SWIP / INVESTMENT FUNDS ICVC

Annual Short Report for the year ended 31 January 2014

SCOTTISH WIDOWS INVESTMENT PARTNERSHIP

PERFORM

SWIP INVESTMENT FUNDS ICVC

The Company

Scottish Widows Investment Partnership Investment Funds ICVC

Head Office:
33 Old Broad Street
London
EC2N 1HZ

Correspondence Address:
BNY Mellon House
Ingrave Road
Brentwood
Essex
CM15 8TG

Incorporated in England and Wales under registered number IC000040. Authorised and regulated by the Financial Conduct Authority.

Authorised Corporate Director (ACD) and Authorised Fund Manager

SWIP Fund Management Limited

Head Office:
33 Old Broad Street
London
EC2N 1HZ

Correspondence Address:
BNY Mellon House
Ingrave Road
Brentwood
Essex
CM15 8TG

Authorised and regulated by the Financial Conduct Authority and a member of the Investment Management Association.

Investment Adviser

Scottish Widows Investment Partnership Limited

Registered Office:
33 Old Broad Street
London
EC2N 1HZ

Correspondence Address:
Edinburgh One
60 Morrison Street
Edinburgh
EH3 8BE

Authorised and regulated by the Financial Conduct Authority and a member of the Investment Management Association.

Depositary

State Street Trustees Limited

Registered Office:
20 Churchill Place
Canary Wharf
London
E14 5HJ

Correspondence Address:
525 Ferry Road
Edinburgh
EH5 2AW

Authorised and regulated by the Financial Conduct Authority.

Registrar

The Bank of New York Mellon (International) Limited

Registered Office:
One Canada Square
London
E14 5AL

Correspondence Address:
BNY Mellon House
Ingrave Road
Brentwood
Essex
CM15 8TG

Independent Auditors

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

SWIP INVESTMENT FUNDS ICVC

Long reports are available on request. If you would like a copy, please telephone us on **0800 33 66 00** or download the financial statements from the website **www.swip.com** which is a website maintained by SWIP Limited.

Prospectus Changes

During the year and up to the date of this report, changes were made to the Company and therefore the following changes were reflected in the Prospectus of SWIP Investment Funds ICVC:

- From 1 April 2013 the Company and the ACD are authorised and regulated by the UK Financial Conduct Authority (the "FCA"). As the end of the accounting period was after this date all references to the predecessor of the FCA, the UK Financial Services Authority (the "FSA"), have been replaced;
- Following the implementation of the Retail Distribution Review ("RDR") and the Investment Management Association's recommendations on share class conversions the Prospectus has been updated to differentiate between switches between sub-funds and conversions between share classes within a sub-fund;
- A number of share class changes have been made to close share classes, launch share classes, amend minimum, subsequent and holding levels, and amend AMC rates on some share classes throughout the year, details of which can be found in the Long Report;
- The ACD of the Company has reviewed the disclosure wording across its range of Prospectuses to ensure this is consistent and accurately reflects the implication of dilution and its dilution policy for all its Funds. Accordingly the dilution wording in the Prospectus of the Company has been amended including the removal of the stated percentages, and repositioned. In addition, it is intended that a monthly flyer which shows the dilution swings and range of percentages historically, will be produced and made available on www.swip.com in compliance with the enhanced disclosures as recommended by the Investment Management Association;
- Recent regulatory changes require funds that indicate in their name, investment objectives or fund literature, through the use of descriptives such as "absolute return", "total return" or similar, an intention to deliver positive returns in all market conditions (and where there is no actual guarantee of return), require additional statements to be made to the investment objectives of those funds. Accordingly, in accordance with the FCA requirements, amendments have been made to the Euro Absolute Return Fund. There is no change to the investment strategy of the Fund but the changes are merely considered to be a clarification of the existing strategy driven. In addition, following this review, alterations have been made to clarify where Funds are managed only to generate a combined return of capital and income, with no aim to generate a positive return in all market conditions, but where the term "total return" featured in their investment objective, the reference to "total return" has been amended accordingly in the following Funds: Euro Absolute Return Fund; European Corporate Bond Fund; European Real Estate Fund; Strategic Bond Fund; and SWIP European High Yield Bond Fund.
- The European Securities and Markets Authority (ESMA) published guidelines on ETFs and other UCITS issues on 17 December 2012 (ref: ESMA/2012/832) which came into effect on 18 February 2013. These guidelines introduce increased disclosure requirements for investors in UCITS schemes in relation to exposure obtained through financial derivative instruments and efficient portfolio management techniques. The Guidelines provided that any annual accounting period which ends after the date of implementation of the guidelines must comply with the new disclosure requirements.
- The definition of US persons has been amended and reference to FATCA requirements added;
- Performance figures have been updated; and
- Directors' interests have been updated.

A copy of the Prospectus is available on request.

Important Information

On 18 November 2013 Lloyds Banking Group plc announced that it agreed to sell its asset management business Scottish Widows Investment Partnership Group Limited to Aberdeen Asset Management PLC. On 20 March 2014 Aberdeen Asset Management PLC announced that the Financial Conduct Authority confirmed consent to the proposed change of control. The acquisition is expected to complete following close of business on 31 March 2014, and Aberdeen Asset Management PLC expects to issue a statement on 1 April 2014 to confirm that completion has taken place. Aberdeen Asset Management PLC was not a related party of SWIP Investment Funds ICVC as at 31 January 2014.

SWIP CURRENCY ALPHA FUND

for the year ended 31 January 2014

Fund Profile

Investment Objective & Policy

To achieve a return in excess of deposits in all market conditions over the medium term.

The Fund seeks to meet the investment objective by maintaining a diversified portfolio of cash or near cash sterling assets and currency exposure. The cash portfolio of the Fund can include instruments such as UK Treasury Bills, certificates of deposit and commercial paper. Currency forward contracts will primarily be used to provide the currency exposure but the Fund may also use currency futures and options. The Fund may also invest in collective investment schemes.

The Investment Adviser will seek to achieve the Fund's objectives by profiting from opportunities in currency markets by utilising a quantitative model which has been developed to identify the dynamics and directions of currencies.

