,255	4.00	5.44
	MOBILE TELECOMMUNICATIONS			
-	Vodafone Group	-	-	2.05
	OIL & GAS PRODUCERS			
90,150	BG Group	895,275	3.00	
290,198	Resaca Exploitation depositary interests	-	-	
		895,275	3.00	9.20
	PHARMACEUTICALS & BIOTECHNOLOGY			
-	AstraZeneca	-	-	
-	GlaxoSmithKline	-	-	
		-	-	4.52
	REAL ESTATE			
350,000	Development Securities	933,625	3.12	1.27

PORTFOLIO STATEMENT

Holding	Portfolio of Investments	Value £	Total Net Assets 31.12.13 %	31.12.12 %
	UNITED KINGDOM (Cont.)			
	SOFTWARE & COMPUTER SERVICES			
120,000	Craneware	630,000	2.11	7.67
	SUPPORT SERVICES			
600,000	Hogg Robinson	472,500	1.58	
450,000	Howden Joinery	1,551,600	5.19	
223,500	Safestyle Plc	223,500	0.75	
704,000	Speedy Hire Plc	704,000	2.36	
		2,951,600	9.88	3.07
	TECHNOLOGY HARDWARE & EQUIPMENT			
971,045	Concurrent Technologies	362,200	1.21	2.17
	TOBACCO			
30,000	Imperial Tobacco Group	-	-	2.01
	TRAVEL & LEISURE			
-	Cupid	-	-	1.71
	Portfolio of investments	29,751,854	99.56	97.71
	Net other assets	132,960	0.44	2.29
	Net assets	29,884,814	100.00	100.00

The investments are valued in accordance with “Note 1”, listed on official exchanges and are ordinary shares unless stated otherwise..

SUMMARY OF MATERIAL PORTFOLIO CHANGES
For the year ended 31 December 2013

Total Purchases for the year	**£7,808,480**
Major Purchases	**Cost** **£**
LionTrust	756,769
Victrex Plc	752,097
Tyman Plc	711,957
NCC Group	704,020
Speedy Hire Plc	668,845
Aviva Plc	653,543
Bonmarche Holdings	475,000
Fenner Plc	473,530
Close Bros Group	465,036
Hogg Robinson	415,168
Brewin Dolphin Holdings	321,636
Development Securities	262,607
Carnival Corp Com	257,874
Tyman Rts	202,133
MJ Gleeson Group	159,083
Safestyle Plc	150,000
Cupid	132,926
BG Group	98,445
Elementis	85,280
RPC Group	80,564

SUMMARY OF MATERIAL PORTFOLIO CHANGES
For the year ended 31 December 2013 (Cont.)

Total Sales for the year	**£22,284,074**
Major Sales	**Proceeds £**
Invensys	2,368,535
Legal And General Group	1,439,974
BP Plc	1,405,573
Brewin Dolphin	1,056,737
Royal Dutch Shell 'B'	956,716
AstraZeneca	948,366
GlaxoSmithKline	916,685
Vodafone Group	916,112
Aberdeen Asset Management	858,856
GKN	757,895
Imperial Tobacco Group	706,213
NCC Group	642,043
Chemring Group	625,842
Avon Rubber	623,970
Vesuvius Plc	581,980
Brooks Macdonald Group	551,415
Zytronic	524,611
Alent	521,160
Howden Joinery	495,782
STV Group	466,127

The summary of material portfolio changes represents the 20 largest purchases and sales during the year.

STATEMENT OF TOTAL RETURN
For the year ended 31 December 2013

	Notes	£	31.12.13 £	£	31.12.12 £
Income:					
Net capital gains	2		9,733,358		4,932,500
Revenue	3	1,016,492		1,178,533	
Expenses	4	(513,137)		(537,720)	
Finance costs: Interest	6	-		(143)	
Net revenue before taxation		503,355		640,670	
Taxation	5	-		-	
Net revenue after taxation			503,355		640,670
Total return before distributions			10,236,713		5,573,170
Finance costs: Distributions	6		(503,144)		(639,961)
Change in Net Assets Attributable to Shareholders from investment activities			**9,733,569**		**(4,933,209)**

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
For the year ended 31 December 2013

	Notes	£	31.12.13 £	£	31.12.12 £
Opening Net Assets Attributable to Shareholders			**35,299,922**		**34,361,918**
Amounts receivable on issue of shares		4,924,186		358,683	
Amounts payable on cancellation of shares		(20,570,082)		(4,954,934)	
			(15,645,896)		(4,596,251)
Dilution levy charged	1		-		2,184
Stamp duty reserve tax	1		(4,746)		(1,675)
Change in Net Assets Attributable to Shareholders from investment activities			9,733,569		4,933,209
Retained distribution on Accumulation Shares			501,965		600,537
Closing Net Assets Attributable to Shareholders			**29,884,814**		**35,299,922**

BALANCE SHEET
As at 31 December 2013

	Notes		31.12.13		31.12.12
		£	£	£	£
ASSETS					
Investment assets			29,751,854		34,493,238
Other assets					
Debtors	8	147,752		174,827	
Cash and bank balances		111,013		746,302	
Total other assets			**258,765**		**921,129**
Total assets			30,010,619		35,414,367
LIABILITIES					
Other liabilities					
Creditors	9	(72,941)		(114,445)	
Bank overdrafts		(52,864)		-	
Total other liabilities			(125,805)		(114,445)
Total liabilities			(125,805)		(114,445)
Net Assets Attributable to Shareholders			**29,884,814**		**35,299,922**

1. ACCOUNTING POLICIES

The accounting policies shown on pages 11 and 13 relating to the Company also relate to SGF.

2. NET CAPITAL (LOSSES) / GAINS

	31.12.13 £	31.12.12 £
The net capital gains during the year comprise:		
Non-derivative securities	9,734,281	4,934,885
Currency gains	(415)	-
Transaction charges	(508)	(2,385)
Net capital gains	9,733,358	4,932,500

3. REVENUE

Non-taxable dividends	1,016,492	1,174,524
REIT income	-	4,009
Total revenue	1,016,492	1,178,533

4. EXPENSES

Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	432,486	445,289
Printing costs	-	-
Expenses	(17,122)	1,547
	415,364	446,836
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	21,162	21,151
Safe custody and other bank charges	8,920	4,808
	30,082	25,959

4. EXPENSES (Cont.)	31.12.13 £	31.12.12 £
Other expenses:		
Fees paid to auditor - audit of the financial statements	5,940	7,920
- tax compliance services	2,932	2,982
Printing fees	1,573	5,004
Publication costs	6,958	6,930
Legal and professional fees	2,000	2,006
^Set up costs	-	(29,600)
Administration fees	36,135	43,904
Other expenses	12,153	25,779
	67,691	64,925
Total expenses	513,137	537,720

^The set up costs included an Anti-Money Laundering ("AML") compliance fee, legal fees and the Administrator's transitional fee for 2011. The set up costs that were unused were written off in 2012.