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 5 because it has experienced medium to high levels of volatility since launch on 21 December 2010. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	4	5	6	7

Interest Rate Risk: Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Fund. If long-term interest rates rise, the value of your shares is likely to fall.

Credit Risk: There is a risk that the issuers of bonds may not be able to repay the money they have borrowed nor make any interest payments. This risk is greater than average where the Fund invests in a bond with a below investment grade credit rating.

Currency Risk: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investment may rise or fall in line with exchange rates. This may also cause the value of any income generated to go up or down.

Derivatives Risk: Derivative transactions will or maybe used to a significant extent. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way. Value at risk

Risk Profile (continued)

Derivatives Risk (continued): (VaR) based techniques estimate the probability of portfolio losses based on statistical analysis of historical price trends and volatilities. Absolute VaR analysis for the Fund is produced on a daily basis. The Fund's current VaR limit is 7%. The VaR measures of the Fund for the year ended 31 January 2014 were as follows:

Minimum VaR	1.67%
Maximum VaR	5.83%
Average VaR	3.55%

Market risk information is a relative estimate of risk rather than a precise and accurate number. The model is based on historical data and cannot take account of the fact that future market price movements, correlations between markets and level of market liquidity in conditions of market stress may bear no relation to historical patterns.

Investment Manager's Review

Central bank policy - both enacted and implied - was the main driver of currency markets over the last 12 months. On the one hand, the Bank of Japan (BoJ) and European Central Bank have been loosening policy; while on the other, the US Federal Reserve (Fed) has started to normalise its operations. The Bank of England (BoE), meanwhile, adopted – and then dropped – so-called "forward guidance" on interest rates.

Digging deeper. Over the initial stages of the review period, the Fed had been buying $85 billion-a-month is government bonds in order to stimulate activity in the economy. As the outlook for the US improved, the Fed began easing this programme, cutting it by $10 billion in both December and January. This, though, had the unintended consequence of sparking a rout of emerging market currencies, many of which slumped. The dollar, by contrast, climbed as investors repatriated their cash. But central banks in emerging nations acted, raising rates and adopting other measures to arrest the falls. This may have worked in the short term, but these regions still face numerous challenges, both politically and economically.

Meanwhile, the BoJ has launched its own ambitious monetary policy experiment aimed at talking deflation and ending a decade of anaemic economic growth. In order to combat these factors the BoJ, with the full backing of Prime Minister Shinzo Abe, has pledged to double the size of its balance sheet. Specific policies include targeting a 2% inflation rate, correction of the excessive Japanese yen appreciation, setting negative interest rates, and radical quantitative easing. The yen, as a result, has weakened considerably against the major currencies.

Elsewhere, the BoE, under the stewardship of new governor Mark Carney, launched forward guidance in the summer. At the onset, Mr Carney said rates would remain low until unemployment reached 7%. This was forecast to occur sometime in 2016. But the UK economy has - much to the surprise of many – rebounded strongly. The jobless rate, meanwhile, fell to 7.1% at end-November (currently 7.2%). This brought forward the prospect of a rate rise, and lifted sterling. Since then, however, Mr Carney has said that he has no intention to hike in the short term and that, when he does, it will be at a modest pace.

Lastly, the Swiss National Bank (SNB) kept up its commitment to defend its currency and protect the EUR/CHF 1.20 floor it imposed in 2011. This involves buying foreign currencies to devalue the franc, a measure designed to boost exports.

In relation to the Fund, actual or verbal intervention by central banks was a strong influence on developed market currencies (e.g. Swiss franc, Japanese yen, Australian dollar, etc.). The fact that currencies were not allowed to float as freely as they otherwise would have hampered the returns systematic trading strategies were able to achieve, our own included.

Also, while exchange rates remained positively correlated to movements in their respective interest-rate differentials, these correlations were not always strong enough or sufficiently elongated for our trends to be fully exploited. As the recovery continues, though, we would expect trends in interest-rate differentials to re-establish themselves, and performance to pick-up - as we have seen over the last couple of months.

Our systematic trading strategy is only employed over the so-called "G10" developed market currencies. Positioning can vary frequently as the model tunes into trends in interest-rate differentials. However, late last year we decided to exclude the Swiss franc from our process due to the SNB's ongoing interventions in the foreign exchange markets. This stance will be maintained until the Bank ceases these actions and allows the nation's currency to be freely influenced by movements in its short-term interest rate.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

SWIP CURRENCY ALPHA FUND

Distribution date

XD date	Payment date
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
G Accumulation	0.93	0.95
G Income	0.93	0.95
H Income	1.18	1.20
X Accumulation	0.18	0.20

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
Sterling Denominated Bonds	88.44	80.93
Collective Investment Schemes	9.18	9.45
Derivatives	0.33	(0.37)
Net other assets	2.05	9.99
Total net assets	100.00	100.00

Summary of portfolio by credit ratings

Rating block	31/01/14 %	31/01/13 %
AAA	88.44	80.93
Total bonds	88.44	80.93
Other	11.56	19.07
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
G Accumulation	87.13	91.67	(4.95)
G Income	87.20	91.76	(4.97)
H Income	86.48	91.20	(5.18)
X Accumulation	89.12	93.10	(4.27)

Performance record

	01/02/13 to 31/01/14 %	01/02/12 to 31/01/13 %	01/02/11 to 31/01/12 %	21/12/10 to 31/01/11 %
Net Return#	(4.96)	(1.09)	(8.14)	1.10
Gross Return~	(4.19)	(0.12)	(7.67)	1.34
Benchmark Return†	0.36	0.41	0.48	0.05

#Currency Alpha Fund G Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: Lipper.
~Currency Alpha Fund in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: SWIP.
†7 day LIBID in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: Bloomberg.
Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Final 31/01/14 (p)
G Accumulation	-
G Income	-
H Income	-
X Accumulation	0.1227

Top five holdings

	31/01/14	%	31/01/13	%
1.	UK Treasury 0% 17/03/2014	19.39	UK Treasury 0% 11/03/2013	13.54
2.	UK Treasury 0% 22/04/2014	12.60	UK Treasury 0% 04/02/2013	13.29
3.	UK Treasury 0% 07/04/2014	10.17	UK Treasury 0% 18/02/2013	10.86
4.	UK Treasury 0% 28/04/2014	9.93	UK Treasury 0% 04/03/2013	9.91
5.	UK Treasury 0% 03/02/2014	9.70	UK Treasury 0% 08/04/2013	9.66

Number of holdings: 279

Number of holdings: 322

SWIP EMERGING MARKETS FUND

for the year ended 31 January 2014

Fund Profile

Investment Objective & Policy

To provide long-term capital growth through direct and indirect investment mainly in the securities of companies that are quoted or operating primarily in countries deemed by the ACD to be emerging markets.