5. TAXATION

(a) Analysis of charge for the year

Corporation tax at 20%	-	-
Overseas tax	-	-
Current tax charge/(credit) (note 5b)	-	-
Total taxation	-	-

(b) Factors affecting current charge for the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK for and authorised fund (20%) (31.12.12: 20%) for the reasons explained below:

Net revenue before taxation	503,355	640,670
Corporation tax at 20%	100,671	128,134
Effects of:		
Non-taxable dividends	(203,298)	(255,476)
Non-taxable REIT income	-	(802)
Expenses not deductible for tax purposes	-	(5,891)
Unutilised excess management expenses	102,627	113,464
Corporation tax	-	-
Current tax charge (note 5a)	-	-

5. TAXATION (Cont.)

(c) Deferred tax
At the year-end there are potential tax assets of £1,470,843 (31.12.12: £1,368,216) in relation to surplus management expenses. It is considered unlikely that the sub fund will generate sufficient taxable profits in the future to utilise these amounts and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

	31.12.13 £	31.12.12 £

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

	31.12.13 £	31.12.12 £
Annual	501,965	600,537
Add: revenue deducted on cancellation of shares	20,495	42,969
Deduct: Revenue received on issue of shares	(19,316)	(3,545)
Net distribution for the year	503,144	639,961
Interest	-	143
Total finance costs	503,144	640,104

Details of the distributions per share are set out in the table on page 39.

7. MOVEMENT BETWEEN NET REVENUE AND DISTRIBUTIONS

	31.12.13 £	31.12.12 £
Net revenue after taxation	503,355	640,670
Allocations to Capital:		
Currency losses	(345)	(709)
Undistributed income	-	-
Balance of revenue brought forward	134	-
Net distributions for the year	503,144	639,961

Revenue is distributed on an annual basis.

8. DEBTORS	31.12.13 £	31.12.12 £
Amounts receivable for issue of shares	10	23
Accrued revenue:		
Non-taxable dividends	100,971	103,408
Taxation recoverable:		
Overseas withholding tax	46,771	71,396
Total debtors	147,752	174,827

9. CREDITORS		
Amounts payable for cancellation of shares	15,572	24,524
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	26,606	37,901
Other expenses	-	17,122
	26,606	55,023
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1,473	1,794
Transaction charges	170	2,053
Safe custody and other bank charges	1,338	2,027
	2,981	5,874
Other expenses	27,781	29,024
Taxation payable: Stamp duty reserve tax	1	-
Total creditors	72,941	114,445

10. RELATED PARTY TRANSACTIONS

The ACD is a related party, and acts as principal in respect of all transactions of shares in the Company. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Graham Hugh Campbell ("GHC") is a Director of the ACD, investment manager of SGIG and Chief Executive Officer of SFM. GHC held 25,000 Beta shares in SGF as at 31 December 2013 (31.12.12: 10,000). James Clelland Fisher ("JCF") is a Director of the ACD, fund manager of SGF and Chairman of SFM. JCF held 191,700 Beta shares in SGF as at 31 December 2013 (31.12.12: 175,000). Daniel Avraham Leaf ("DAL") is a Director of the ACD and fund manager of SGIG. DAL held 4,396 Beta shares in SGF as at 31 December 2013 (31.12.12: 4,396). Sandra Leaf, wife of DAL, held 3,790 Beta shares in SGF as at 31 December 2013 (31.12.12: 3,790). John Cameron Spence ("JCS") is a Director of the ACD. JCS held 1,772 Alpha shares in SGF as at 31 December 2013 (31.12.12: 1,772). Kerry Spence, wife of JCS, held 1,152 Alpha shares in SGF as at 31 December 2013 (31.12.12: 1,152)

Management fees paid to the ACD are shown in note 4. The balance due to the ACD at the year-end in respect of the periodic charge was £26,606 (31.12.12: £37,901) and expenses incurred on behalf of SGF by the ACD and recharged to SGF was £Nil (31.12.12: £17,122).

Depositary fees, safe custody fees and transaction charges paid to the Depositary are shown in note 4. The balance due to the Depositary at the year-end in respect of these fees was £2,981 (31.12.12: £5,874).

In addition, SGF paid interest on bank balances held by the Depositary. The amounts paid are shown in note 6.

11. SHAREHOLDERS FUNDS

SGF has two share classes: Alpha and Beta. The annual management charge on those shares is 1.50% and 1.00% respectively.

The Net Asset Value, the Net Asset Value per share and the number of shares in issue are given in the Comparative Tables.

12. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or outstanding commitments (31.12.12: none)

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (Cont.)

The main risks from SGF's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

i) Credit risk
SGF may find that securities in which it invests fail to settle their debts on a timely basis. The securities issued by such companies may decline in value as a result of the perceived increase in credit risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

ii) Interest rate risk
Interest rate risk is the risk that the value of SGF's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in the interest rate environment, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of income receivable from fixed interest securities, receivable on bank balances or payable on bank overdrafts may be affected by fluctuations in interest rates.

By a careful assessment of economic and other relevant factors, the investment adviser will seek to invest in those securities most likely to benefit, or be shielded, from anticipated changes in interest rates.

The table below shows the interest rate risk profile:

	31.12.13 **£**	**31.12.12** **£**
Floating rate assets / liabilities:		
Pound Sterling	58,149	746,302
Assets on which interest is not paid:		
Pound Sterling	29,852,835	34,621,365
Swiss Francs	46,771	46,771
	29,957,755	34,668,065
Liabilities on which interest is not paid:		
Pound Sterling	(72,941)	(114,445)
Net Assets	29,884,814	35,299,922

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (Cont.)

ii) Interest rate risk (continued)
The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to UK LIBOR or its international equivalents.

There are no material amounts of non-interest bearing financial assets and liabilities other than equities, which do not have maturity dates.

iii) Foreign currency risk
Foreign currency risk is the risk that the sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

The table below shows the foreign currency risk profile:

	31.12.13 £	**31.12.12 £**
Currency:		
Swiss Francs	46,771	46,700
Pound Sterling	29,838,043	35,253,222
	29,884,814	35,299,922

The investment adviser may seek to reduce exposure to currency risk by the use of forward contracts. The hedging of currency exposure is undertaken to minimise foreign currency exposure or where the investment adviser considers that there is a compelling economic case. However, no single hedging strategy can be universally suitable for all shareholders.