The Fund may also invest in depositary receipts and shares, other securities, convertibles, warrants, money market instruments, deposits, derivatives (for efficient portfolio management) and collective investment schemes.

The Fund may be invested in a limited number of holdings.

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	4	5	6	7

Currency Risk: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investment may rise or fall in line with exchange rates. This may also cause the value of any income generated to go up or down.

Derivatives Risk: Derivatives may be used for efficient portfolio management only. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way.

Operational Market Risk: Some of the countries in which the Fund invests means there is a higher element of operational risk due to less well regulated markets and less developed political, economic and legal systems and the Fund may have problems or delays in getting its investments back.

Investment Manager's Review

Compared to their developed peers, emerging markets lagged behind over the review period. Turkey, Hungary and Brazil were among the worst performers, while Egypt was one of the best. The Fund underperformed its benchmark.

Towards the end of the reporting period, several emerging markets suffered periods of turmoil, with sell-offs occurring across a range of asset classes. A variety of factors were behind the declines. Some, like the political crises of varying severity in Ukraine, Turkey and Thailand; the strikes in South Africa; and currency devaluation in Argentina, were country-specific. Others – worries about China's growth potential and its financial system being examples _ were more comprehensive in their effects. Coinciding with a background of slowing monetary stimulus (the US Federal Reserve's decision to press ahead with the "taper" of its quantitative easing programme), these concerns put the spotlight on emerging markets with current account deficits and large external financing needs.

Recent economic data from China was disappointing. According to the HSBC Chinese purchasing managers' index, the country's manufacturing sector contracted in January for the first time in six months. In addition, China also reported its slowest rate of annual growth since 1999 – just 7.7%. China's government is also concerned about burgeoning levels of local authority debt.

Meanwhile, India's Sensex index hit a series of record highs towards the end of 2013, before tailing off slightly in January. The country has experienced some of the fastest consumer price gains in Asia. The country's central bank, led by new governor Raghuram Rajan, has tried to combat the inflation problem by making a series of increases to interest rates. The most recent was in January, leaving the key rate at 8%.

Elsewhere, Indonesian markets have recently endured a weak spot. Despite an increase in interest rates, the country's currency has dipped. Investors are concerned about Indonesia's current account deficit. Finally, Philippine stock markets have been weak in the aftermath of Super Typhoon Haiyan in November.

At asset level, the position in Tencent, the Chinese communications company, had a positive influence on performance. Tencent's share price rose sharply over the reporting period, boosted by hopes of strong growth for its mobile services.

In contrast, holdings in Naspers, the South Africa-based mass media business, and Russia's Federal Grid Company, the operator of the country's largest electricity transmission grid, acted as detractors to performance. International Meal Company, the Brazilian chain restaurant owner, also had a negative effect on returns.

Achieving more sustainable levels of external debt will require weaker currencies and higher interest rates in many emerging markets. Moves towards such conditions are well underway in some countries, but the presence of low (or even negative) real interest rates in others means that the process could continue for some time into 2014. This could lead to periods of negative sentiment and volatility.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

SWIP EMERGING MARKETS FUND

Distribution date

XD date	Payment date
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
A Accumulation	1.74	1.71
B Accumulation	0.99	0.96
E Accumulation (€ share class))	1.74	1.71
J Accumulation (€ share class)	-	1.16

Share class J Accumulation (€ share class) was closed 25 November 2013.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
South Korea	16.82	13.63
Taiwan	13.03	10.12
Brazil	11.00	12.41
China	10.24	11.02#
India	7.37	7.44#
Russia	6.57	7.44
Mexico	5.76	6.07
Hong Kong	5.59	5.52
South Africa	5.49	5.80
Cayman Islands	5.13	2.76#
Malaysia	3.92	3.52
Indonesia	1.49	2.73
Thailand	1.49	1.71
Poland	1.39	1.74
Turkey	1.11	2.24
Bermuda	0.67	0.38
Colombia	0.56	0.87
Philippines	0.48	0.74
United Kingdom	0.46	0.40
Czech Republic	0.41	0.33
Hungary	0.38	0.38
United States	0.27	0.32
Isle Of Man	0.18	0.10#
Kazakhstan	-	0.08
Net other assets	0.19	2.25
Total net assets	100.00	100.00

#Comparatives relating to 31 January 2013 have been restated to reclassify based on country of incorporation.

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
A Accumulation	260.45	308.54	(15.59)
B Accumulation	130.44	153.38	(14.96)
E Accumulation (€ share class)	127.54	151.07	(15.58)
J Accumulation (€ share class)	-	92.90	(100.00)

Performance record

	01/02/13 to 31/01/14 %	01/02/12 to 31/01/13 %	01/02/11 to 31/01/12 %	01/02/10 to 31/01/11 %	01/02/09 to 31/01/10 %
Net Return#	(15.63)	6.51	(7.73)	18.82	60.07
Gross Return~	(13.37)	7.85	(5.53)	19.02	64.62
Benchmark Return†	(13.13)	7.30	(4.20)	N/A	N/A
Benchmark Return+	N/A	N/A	N/A	22.86	62.54

#Emerging Markets Fund A Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: Lipper.

~Emerging Markets Fund in GBP at close of business; Revenue (net of tax) reinvested and gross of expenses; Source: SWIP.

†MSCI* Emerging Markets Large Cap index in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: Rimes. From 01/02/11 the benchmark index was changed as this was deemed to best reflect the Fund's portfolio.