The equity markets of the emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria, and can make it difficult to establish accurate estimates of fundamental value. The dearth of accurate and meaningful information, and inefficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with low dealing volumes, can restrict the investment adviser's ability to execute substantial deals.

iv) Liquidity risk
The main liability of SGF is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of SGF's assets consist of readily realisable securities.

All assets and liabilities of SGF held at 31 December 2013 can be liquidated within one month in normal circumstances.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (Cont.)

v) Market price risk
Market price risk is the risk that the value of the financial instruments of SGF will fluctuate as a result of changes in market prices caused by factors other than interest rates or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the sub fund holds.

Market price risk represents the potential loss SGF may suffer through holding market positions in the face of price movements. The investment portfolio of SGF is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. For an equity portfolio the risk is generally regarded as consisting of two elements - stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of primarily UK securities can mitigate market risk.

At 31 December 2013, if the price of each equity held by the sub fund had increased by 5% (2012: 5%), whilst the foreign currency rates held constant, there would have been the following approximate increases in Net Assets attributable to shareholders: 2013: £1,487,593 (2012: £1,724,662).

A decrease by 5% (2012: 5%) would result in an equal but opposite effect on Net Assets attributable to shareholders to the figures shown above, on the basis that all other variables remain constant.

This calculation is based on adjusting the fair value of the equities, as at 31 December 2013 and 2012. Based on the view of the market a 5% movement would be deemed reasonable of the underlying funds for the calculation, this represents the view of the Investment Manager of a reasonably possible movement for a six to twelve month period based on current market conditions.

vi) Fair value of financial assets and financial liabilities
There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

vii) Sensitivity analysis
SGF held no derivatives during the year.

14. PORTFOLIO TRANSACTION COSTS

PORTFOLIO TRANSACTION COSTS	31.12.13 £	31.12.12 £
Analysis of total purchase costs		
Purchases in year before transaction costs	7,760,985	6,999,339
Transaction costs:		
Commissions	12,534	12,095
Stamp duty and other charges	34,961	31,350
	47,495	43,445
Gross purchase total	7,808,480	7,042,784
Analysis of total sale costs		
Gross Sales before transaction costs	22,325,204	11,522,805
Transaction costs:		
Commissions	(40,851)	(22,565)
Other charges	(279)	(2,165)
	(41,130)	(24,730)
Total sales net of transaction costs	22,284,074	11,498,075

15. POST BALANCE SHEET EVENTS

Subsequent to the year end, the net asset value per unit of SGF has increased from £3.3034 to £3.5214 for the Alpha shares and from £5.2258 to £5.5776 for the Beta shares as at 2 April 2014. This movement takes into account routine transactions but also reflects the significant market movements of recent months. There are no post balance sheet events which require adjustments at the year end.

There were no material post balance sheet events which have a bearing on the understanding of the financial statements (31.12.12: none).

DISTRIBUTION TABLE

For the year ended 31 December 2013 (in pounds per share)

Annual
Group 1 - Shares purchased prior to 1 January 2013
Group 2 - Shares purchased on or after 1 January 2013 and on or before 31 December 2013

Alpha Shares	**Net Revenue**	**Equalisation**	**Allocated 31.03.14**	**Allocated 31.03.13**
Group 1	0.009758	-	0.009758	0.036599
Group 2	0.009102	0.000656	0.009758	0.036599

Beta Shares	**Net Revenue**	**Equalisation**	**Allocated 31.03.13**	**Allocated 31.03.12**
Group 1	0.029063	-	0.029063	0.075751
Group 2	0.010354	0.018709	0.029063	0.075751

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

INVESTMENT MANAGER'S REPORT

For the year ended 31 December 2013

INVESTMENT OBJECTIVE

The investment objective of SGIG Fund is to provide a long-term total return, through investing in a portfolio of global equity securities. There is an explicit recognition that income is an important factor for many investors and a significant contributor to long-term investment returns. The objective of SGIG is to provide Accumulation Shares, Distribution Shares, A Accumulation Shares and A Distribution Shares with the aim of providing a degree of income to investors together with building capital. To meet this objective, the ACD will carefully select and invest in a diversified portfolio of primarily overseas securities which provide the potential for income and long-term growth.

These securities will be chosen from certain overseas markets, including the United Kingdom and may comprise equity and fixed interest securities, or otherwise as permitted by the FCA Rules. The number of securities held within the portfolio may be restricted if this is deemed to be necessary at the discretion of the ACD. SGIG may also invest in cash and near cash, deposits and collective investment schemes. In addition to maximising returns, the ACD will also seek to protect the capital of investors.

Not more than 10% of SGIG's assets can be invested in aggregate in units of other UCITS Schemes (as defined for the purposes of the FCA Rules) or other collective investment undertakings.

The ACD will employ a value based approach, using both quantitative and qualitative techniques to achieve the above objective. Risk will be carefully controlled through diversification and rigorous analysis.

FUND MERGER

Following shareholders' approval, towards the end of February we completed the merger of Bloxham Global Equity Income Fund. The assets transferred were valued at £10.4m which compared with SGIG's value of £5.9m. Following the merger two new share classes (SGIG 'A' Accumulation and SGIG 'A' Distribution) were created to replicate the charges of the Bloxham Fund. The Bloxham Fund's portfolio had previously been reconstituted with both funds run in tandem.

INVESTMENT REVIEW

The year under review proved favourable for equity investors. It is gratifying to report that SGIG achieved a total return of +25.3% over the past twelve months, which compares to +20.8% for the total return on the FSTE All-Share Index and 22.4% total return on the FSTE World Index. In contrast, the total return on the Gilts All Stocks Index produced a negative return of -3.9% while cash provided +0.5%. The dividend of SGIG for the year was increased by 13.0% to 3.94p.

INVESTMENT MANAGER'S REPORT

For the year ended 31 December 2013 (Cont.)

INVESTMENT REVIEW (CONT.)

Towards the end of last year we wrote to shareholders with the following comment:

'Our message throughout 2012 has been consistent; relatively low earnings valuations and healthy dividends have meant that investors are being 'paid to wait' for the economic upturn. Meanwhile yields on cash and bonds remain poor. As we enter December, however, we feel increasingly bullish as it is clear that some of the 'tail risks' have drastically reduced. Even if we do not experience meaningful economic growth in 2013, equity markets should start to anticipate an eventual recovery.'

In 2013, equities provided excellent returns without a concerted improvement in global economies. Nevertheless as the year progressed, many of the concerns which dogged sentiment since the beginning of the financial crisis have alleviated. As confidence has returned, companies have started to employ their strong balance sheets to acquire other businesses as well as repurchase shares and grow their dividends. Although investors have remained nervous, there has been a noticeable uplift in appetite for new issues and the raising of capital for corporate transactions. The comments we made at the end of 2012 remain pertinent, although we are now one year further down the line and closer to an economic upturn.

PORTFOLIO REVIEW

As in previous years, we have been surprised at the both the differential and scale of share price movements for the constituents of SGIG which is intended to provide steady and predictable returns. Nevertheless, a number of patterns can be identified:

- After a lacklustre 2012, pharmaceuticals performed strongly led by **Roche** (+36%), **Johnson & Johnson** (+29%), **Novartis** (+24%) and **GSK** (+20%). **Sanofi**, last year's star performer, appreciated by a more modest +11%.
- Branded consumer staples produced a wide range of returns but, in general, lagged the overall market. The performance of **A-B InBev** (+19%), **Procter & Gamble** (+18%) contrasted with Unilever (+4%) and **Kellogg** (+8%).
- Chemical stocks continued to provide stellar returns with **DuPont** (+42%) and **DSM** (+28%).
- After performing well last year, industrials produced more mixed returns. **GKN** (+55%), **IMI** (+39%) and **ABB** (+25%) performed strongly while the market fretted about the mining exposure of **Atlas Copco** (-1%) and **SKF** (+2%).
- The oils majors proved reasonable performers with **Conoco** (+21%) and **Repsol** (+20%) standing out, while **Royal Dutch Shell** (+4%) was a disappointing performer.
- Our telecoms exposure provided stunning returns with **Vodafone** (+53%) and **Deutsche Telecom** (+47%).

Elsewhere, **Deutsche Post** (+62%), **Reed Elsevier** (+41%), **Microsoft** (+37%) and **Deutsche Borse** (+32%) were outstanding contributors. At the other end of the scale, **HSBC** (+2%), **McDonald's** (+8%) and **Carnival** (+9%) did not participate fully against a strong market background. Perhaps most illustrative of the variance in share price movements is represented by the fate of our holdings in satellite companies with **Inmarsat** rising +29%, **SES** +1% and **Eutelsat** falling -7%.

Such a review fails to consider any activity over the course of the year. In particular we took advantage of share price weakness to increase holdings in the lagging industrial companies which we believe will benefit from stronger demand.

PORTFOLIO REVIEW (Cont.)

During the year we disposed of nine holdings and acquired new positions in fifteen companies. Our decisions to sell holdings over the year were split into two categories. The first group resulted from the shares reaching valuations which, we believed, could not be justified by the anticipated future level of earnings: **Aberdeen Asset Management**, **Reckitt Benckiser**, **ProSieben** and **Colgate Palmolive** were in this group. The other disposals resulted from deteriorations in our 'worst case' expectations which meant that the risk profiles were no longer valid for SGIG. Following a reassessment of the prospects for **Imperial Group**, **Altria**, **Tesco** and **AstraZeneca**, we sold these securities. One other company which we sold was **Heinz**, which, to our surprise, was taken over early in the year.

The new stocks introduced to SGIG were diverse in their activities. Our analysis indicated that all these companies should be capable of providing shareholders with a predictable and rising level of dividend growth from a reasonable starting yield while trading on valuations which allow for some capital appreciation. The companies can be divided into a number of subsets:

- High quality branded consumer goods companies with strong earnings prospects. **Givaudan**, **Hugo Boss**, **SCA** and **Stanley Black and Decker** are all businesses which we have admired and tracked for some time.
- Under appreciated companies spawned by demergers. Both **Kraft** and **AbbVie** represented attractive investment propositions as a result of splitting from more glamorous sister companies.
- High yielding utilities with growing dividends. While we are generally wary of investing in regulated utilities, **National Grid**, **Telenor** and **bpost** have strong balance sheets and should be capable of increasing their dividends over the coming years.
- Slimmed down financial groups with attractive core businesses. Both **CSFB** and **Aviva** have suffered from poor allocation of capital over many years. As management teams concentrated on the more profitable and better quality businesses, shareholders should enjoy the benefits.
- Economically sensitive companies which are not priced for economic recovery. We identified a number of top quality companies with decent margins and balance sheets but operating in challenging markets. These stocks all have good yields with scope for improved returns when their end markets pick up. **GKN**, **Sandvik**, **BMW**, **Caterpillar** and **St Gobain** all fall into this category.

These changes over the course of the year resulted in a major readjustment of the makeup of the portfolio with the consumer goods weighting falling from 22% to 14% while industrials have risen from 21% to 28%. This trend has resulted from identifying superior value in more economically sensitive companies. By contrast, some of our favoured global consumer goods holdings have become simply too expensive.

PROSPECTS

Although the tilt of the SGIG portfolio altered throughout last year, our investment approach has remained consistent. SGIG comprises a portfolio of global leading companies with defendable market positions with high margins and strong balance sheets. Our analysis continues to indicate that valuations are reasonable and that the portfolio should be capable of providing healthy dividend growth.

We do not profess to possess great predictive powers for the timing of any economic recovery, but we have found an increasing number of top quality companies which should benefit from a more favourable background. No doubt 2014 will present its fair share of challenges, but we believe that the portfolio is particularly well positioned to enjoy another successful year.

Thank you for your support over the past year. We look forward to providing further value to our fellow shareholders over the coming year.

Graham Campbell and Daniel Leaf
20 January 2014

COMPARATIVE TABLES

PERFORMANCE RECORD

Calendar Year		Highest Price P	Lowest Price P	Distribution per Share P
2009		100.00	100.00	-
2010		100.00	100.00	-

Saracen Special Situations Fund had been dormant during the years above until it was successfully re-launched on 8 June 2011 as SGIG.

As per below from 3 June 2011 the Net Assets and distribution per Share are reported in pounds Sterling.