+MSCI* Emerging Markets index in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: Rimes. From 01/02/11 the benchmark index was changed as this was deemed to best reflect the Fund's portfolio.

*MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Final 31/01/14 (p/c)
A Accumulation	2.6471
B Accumulation	2.4231
E Accumulation (€ share class)	1.6002c
J Accumulation (€ share class)	-

Top five holdings

	31/01/14 %		31/01/13 %
1. Samsung Electronics	4.99	Samsung Electronics	4.70
2. Tencent	3.16	China Mobile	2.26
3. Taiwan Semiconductor Manufacturing	2.46	Taiwan Semiconductor Manufacturing	2.06
4. China Mobile	2.31	Sberbank of Russia	1.67
5. Gazprom ADR	1.58	Cia de Bebidas das Americas Preference Shares	1.62

Number of holdings:193

Number of holdings: 192

SWIP EURO ABSOLUTE RETURN FUND

for the year ended 31 January 2014

Fund Profile

Investment Objective & Policy

The Fund aims to achieve a positive capital return over the Euro Inter Bank Offered Rate, regardless of market conditions, over rolling 12 month periods. There is no guarantee that a positive return will be achieved over any time period and capital may be at risk. Investors may not get back the full amount originally invested.

The physical assets (i.e. assets other than derivatives) in which the Fund invests (directly or indirectly) will predominantly consist of fixed interest securities (including government and supranational bonds, corporate bonds, non-investment grade bonds and emerging markets debt), index linked securities, money market instruments, cash, near cash, and deposits. All or a substantial proportion of the physical assets of the Fund may at any time consist of cash, near cash, deposits and/or money market instruments.

In addition, permitted debt-related derivative contracts (including futures, options, swaps (including single name and index-based credit default swaps), forward currency contracts, contracts for difference and other derivatives) and techniques may be used to vary the total exposure to bond markets and express views on currencies, interest rates, sectors, individual securities and/or individual issuers in order to enhance capital return, limit downside volatility and/or preserve capital.

The Fund may take long and short positions in debt related markets, securities, groups of securities and indices through derivative contracts but total net derivatives exposure may not exceed the limits in the COLL rules.

The Fund may also invest, at the Investment Adviser's discretion, in other transferable securities, other debt securities, other derivatives and forward contracts, and units in collective investment schemes (and use may also be made of stocklending, borrowing, hedging as permitted by the COLL rules).

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 4 because it has experienced medium levels of volatility since launch on 27 September 2010. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	**4**	5	6	7

Interest Rate Risk: Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Fund. If long-term interest rates rise, the value of your investment is likely to fall.

Credit Risk: There is a risk that the issuers of bonds may not be able to repay the money they have borrowed nor make any interest payments.

This risk is greater than average where the Fund invests in a bond with a below investment grade credit rating.

Currency Risk: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investment may rise or fall in line with exchange rates. This may also cause the value of any income generated to go up or down.

Risk Profile (continued)

Derivatives Risk: Derivative transactions will or maybe used to a significant extent. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way. Value at risk (VaR) based techniques estimate the probability of portfolio losses based on statistical analysis of historical price trends and volatilities. Absolute VaR analysis for the Fund is produced on a daily basis. The Fund's current VaR limit is 6%. The VaR measures of the Fund for the year ended 31 January 2014 were as follows:

Minimum VaR	1.61%
Maximum VaR	2.44%
Average VaR	1.86%

Market risk information is a relative estimate of risk rather than a precise and accurate number. The model is based on historical data and cannot take account of the fact that future market price movements, correlations between markets and level of market liquidity in conditions of market stress may bear no relation to historical patterns.

Absolute Return Risk: Due to its investment strategy the Fund may not move in line with market trends or fully benefit from a positive market environment.

Investment Manager's Review

The period under review has been a challenging one for investors in bond markets. Government bond prices have moved lower – and yields moved higher – in the core economies. Nevertheless, despite these challenges, the Fund produced a positive gross return of 2.66%.

Early in the review period, government bonds in the "core" economies benefited from investors' concerns about growth as political turmoil in the eurozone underlining the appeal of safe haven assets. From February through to April, ten-year yields in the UK, US and Germany remained ultra-low, but started to rise in May. US Federal Reserve chairman Ben Bernanke said the central bank may start to "taper" its programme of asset purchases when economic data improved, prompting a dramatic reaction. Government bond yields rose markedly in May and June as markets interpreted the comments as a prelude to possible aggressive monetary tightening.

Although mollifying words from Mr Bernanke in July calmed the market, sovereign yields remained on an upward trend until the end of 2013. In December, it was confirmed that tapering would finally begin in January 2014. During January, the market began to focus on weakness in emerging markets, prompting a "flight to quality that once more benefited the prices of government bonds in the core economies.

While corporate bonds outperformed government bonds, the path of underlying sovereign yields deviated depending on geographical area. In the 12 months to 31 January US Treasury yields and UK Gilt yields moved higher, while in Europe they were largely unchanged overall (albeit with a significant level of intra-period volatility). While the credit spread – the difference between government and corporate bonds of similar maturity – tightened, the substantial rise in underlying government bond yields in the US and UK limited the total returns for US investment grade credit as an asset class.

That said, performances for individual bonds were mixed: whether corporate bonds outperformed or underperformed tended to be determined by company-specific rather than sector-specific factors. But in general, the relative strength of the credit sector was influenced by investors continuing to chase higher yields than were available in government bonds.

The SWIP European Absolute Return Bond Fund looks to take advantage of investment opportunities from all the strategies available to the manager. These include the "core" portfolio of short-dated assets, as well as government bonds, corporate bonds and foreign exchange markets. During 2013, we derived positive returns from each strategy. We reduced exposure to risk substantially in early April, meaning the portfolio was well placed to weather market volatility during May and June. This volatility also presented an opportunity to cherry-pick various attractive opportunities including an increase in exposure to corporate bonds, as parts of the market began to represent good value following the sell-off.