	Share Class	Pounds £	Pounds £	Pounds £
2011	Accumulation	1.01	0.87	-
	Distribution	1.01	0.87	-
2012	Accumulation	1.12	0.96	0.0088
	Distribution	1.09	0.95	0.0336
2013	Accumulation	1.40	1.13	0.0354
	Distribution	1.31	1.08	0.0104
	A Accumulation	1.14	1.00	-
	A Distribution	1.12	1.00	0.0188
2014*	Accumulation	-	-	0.0141
	Distribution	-	-	0.0132
	A Accumulation	-	-	0.0094
	A Distribution	-	-	0.0093

* Paid on 31 March 2014
# Two new share classes, A Accumulation and A Distribution were launched on 22 February 2013.

COMPARATIVE TABLES (Cont.)

NET ASSETS

Date	Share Class	Net Assets £	Shares in Issue	Reported Net Assets per Share £
31.12.11	Accumulation	2,598,118	2,655,389	0.9780
	Distribution	1,740,236	1,796,335	0.9779
31.12.12	Accumulation	2,671,418	2,407,210	1.1098
	Distribution	2,484,285	2,338,676	1.0727
31.12.13	Accumulation	13,180,593	9,481,828	1.3901
	Distribution	11,198,405	8,686,507	1.3024
	A Accumulation	3,675,109	3,239,073	1.1346
	A Distribution	5,563,493	5,034,193	1.1144

OCF

	31.12.13 %			
	Accumulation	Distribution	A Accumulation	A Distribution
OCF	1.03	1.03	1.78	1.78

	31.12.12 %			
	Accumulation	Distribution	A Accumulation	A Distribution
OCF	1.26	1.26	-	-

The OCF represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the year. The OCF is expressed as an annual percentage rate.

The OCF replaces the previously disclosed TER following the introduction of UCITS IV and publication of the KIID.

SRRI: As disclosed in the most recent KIID the SRRI figure for the period of this report is 6 (2012: 6).

PORTFOLIO STATEMENT

Holding	Portfolio of Investments	Value £	Total Net Assets 31.12.13 %	Total Net Assets 31.12.12 %
	EQUITIES			
	UNITED KINGDOM			
170,000	Ashmore Group	682,210	2.03	
175,000	Aviva Plc	786,975	2.34	
84,000	BP	409,962	1.22	
30,000	Diageo	600,000	1.78	
150,000	GKN	559,950	1.67	
41,000	GlaxoSmithKline	660,715	1.97	
120,000	HSBC Holdings	794,880	2.36	
45,000	IMI	686,250	2.04	
100,000	Inmarsat	756,000	2.25	
75,000	Marks and Spencer	324,450	0.97	
80,000	National Grid	630,400	1.88	
37,500	Pearson	502,875	1.50	
32,500	Royal Dutch Shell 'B'	741,000	2.20	
30,000	Unilever	744,600	2.21	
425,000	Vodafone Group	1,007,250	3.00	
		9,887,517	29.42	32.51
	CONTINENTAL EUROPE			
	BELGIUM			
7,500	Anheuser-Busch Inbev	482,079	1.43	
32,000	Bpost	378,309	1.13	
		860,388	2.56	2.09
	FRANCE			
15,000	Compagnie De St-Gobain	498,864	1.48	
17,500	Eutelsat Communications	329,987	0.98	
11,500	Sanofi	737,849	2.19	
		1,566,700	4.65	3.80

PORTFOLIO STATEMENT (Cont.)

Holding	Portfolio of Investments	Value £	Total Net Assets 31.12.13 %	31.12.12 %
	EQUITIES (Cont.) CONTINENTAL EUROPE (Cont.)			
	GERMANY			
10,000	BASF	644,686	1.92	
7,000	BMW	496,297	1.48	
11,000	Deutsche Boerse	550,924	1.64	
20,000	Deutsche Post	440,939	1.31	
50,000	Deutsche Telekom	517,063	1.54	
5,750	Hugo Boss	495,120	1.47	
6,000	Siemens	495,632	1.47	
		3,640,661	10.83	12.18
	LUXEMBOURG			
20,000	SES	391,520	1.16	-
	NETHERLANDS			
13,000	AKZO Nobel	609,344	1.81	
12,000	Koninklijke DSM	570,658	1.70	
42,500	Reed Elsevier	544,518	1.62	
		1,724,520	5.13	6.38
	NORWAY			
37,500	Telenor	539,645	1.61	-
	PORTUGAL			
200,000	EDP-Energias De Portugal	444,267	1.32	2.18
	SPAIN			
35,000	Repsol	533,453	1.59	2.33
	SWEDEN			
30,000	Atlas Copco	502,844	1.50	
52,250	Ericsson	387,427	1.15	
50,000	Sandvik AB	426,322	1.27	
37,500	SKF AB	594,712	1.77	
25,000	Svenka Cellulosa B	465,335	1.38	
		2,376,640	7.07	5.28

PORTFOLIO STATEMENT (Cont.)

Holding	Portfolio of Investments	Value £	Total Net Assets 31.12.13 %	31.12.12 %
	EQUITIES (Cont.)			
	SWITZERLAND			
30,000	ABB Ltd	478,209	1.42	
36,000	Credit Suisse Group	666,479	1.98	
650	Givaudan	562,188	1.67	
17,000	Nestle	753,635	2.24	
23,400	Novartis	1,131,084	3.36	
5,000	Roche Holdings	845,895	2.52	
		4,437,490	13.19	10.08
	TOTAL CONTINENTAL EUROPE			44.32
	PANAMA			
28,500	Carnival Corp	691,223	2.06	1.95
	UNITED STATES			
13,000	Abbvie	414,506	1.23	
10,000	Caterpillar	548,284	1.63	
6,500	Chevron	490,210	1.46	
17,500	Coca-Cola	436,480	1.30	
12,509	ConocoPhillips	533,588	1.59	
11,500	Du Pont De Nemours	451,110	1.34	
9,100	Johnson & Johnson	503,224	1.50	
10,500	Kelloggs	387,158	1.15	
16,000	Kraft Foods	520,788	1.55	
7,000	Mcdonalds	410,087	1.22	
21,000	Microsoft	474,327	1.41	
10,000	Procter & Gamble	491,529	1.46	
10,000	Stanley Black and Decker	487,182	1.81	
		6,148,473	18.29	19.80
	Portfolio of investments	33,242,497	98.88	98.58
	Net other assets	375,103	1.12	1.42
	Net assets	33,617,600	100.00	100.00

The investments are valued in accordance with "Note 1", listed on official exchanges and are ordinary shares unless stated otherwise.

SUMMARY OF MATERIAL PORTFOLIO CHANGES
For the year ended 31 December 2013

Total Purchases for the year	**£28,033,723**
Major Purchases	**Cost** **£**
Novartis	847,178
HSBC Holdings	716,466
Aviva Plc	708,572
Vodafone Group	661,095
Credit Suisse Group	656,920
Nestle	645,330
National Grid	637,675
Unilever	632,193
Roche Holdings	631,893
Royal Dutch Shell 'B'	581,241
Ashmore Group	572,460
Sanofi	569,190
Givaudan	543,457
Carnival Corp	535,196
Inmarsat	534,587
Telenor ASA	531,844
SKF AB	531,182
Caterpillar	528,987
Stanley Black and Decker	511,751
GlaxoSmithKline	507,007

SUMMARY OF MATERIAL PORTFOLIO CHANGES
For the year ended 31 December 2013 (Cont.)

Total Purchases for the year	**£2,639,424**
Major Purchases	**Cost £**
AstraZeneca	408,682
Colgate-Palmolive	395,764
Prosieben Sat.1 Media	358,842
Reckitt Benckiser Group	329,605
Altria Group Inc	318,023
Tesco	313,884
Heinz	164,956
Aberdeen Asset Management	78,476
Imperial Tobacco Group	66,840
City of London Investment Group	57,883
Deutsche Post	56,134
AKZO Nobel	42,727
BASF	35,617
Osram Licht	11,993

The summary of material portfolio changes represents the largest 20 purchases and 14 sales during the year. There were no other sales during the year.

STATEMENT OF TOTAL RETURN

For the year ended 31 December 2013

	Notes		31.12.13		31.12.12
		£	£	£	£
Income:					
Net capital gains	2		2,716,444		471,935
Revenue	3	853,888		215,587	
Expenses	4	(282,856)		(59,653)	
Finance costs: Interest	6	(937)		(1,019)	
Net revenue before taxation		570,095		154,915	
Taxation	5	(85,845)		(20,401)	
Net revenue after taxation			484,250		134,514
Total return before distributions			3,200,694		606,449
Finance costs: Distributions	6		(624,867)		(164,344)
Change in Net Assets Attributable to Shareholders from investment activities			**2,575,827**		**(442,105)**

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 December 2013

	Notes		31.12.13		31.12.12
		£	£	£	£
Opening Net Assets Attributable to Shareholders			5,155,703		4,338,354
Amounts receivable on issue of shares		16,892,326		879,535	
Share exchange issues on in specie transfers*		10,387,219		-	
Amounts payable on cancellation of shares		(1,802,093)		(588,891)	
			25,477,452		290,644
Stamp duty reserve tax	1		(2,602)		(583)
Change in Net Assets Attributable to Shareholders from investment activities			2,575,827		442,105
Retained distribution on Accumulation Shares			411,220		85,183
Closing Net Assets Attributable to Shareholders			**33,617,600**		**5,155,703**

*Relating to the in specie transfer from Bloxham Global Equity Income Fund on 22 February 2013.

BALANCE SHEET
As at 31 December 2013

	Notes		31.12.13		31.12.12
		£	£	£	£
ASSETS					
Investment assets			33,242,497		5,082,620
Other assets					
Debtors	8	255,183		42,213	
Cash and bank balances		4,167,483		249,966	
Total other assets			4,422,666		292,179
Total assets			37,665,163		5,374,799
LIABILITIES					
Other liabilities					
Creditors	9	(66,025)		(17,243)	
Distribution payable		(161,230)		(24,374)	
Bank overdrafts		(3,820,308)		(177,479)	
Total other liabilities			(4,047,563)		(219,096)
Total liabilities			(4,047,563)		(219,096)
Net Assets Attributable to Shareholders			**33,617,600**		**5,155,703**

1. ACCOUNTING POLICIES

The accounting policies shown on pages 11 and 12 relating to the Company also relate to SGIG.

2. NET CAPITAL GAINS

	31.12.13 £	31.12.12 £
The net capital gains during the year comprise:		
Non-derivative securities	2,719,935	472,566
Currency losses	(636)	(106)
Transaction charges	(2,855)	(525)
Net capital gains	2,716,444	471,935

3. REVENUE

	31.12.13 £	31.12.12 £
Non-taxable dividends	825,284	210,097
Tax reclaim	28,604	5,467
Bank interest	-	23
Total revenue	853,888	215,587

4. EXPENSES

	31.12.13 £	31.12.12 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	223,909	35,812
	223,909	35,812
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	22,657	3,309
Safe custody and other bank charges	479	2,225
	23,136	5,534

4. EXPENSES (Cont.)	31.12.13 £	31.12.12 £
Other expenses:		
Fees paid to auditor - audit	5,940	3,535
- tax compliance services	-	378
Printing fees	2,011	677
Publication costs	3,975	3,592
Legal and professional fees	1,799	1,804
Set up costs	-	(400)
Administration fees	22,108	5,946
Other expenses	(22)	2,775
	35,811	18,307
Total expenses	282,856	59,653

5. TAXATION

(a) Analysis of charge for the year

Corporation tax at 20%		
Overseas tax	85,845	20,401
Current tax charge (note 5b)	85,845	20,401
Total taxation	85,845	20,401

(b) Factors affecting current charge for the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK for and authorised fund (20%) (31.12.12: 20%) for the reasons explained below:

Net revenue before taxation	570,095	26,422
Corporation tax at 20%	114,019	5,284
Effects of:		
Non-taxable overseas dividends	(165,057)	(42,019)
Tax reclaims received shown in revenue	(5,721)	(1,093)
Expenses not deductible for tax purposes	187	124
Unutilised excess management expenses	56,572	12,005
Corporation tax charge	-	-
Overseas tax	85,845	20,401
Current tax charge (note 5a)	85,845	20,401

5. TAXATION (Cont.)

(c) Deferred tax

At the year-end there are potential tax assets of £74,512 (31.12.12: £17,941) in relation to surplus management expenses. It is unlikely that the sub fund will generate sufficient taxable profits in the future to utilise these amounts and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

	31.12.13 £	31.12.12 £
Distributions		
The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:		
Interim distribution	201,956	55,584
Final distribution	572,450	109,557
Add: revenue deducted on cancellation of shares	9,753	10,186
Deduct: Revenue received on issue of shares	(159,292)	(10,983)
Net distribution for the year	624,867	164,344
Interest	937	1,019
Total finance costs	625,804	165,363

Details of the distributions per share are set out in the table on page 63.

7. MOVEMENT BETWEEN NET REVENUE AND DISTRIBUTIONS

	31.12.13 £	31.12.12 £
Net revenue after taxation	484,250	134,514
Allocations to Capital:		
Currency gains	(822)	2
Capital expenses	141,427	29,827
Balance carried forward	12	1
Net distributions for the year	624,867	164,344

Revenue is distributed on an annual and interim basis.