We pared back exposure to corporate bonds to neutral during the second half of the year as credit spreads moved sharply tighter, moving to a negative position in late November as valuations became even more stretched. In September, we took profits on our short duration position in UK, US and German government bonds, moving long duration in the US on the back of valuation, carry and a lack of inflationary pressure. We also moved short UK Gilts against US Treasuries on the back of relative inflation expectations.

Looking ahead, with tapering finally having arrived and with bond yields rising, we are getting closer to "normal" market conditions. Years of easy monetary policy have had an effect on many assets, households and companies. While it is impossible to quantify the exact effect, it seems very unlikely that US equity markets (in particular) will deliver the same performance in 2014. Over the last thirty years, the build-up of debt through rate-cutting cycles has resulted in interest rate-tightening cycles peaking at progressively lower highs. US total debt to GDP is now over 240% GDP – a marked contrast with a ratio of less than 200% in 2004 at the beginning of the last tightening cycle.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

SWIP EURO ABSOLUTE RETURN FUND

Distribution date

XD date	Payment date
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
J Accumulation (€ share class)	0.80	0.80
X Accumulation	0.15	0.15

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
Sterling Denominated Bonds	51.95	48.17
Euro Denominated Bonds	33.42	25.72
US Dollar Denominated Bonds	9.61	5.64
Brazilian Real Denominated Bonds	2.45	-
Collective Investment Schemes	-	8.62
Polish Zloty Denominated Bonds	-	1.87
Australian Dollar Denominated Bonds	-	1.38
Derivatives	(4.36)	1.53
Net other assets	6.93	7.07
Total net assets	100.00	100.00

Summary of portfolio by credit ratings

Rating block	31/01/14 %	31/01/13 %
AAA	6.84	3.89
AA+	0.76	-
AA-	-	1.29
A+	7.78	9.60
A	10.55	9.80
A-	14.98	10.24
BBB+	15.86	9.81
BBB	12.08	10.15
BBB-	12.20	10.55
BB+	3.26	4.09
BB	3.31	1.58
BB-	0.50	2.19
B+	4.91	0.23
B	1.90	-
B-	0.48	0.89
CCC+	0.21	-
CCC	0.52	-
NR	1.29	8.47
Total bonds	97.43	82.78
Other	2.57	17.22
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
J Accumulation (€ share class)	92.07	93.74	(1.78)
X Accumulation	109.97	111.59	(1.45)

Performance record

	01/02/13 to 31/01/14 %	01/02/12 to 31/01/13 %	01/02/11 to 31/01/12 %	27/09/10 to 31/01/11 %
Gross Return~	2.66	5.07	(0.19)	(0.08)
Benchmark Return†	0.21	0.41	1.39	0.33

#Euro Absolute Return Fund X Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: SWIP.

~Euro Absolute Return Fund in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: SWIP.

†3 Month Euribor in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: Bloomberg.

Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Final 31/01/14 (p/c)
J Accumulation (€ share class)	1.2581c
X Accumulation	1.3797

Top five holdings

	31/01/14 %		31/01/13 %
1. Italy Buoni Poliennali Del Tesoro 0% 31/03/2014	3.00	SWIP Euro Liquidity Fund G Advisory	5.02
2. Spain Government Bond 4.75% 30/07/2014	2.92	SWIP High Yield Bond X Accumulation	3.60
3. Spain Government Bond 4.25% 31/01/2014	2.87	GE Capital UK Funding (FRN) 0.6675% 20/03/2017	1.97
4. Nokia 5.5% 04/02/2014	2.79	FirstGroup 6.875% 15/04/2013	1.95
5. Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2023	2.45	Spain Government Bond 2.3% 30/04/2013	1.95

Number of holdings: 181

Number of holdings: 164

SWIP EUROPEAN FUND

for the year ended 31 January 2014

Fund Profile

Investment Objective & Policy

To provide a stable and consistent return through direct and indirect investment mainly in European securities (excluding the United Kingdom).

The Fund may also invest in depositary receipts and shares, other securities, convertibles, warrants, money market instruments, deposits, derivatives (for efficient portfolio management) and collective investment schemes.

The Fund may be invested in a limited number of holdings.

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	4	5	6	7

Currency Risk: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investment may rise or fall in line with exchange rates. This may also cause the value of any income generated to go up or down.

Derivatives Risk: Derivatives may be used for efficient portfolio management only. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way.

Operational Market Risk: Some of the countries in which the Fund invests means there is a higher element of operational risk due to less well regulated markets and less developed political, economic and legal systems and the Fund may have problems or delays in getting its investments back.

Investment Manager's Review

European equity markets delivered robust returns over the last 12 months. Driving sentiment was the ongoing extraordinary support from the world's central banks, coupled with a gradually improving economic landscape. In the former camp, the US Federal Reserve has been particularly active, buying $85 billion-a-month of government bonds and other securities. This has flooded the market with liquidity and helped lift risk assets. The Fed, though, has since reduced, or "tapered", this programme. This, plus a slowdown and China, was credited for renewed turbulence in global markets in January.

Meanwhile, the European Central Bank halved rates to 0.25% in November. The Bank cited below-target inflation (the reading is currently at 0.7%) and sluggish economic growth. Given the now-present threat of deflation, the Bank may need to act more decisively in the coming months, either by cutting the deposit rate or launching a programme of quantitative easing. The latter, however, could prove politically impossible.

Nonetheless, the bountiful central bank liquidity and improving investor sentiment meant the FTSE Europe ex-UK was up 16.5% for the period.

Turning to the portfolio, a holding in German tyre and car-parts maker Continental did well. Sales were up, driven by improving global auto production and profits that "significantly exceeded targets". The outlook for 2014 and beyond is also encouraging, thanks to Continental's market leading technology for lowering CO2 emissions. Meanwhile, Amadeus IT is a leading technology partner for the global travel industry. The firm continues to expand into new markets, culminating in a high-profile deal in China at the start of the New Year and the recent acquisition of Hotel IT provider Newmarket, for $500 million.

A position in Kabel Deutschland, a German provider of TV, internet and phone services, did well. The company's shares climbed after it received a preliminary takeover approach from Vodafone. The stock was further buoyed by a counterbid from Liberty Global, before Vodafone finally closed out the deal with an improved final offer. We approved of this bid and will sell our shares as part of the deal.