8. DEBTORS	31.12.13 £	31.12.12 £
Amounts receivable for issue of shares	168,821	26,206
Accrued revenue:		
Non-taxable dividends	57,234	10,496
Taxation recoverable:		
Overseas withholding tax	29,128	5,511
Total debtors	255,183	42,213

9. CREDITORS		
Amounts payable for cancellation of shares	22,246	-
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	26,845	3,285
	26,845	3,285
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2,280	722
Transaction charges	856	3,075
Safe custody and other bank charges	-	302
Interest payable	-	291
	3,136	4,390
Other expenses	13,762	9,568
Distribution payable	36	-
Total creditors	66,025	17,243

10. RELATED PARTY TRANSACTIONS

The ACD is a related party, and acts as principal in respect of all transactions of shares in the Company. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

GHC is a Director of the ACD, investment manager of SGIG and Chief Executive Officer of SFM. GHC held 1,483,545 Accumulation shares in SGIG as at 31 December 2013 (31.12.12: 1,454,615). Caroline Campbell, wife of GHC, held 100,000 Distribution shares in SGIG as at 31 December 2013 (31.12.12: 100,000). Marcus Campbell, a son of GHC, held 5,768 Accumulation shares in SGIG as at 31 December 2013 (31.12.12: Nil). JCF is a Director of the ACD, investment manager of SGF and Chairman of SFM. JCF held 328,998 Accumulation shares in SGIG as at 31 December 2013 (31.12.12: 507,096). Caroline Fisher, wife of JCF, held 177,998 Accumulation shares in SGIG as at 31 December 2013 (31.12.12: Nil). DAL is a Director of the ACD and investment manager of SGIG. DAL held 100,231 Accumulation shares in SGIG as at 31 December 2013 (31.12.12: 100,231). Sandra Leaf, wife of DAL, held 135,385 Accumulation shares in SGIG as at 31 December 2013 (31.12.12: 135,385). Samuel Leaf, a son of DAL, held 8,802 Accumulation shares in SGIG as at 31 December 2013 (31.12.12: Nil). JCS is a Director of the ACD. JCS held 6,770 Accumulation shares in SGIG as at 31 December 2013 (31.12.12: 1,034). Kerry Spence, wife of JCS, held 2,956 Accumulation shares in SGIG as at 31 December 2013 (31.12.12: Nil).

Management fees paid to the ACD are shown in note 4. The balance due to the ACD at the year-end in respect of the periodic charge was £26,845 (31.12.12: £3,285) and in respect of expenses was £Nil (31.12.12: £Nil).

Depositary fees, safe custody fees and transaction charges paid to the Depositary are shown in note 4. The balance due to the Depositary at the year-end in respect of these fees was £3,136 (31.12.12: £4,099).

In addition, SGIG receives interest on bank balances held by the Depositary. The amounts received are shown in note 3.

11. SHAREHOLDERS FUNDS

SGIG has four share classes: Accumulation, A Accumulation, Distribution and A Distribution. The annual management charge on the Accumulation and Distribution shares is 0.75% and 1.5% on the A Accumulation and A Distribution shares.

The Net Asset Value, the Net Asset Value per share and the number of shares in issue are given in the Comparative Tables.

12. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or outstanding commitments (31.12.12: none)

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for hedging purposes.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (Cont.)

The main risks from SGIG's holding of financial instruments, together with the ACD's policy for managing these risks, are set out as follows:

i) Credit risk
SGIG may find that companies in which it invests fail to settle their debts on a timely basis. The securities issued by such companies may fall as a result of the perceived increase in credit risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

ii) Interest rate risk
Interest rate risk is the risk that the value of the investments of SGIG will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in the interest rate environment, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of income receivable from fixed interest securities, receivable on bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

By a careful assessment of economic and other relevant factors, the investment adviser will seek to invest in those companies most likely to benefit, or be shielded, from anticipated changes in interest rates.

The table below shows the interest rate risk profile:

	31.12.13 £	31.12.12 £
Floating rate assets/liabilities:		
Pound Sterling	346,802	70,710
US Dollars	373	1,777
	347,175	72,487
Assets on which interest is not paid:		
Euro	9,192,811	1,500,980
Norwegian Krone	539,645	-
Swedish Krona	2,376,640	272,178
Swiss Francs	4,449,206	520,742
Pound Sterling	10,095,371	1,708,901
US Dollars	6,844,007	1,122,032
	33,497,680	5,124,833
Liabilities on which interest is not paid:		
Pound Sterling	(227,255)	(41,617)
Net Assets	33,617,600	5,155,703

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (Cont.)

ii) Interest rate risk (continued)
The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to UK LIBOR or its international equivalents.

There are no material amounts of non-interest bearing financial assets and liabilities other than equities, which do not have maturity dates.

iii) Foreign currency risk
Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

The table below shows the foreign currency risk profile:

	31.12.13 £	31.12.12 £
Currency:		
Euro	9,192,811	1,500,980
Norwegian Krone	539,645	-
Swedish Krona	2,376,640	272,178
Swiss Francs	4,449,206	520,742
US Dollars	6,844,380	1,123,809
	23,402,682	3,417,709
Pound Sterling	10,214,918	1,737,994
	33,617,600	5,155,703

The Investment Manager may seek to reduce exposure to currency risk by the use of forward contracts. The hedging of currency exposure is undertaken to minimise foreign currency exposure or where the investment adviser considers that there is a compelling economic case. However, no single hedging strategy can be universally suitable for all shareholders.

The equity markets of the emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria, and can make it difficult to establish accurate estimates of fundamental value. The dearth of accurate and meaningful information, and inefficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with low dealing volumes, can restrict the investment adviser's ability to execute substantial deals.

13. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (Cont.)

iv) Liquidity risk
The main liability of SGIG is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the assets of SGIG will consist of readily realisable securities.

All assets and liabilities of SGIG held at 31 December 2013 can be liquidated within one month in normal circumstances.

v) Market price risk
Market price risk is the risk that the value of the financial instruments of SGIG will fluctuate as a result of changes in market prices caused by factors other than interest rates or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments in which SGIG is invested.

Market price risk represents the potential loss SGIG may suffer through holding market positions in the face of price movements. The portfolio of SGIG is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. For an equity portfolio the risk is generally regarded as consisting of two elements - stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

At 31 December 2013, if the price of each equity held by SGIG had increased by 5% (2012: 5%), whilst the foreign currency rates held constant, there would have been the following approximate increases in Net Assets attributable to Shareholders: 2013: £1,662,125 (2012: £254,131).