By contrast, TGS supplies had a tough 12 months, The company, which supplies geosciences data to the oil and gas industry, has been hit by the falling oil price. Weakness in the Chinese and emerging economies also led to fears that oil companies would pare back their exploration spending. Andritz, the Austrian engineering firm, was another disappointment. Its stock plunged to an 11-month low in May after it issued a profit warning. The company made the statement in light of cost overruns at a pulp mill in South America.

Other negatives for the portfolio included Roche and Fresenius Medical. Roche's shares fell back after investors thought the firm was about to mount a bid for Alexion Pharmaceuticals. As it turns out, this was mere speculation.

The outlook for the eurozone has certainly improved. Spain has exited recession, while Ireland was able to leave its bailout programme in November. Its first bond auction was a notable success, with the 10-year offering four-times oversubscribed. This should give confidence to the other periphery nations. However, euro-area unemployment remains historically high, while France and Italy's fortunes have taken a turn for the worse. That these nations have arguably done the least to enact the necessary structural reforms to gain competitiveness has not been lost on the market.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

SWIP EUROPEAN FUND

Distribution date

XD date	Payment date
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
A Accumulation	1.67	1.63
B Accumulation	0.92	0.88
C Accumulation	1.17	1.13
E Accumulation (€ share class)	1.67	1.63
J Accumulation (€ share class)	-	0.93

Share class J Accumulation (€ share class) was closed 25 November 2013.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
Switzerland	24.68	18.90
Germany	21.52	21.69
France	19.94	30.98
Netherlands	7.39	4.37
Ireland	5.54	1.00
Italy	4.23	2.41
Spain	3.03	2.01
Norway	2.99	3.22
Finland	2.73	2.24
Belgium	2.34	4.10
Austria	1.94	2.15
Sweden	1.63	2.74
Luxembourg	-	1.62
Net other assets	2.04	2.57
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
A Accumulation	946.78	856.19	10.58
B Accumulation	772.66	693.50	11.41
C Accumulation	453.44	408.01	11.13
E Accumulation (€ share class)	98.31	88.91	10.57
J Accumulation (€ share class)	-	91.69	(100.00)

Performance record

	01/02/13 to 31/01/14 %	01/02/12 to 31/01/13 %	01/02/11 to 31/01/12 %	01/02/10 to 31/01/11 %	01/02/09 to 31/01/10 %
Net Return#	10.60	25.13	(11.13)	14.36	19.97
Gross Return~	12.24	26.03	(9.65)	13.70	26.31
Benchmark Return†	11.08	23.59	(13.51)	15.30	31.30

#European Fund A Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: Lipper.

~European Fund in GBP at close of business; Revenue (net of tax) reinvested and gross of expenses; Source: SWIP.

†FTSE Europe ex-UK index in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: Rimes.

Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Final 31/01/14 (p/c)
A Accumulation	7.4648
B Accumulation	11.6835
C Accumulation	5.7680
E Accumulation (€ share class)	0.9445c
J Accumulation (€ share class)	-

Top five holdings

		31/01/14 %		31/01/13 %
1.	Bayer	6.41	Sanofi	4.42
2.	Roche	6.04	Nestle	4.22
3.	BNP Paribas	4.09	BNP Paribas	3.45
4.	Safran	3.37	DnB	3.22
5.	UBS	3.33	SAP	2.95

Number of holdings: 36

Number of holdings: 42

SWIP EUROPEAN CORPORATE BOND FUND

for the year ended 31 January 2014

Fund Profile

Investment Objective & Policy

To provide a combination of income and growth of capital by investing predominantly in euro denominated fixed interest securities.

The Fund will invest predominantly in euro denominated investment grade securities. The Fund may invest in fixed interest securities issued by corporations, governments, local authorities and international public bodies as well as floating rate notes and variable rate notes. The Fund may also invest in sub-investment grade securities. Investment grade being BBB- and better as defined by S&P or any other measure which the ACD in its discretion determines from time to time.

The Fund may also invest in other securities, money market instruments, deposits, derivatives (for efficient portfolio management) and collective investment schemes, and may hold securities of any duration.

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 5 because it has experienced medium to high levels of volatility over the past 5 years. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	4	5	6	7

Interest Rate Risk: Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Fund. If long-term interest rates rise, the value of your investment is likely to fall.

Credit Risk: There is a risk that the issuers of bonds may not be able to repay the money they have borrowed nor make any interest payments. This risk is greater than average where the Fund invests in a bond with a below investment grade credit rating.

Currency Risk: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investment may rise or fall in line with exchange rates. This may also cause the value of any income generated to go up or down.

Risk Profile (continued)

Derivatives Risk: Derivatives may be used for efficient portfolio management only. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way.

Fund's charges: All or part of the Fund's charges are taken from capital, not income. This will increase the level of income received by an investor however it may erode capital or constrain capital growth.

Investment Manager's Review

European corporate bonds outperformed government bonds in the first half of the review period. Risk appetite fluctuated as investors alternated between optimism and pessimism over prospects for the eurozone. Between February and April, returns were driven by a sharp move lower in Bund yields. Even though yield spreads widened marginally, the fall in government bond yields – and accompanying move higher in prices – meant total returns were strongly positive.

Returns weakened in May, again driven by underlying movements in the government bond market. When the US Federal Reserve (the Fed) indicated that it would reduce its quantitative easing programme, a resultant heightening of risk aversion drove corporate bond prices lower. Ben Bernanke, then-chairman of the Fed, stressed that a slowdown in monetary accommodation was not necessarily a prelude to interest rate hikes. However, the bond market was sufficiently unnerved for Treasuries to move sharply higher, with German Bunds following this lead.

Corporate bonds outperformed government bonds in the second half of the review period. That said, there was a marked moved higher in underlying government bond yields in the latter part of 2013. As a result, although credit spreads tightened – largely due to a series of better-than-expected economic releases on both sides of the Atlantic – the rise in sovereign yields tended to mitigate any gains made by credit.