A decrease by 5% (2012: 5%) would result in an equal but opposite effect on Net Assets attributable to Shareholders to the figures shown above, on the basis that all other variables remain constant.

This calculation is based on adjusting the fair value of the equities, as at 31 December 2013 and 2012. Based on the view of the market a 5% movement would be deemed reasonable of the underlying funds for the calculation, this represents the Investment Manager's view of a reasonably possible movement for a six to twelve month period based on current market conditions.

vi) Fair value of financial assets and financial liabilities
There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

vii) Sensitivity analysis
SGIG held no derivatives during the year.

14. PORTFOLIO TRANSACTION COSTS

	31.12.13 £	31.12.12 £
Analysis of total purchase costs		
Purchases in year before transaction costs	27,972,725	1,247,724
Transaction costs:		
Commissions	35,249	1,840
Stamp duty and other charges	25,749	1,667
	60,998	3,507
Gross purchase total	28,033,723	1,251,231
Analysis of total purchase costs		
Gross Sales before transaction costs	2,644,892	960,398
Transaction costs:		
Commissions	(5,460)	(1,552)
Other charges	(8)	(6)
	(5,468)	(1,558)
Total sales net of transaction costs	2,639,424	958,840

15. POST BALANCE SHEET EVENTS

Subsequent to the year end, the net asset value per unit of SGIG has increased from £1.3901 to £1.4133 for the Accumulation shares, £1.3024 to £1.3107 for the Distribution shares, £1.1346 to £1.1514 for the A Accumulation shares, £1.1144 to £1.1215 for the A Distribution shares as at 2 April 2014. This movement takes into account routine transactions but also reflects the significant market movements of recent months. There are no post balance sheet events which require adjustments at the year end.

There were no material post balance sheet events which have a bearing on the understanding of the financial statements (31.12.12: none).

DISTRIBUTION TABLE
For the year ended 31 December 2013 (in pounds per share)

Annual
Group 1 - Shares purchased prior to 1 January 2013
Group 2 - Shares purchased on or after 1 January 2013 and on or before 31 December 2013

As per below the sub fund was not active prior to the change in structure of the sub fund. The sub fund is only active since 13 June 2011.

Accumulation Shares	Net Revenue	Equalisation	Allocated 31.03.14	Allocated 31.03.13
Group 1	0.0141	-	0.0141	0.0354
Group 2	0.0069	0.0072	0.0141	0.0354

Distribution Shares	Net Revenue	Equalisation	Allocated 31.03.14	Allocated 31.03.13
Group 1	0.0132	-	0.0132	0.0104
Group 2	0.0065	0.0067	0.0132	0.0104

A Accumulation Shares	Net Revenue	Equalisation	Allocated 31.03.14	Allocated 31.03.13
Group 1	0.0094	-	0.0094	-
Group 2	0.0038	0.0056	0.0094	-

A Distribution Shares	Net Revenue	Equalisation	Allocated 31.03.14	Allocated 31.03.13
Group 1	0.0093	-	0.0093	-
Group 2	0.0031	0.0062	0.0093	-

EQUALISATION
Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

GENERAL INFORMATION

Head Office: 19 Rutland Square, Edinburgh EH1 2BB.

Address for Service: The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

Base Currency: The base currency of the Company is GBP. Each sub fund and share class is designated in GBP.

Shares in the Company have no par value. The share capital of the Company equals the Net Assets of SGF and SGIG and any other sub fund or funds established by the Company.

STRUCTURE OF THE COMPANY

As at the date of this document, the Company has two funds, SGF and SGIG. Subject to the COLL Sourcebook different funds may be established from time to time by the Company, with the approval of the FCA and the agreement of the Depositary. On the introduction of a new fund or class of Share, a revised prospectus will be prepared, setting out the relevant details of each fund or class of Share.

The assets of each sub fund will be treated as separate from every other sub fund, and will be invested in accordance with the investment objective and investment policy applicable to the relevant sub fund.

REPORT AND ACCOUNTS

A printed version of the Company's long form accounts for the year ended 31 December 2013 is available by written request to SMT Fund Services (Ireland) Limited, Block 5 Harcourt Centre, Harcourt Road, Dublin 2, Ireland.

CLASSES OF SHARES

The Company can issue different classes of shares in respect of any sub fund.

Holders of Income Distribution shares are entitled to be paid the income attributable to such shares, in respect of each annual or interim period.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of the shares.

Where there is more than one class of share per issue, each class may attract different charges and expenses and so monies may be deducted from the classes in unequal proportions.

VALUATION POINT

The price quoted for SGF and SGIG are determined by reference to their underlying market values of Net Assets at the valuation point.

SGF and SGIG are normally valued at 11:45pm each day for the purpose of determining the share price.

With the agreement of the Depositary, SGF and SGIG may be valued at other times.

GENERAL INFORMATION (Cont.)

BUYING AND SELLING SHARES
Shares may be bought and sold on any business day by application in writing to the Administrator or by email to SMTSHSDealing@sumitrustgas.com or by facsimile to +353 1 6475830 not later than 3pm on the dealing day.

Contract notes are issued for all purchases and sales of shares and will be posted within 24 hours of the next valuation point following receipt of your application.

PRICES
The most recent prices of shares are available on the website of Saracen Fund Managers at www.saracenfundmanagers.com, in the Financial Times or by calling 00 353 1 603 9921 during the ACD's normal business hours.

RISK WARNING
An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

The sub funds of an umbrella ICVC are segregated portfolios of assets and, accordingly, the assets of a sub fund belong exclusively to that sub fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the umbrella, or any other sub fund, and shall not be available for any such purpose. While the provisions of the OEIC Regulations provide for segregated liability between sub funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet know how those foreign courts will react to regulation 11A and 11B of the OEIC Regulations.

CHANGES TO PROSPECTUS
The Company updated the Prospectus dated 1 January 2013. The changes to the Prospectus included the updated name change and contact details for the Administrator. The regulator's name was also changed from FSA to FCA. Other revisions to the Prospectus include removal of the ability to charge an initial charge on share classes of SGF (was previously up to 5%) and SGIG, both of which are now 0.00%. The ACD may not increase the rate of preliminary charge unless it has given not less than 60 days' written notice to that effect to all shareholders of the relevant class. Price of shares may also be published in one or more United Kingdom newspapers including the Financial Times.