In January 2014, both trends switched direction. Government bonds in core areas of the eurozone benefited from a flight to quality as investors became increasingly nervous about economic conditions in the emerging markets. Meanwhile, yield spreads widened significantly in the latter part of the month – again a result of emerging market turmoil. In this environment, higher-risk areas such as high yield corporate bonds underperformed.

Throughout the review period, the Fund has participated in a number of new issues. Early on, this included one from Talanx, Germany's third-largest insurer. Senior debt from insurers generally trades at a large premium to equivalent senior debt from the banking sector, and this particular issue represented good value. The Fund holds senior debt from Australian banking group Westpac to fund the deal. Other new issues in which the fund participated included hybrids from Volkswagen, America Movil, Telefonica and EDF.

In April, some exposure was added to holdings in Australian energy companies Origin and Santos. Standard & Poor's changed its methodology on specific bonds from both issuers, leading to the likelihood of ratings upgrades, and presenting an attractive investment opportunity.

In September, the fund managers began trimming off-benchmark US dollar positions. A position in G4S was also sold, as the security services group had been hit hard by negative newsflow. Performance in the final three months of 2013 was boosted by a healthy contribution from security selection. Royal Bank of Scotland and Origin Energy were both notable contributors. Moving into January 2014, the Fund benefited from sector allocation – specifically an underweight in sub-sovereigns and an overweight in senior and lower tier 2 insurance adding to performance.

The new year has started strongly for credit markets in total return terms. Technical support for the asset class remains in place in Europe, and the continuation of expansionary central bank policy continues to provide a supportive backdrop for credit markets.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

SWIP EUROPEAN CORPORATE BOND FUND

Distribution dates

XD date	Payment date
01/11/13	31/12/13
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
A Income	1.13	1.13
B Accumulation	0.63	0.63
B Income	0.63	0.63
E Accumulation (€ share class)	1.13	1.13
J Accumulation (€ share class)	-	0.63
N Accumulation	-	0.88
N Income	-	0.88

Share class J Accumulation (€ share class) was closed 25 November 2013.
Share class N Accumulation was closed 25 November 2013.
Share class N Income was closed 25 November 2013.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
Euro Denominated Bonds	90.13	86.31
Sterling Denominated Bonds	6.00	9.16
US Dollar Denominated Bonds	2.34	2.27
Derivatives	(0.19)	0.51
Net other assets	1.72	1.75
Total net assets	100.00	100.00

Summary of portfolio by credit ratings

Rating block	31/01/14 %	31/01/13 %
AAA	0.92	3.92
AA+	1.07	0.87
AA-	8.05	6.86
A+	8.63	13.28
A	12.88	10.92
A-	17.24	18.97
BBB+	16.13	20.01
BBB	19.41	11.83
BBB-	6.12	5.23
BB+	3.21	3.09
BB	0.56	1.23
BB-	0.33	0.41
B+	0.31	0.82
NR	3.61	0.30
Total bonds	98.47	97.74
Other	1.53	2.26
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
A Income	130.53	133.71	(2.38)
B Accumulation	162.32	161.91	0.25
B Income	129.96	133.11	(2.37)
E Accumulation (€ share class)	117.59	117.77	(0.15)
J Accumulation (€ share class)	-	126.08	(100.00)
N Accumulation	-	114.44	(100.00)
N Income	-	112.39	(100.00)

Performance record

	01/02/13 to 31/01/14 %	01/02/12 31/01/13 %	01/02/11 31/01/12 %	01/02/10 31/01/11 %	01/02/09 31/01/10 %
Net Return#	(0.23)	12.75	3.18	1.06	23.01
Gross Return~	1.24	15.91	4.85	2.55	26.79
Benchmark Return†	0.53	13.89	2.89	1.75	21.91

#European Corporate Bond Fund A Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: Lipper.
~European Corporate Bond Fund in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: SWIP.
†iBoxx Euro Large Cap Corporate Bonds over 5 years index in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: Deutsche Bank.
Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Third interim 31/10/13 (p/c)	Final 31/01/14 (p/c)
A Income	0.7547	0.7070
B Accumulation	1.0996	1.0430
B Income	0.8858	0.8342
E Accumulation (€ share class)	0.7857c	0.7675c
J Accumulation (€ share class)	1.0131c	-
N Accumulation	0.6955	-
N Income	0.6705	-

Top five holdings

	31/01/14	%	31/01/13	%
1.	Deutsche Telekom International Finance 4.25% 13/07/2022	1.84	Bundesobligation 2.75% 08/04/2016	2.26
2.	Royal Bank of Scotland 6.934% 09/04/2018	1.57	Citigroup 7.375% 04/09/2019	1.91
3.	JPMorgan Chase 2.75% 24/08/2022	1.57	E.ON International Finance 5.75% 07/05/2020	1.52
4.	ING 4.75% 31/05/2017	1.50	Deutsche Telekom International Finance 6% 20/01/2017	1.51
5.	Wells Fargo 4.375% 01/08/2016	1.38	ING 4.75% 31/05/2017	1.26
	Number of holdings: 178		Number of holdings: 179	

SWIP EUROPEAN REAL ESTATE FUND

for the year ended 31 January 2014

Fund Profile

Investment Objective & Policy

The Fund's aim is to provide combination of income and growth of capital by investing directly and indirectly principally in a portfolio of companies whose activities include the ownership, management or development of European real estate.

The Fund will predominantly invest in the securities of companies that derive the majority of their income from the ownership, management or development of real estate located in Europe including the United Kingdom. The Fund may also invest in warrants, derivatives (for efficient portfolio management) and collective investment schemes.

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	4	5	6	7

Currency Risk: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investment may rise or fall in line with exchange rates. This may also cause the value of any income generated to go up or down.

Derivatives Risk: Derivatives may be used for efficient portfolio management only. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way.

Concentration risk: The Fund may invest in a smaller than average number of holdings relative to other funds. This may give rise to the Fund's returns fluctuating more widely than other more diversified portfolios.

Fund's charges: All or part of the Fund's charges are taken from capital, not income. This will increase the level of income received by an investor however it may erode capital or constrain capital growth.

Investment Manager's Review

Over the 12 months to the end of January 2014, the Fund returned 11.18%, ahead of the benchmark index, the FTSE EPRA NAREIT Europe UK Restricted 10% capped, which returned 8.96% (Fund and benchmark returns are gross of fees). The net return for the Fund over the reporting period was 8.84%.

European real estate shares had a strong 12 months. Investor sentiment was buoyed by extraordinary support from the world's central banks, combined with a gradually improving economic landscape. A surge in investor sentiment during the spring months, followed by a steady recovery in the second half of the year, ensured that the sector gained significant ground over the year. That said, fears surrounding the US Federal Reserve's tapering programme kept investors on tenterhooks and resulted in some volatile months over the reporting period.

UK stocks performed particularly well over the period, as strong performance from the London and the South East property markets aided UK real estate shares. Investors were also encouraged by rental growth prospects in the UK, now that that the domestic economy is gaining strength.

The picture on the continent, though, remains more mixed. The situation has certainly improved over the last 12 months, with the possibility of a break-up now extremely remote. Spain has exited recession, while Ireland was able to leave its bailout programme in November. However, euro-area unemployment remains historically high, while France and Italy's fortunes remain fragile. That these nations have arguably done the least to enact the necessary structural reforms to gain competitiveness has not been lost on the market.

Given the strength of the UK property market, the Fund's UK holdings were among the top performers over the period. Overweight positions in Grainger, Capital & Counties Properties, Unite Group, Workspace Group and Land Securities Group contributed to Fund performance over the period. The biggest negative contributor to relative performance came from a zero weighting in Fastighets AB Balder. This Swedish stock performed well over the review period as it is well-liked by domestic investors. The small, illiquid nature of the stock isn't suitable for our portfolio, though, and we do not hold it in the Fund.

In terms of activity, we sold out of GSW Immobilien during April and May following very strong performance over the last two years. Although the Berlin residential market remains prosperous, we have less confidence in recent management changes at GSW Immobilien. Meanwhile, the UK stock, Londonmetric Property, was added as a new holding to the Fund during October. The company has revised its strategy and its fundamentals are now looking attractive.

We continue to favour UK stocks given the strength of the property market and the economy. London and the South East remain the strongest areas of the property market, although recent data have indicated that the strongest improvement in returns is now coming from outside central London. Investors are now looking for selective opportunities in the regions in order to attain higher yields. We expect companies like British Land and Land Securities to perform well as the economy strengthens and as the occupier markets improve. Continental stocks are likely to remain subdued until there are some clear signs of economic recovery. Swedish stocks, though, are expected to outperform, in line with a stronger economy.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

SWIP EUROPEAN REAL ESTATE FUND

Distribution date

XD date	Payment date
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
A Accumulation	1.64	1.64
A Income	1.64	1.64
B Accumulation	0.89	0.89
B Income	0.89	0.89
C Accumulation	-	1.14
C Income	0.79	1.14
E Accumulation (€ share class)	1.64	1.64
J Accumulation (€ share class)	-	0.94
X Accumulation	0.14	0.14

Share class C Accumulation was closed 25 November 2013.
Share class J Accumulation (€ share class) was closed 25 November 2013.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
United Kingdom	48.48	35.05
France	19.66	21.68
Germany	10.69	12.73
Sweden	9.68	8.74
Switzerland	6.67	9.35
Netherlands	1.92	5.25
Finland	1.09	1.34
Jersey	-	1.06
Net other assets	1.81	4.80
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
A Accumulation	131.61	120.90	8.86
A Income	92.34	87.32	5.75
B Accumulation	101.30	92.45	9.57
B Income	79.03	74.28	6.39
C Accumulation	-	116.44	(100.00)
C Income	95.90	90.31	6.19
E Accumulation (€ share class)	69.94	64.25	8.86
J Accumulation (€ share class))	-	92.85	(100.00)
X Accumulation	145.75	132.28	10.18

Performance record

	01/02/13 to 31/01/14 %	01/02/12 to 31/01/13 %	01/02/11 to 31/01/12 %	01/02/10 to 31/01/11 %	01/02/09 to 31/01/10 %
Net Return#	8.84	21.32	(7.82)	18.73	30.88
Gross Return~	11.18	23.10	(6.96)	19.59	34.18
Benchmark Return†	8.96	24.20	(8.38)	17.61	35.20

#European Real Estate Fund A Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: Lipper.
~European Real Estate Fund in GBP at close of business; Revenue (net of tax) reinvested and gross of expenses; Source: SWIP.
†FTSE EPRA NAREIT Europe UK Restricted 10% capped index in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: Rimes.
Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Final 31/01/14 (p/c)
A Accumulation	0.7244
A Income	0.5111
B Accumulation	0.5572
B Income	0.4368
C Accumulation	-
C Income	0.5298
E Accumulation (€ share class)	0.4645c
J Accumulation (€ share class)	-
X Accumulation	0.7995

Top five holdings

	31/01/14 %		31/01/13 %
1. Unibail-Rodamco**	9.15	Unibail-Rodamco**	9.67
2. Land Securities**	8.53	Land Securities**	7.23
3. British Land**	6.81	British Land**	6.14
4. Hammerson**	5.24	PSP Swiss Property	5.10
5. Klepierre**	4.50	Hammerson**	4.88

Number of holdings: 34 | Number of holdings: 32

**Real Estate Investment Trust (REIT)

Fund Profile

Investment Objective & Policy

To provide investors with long-term capital growth through direct and indirect investment in a portfolio of securities issued by companies from around the world.

The Fund may also invest in depositary receipts and shares, other securities, convertibles, warrants, money market instruments, deposits, derivatives (for efficient portfolio management) and collective investment schemes.

The Fund may be invested in a limited number of holdings.

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	4	5	6	7

Currency Risk: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investment may rise or fall in line with exchange rates. This may also cause the value of any income generated to go up or down.

Derivatives Risk: Derivatives may be used for efficient portfolio management only. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way.

Investment Manager's Review

The period under review has been positive for the world's stock markets, with share prices rising over the course of the last 12 months. Actions by central banks have given investors the confidence to move away from the safe havens of cash and government bonds in favour of assets that carry a slightly higher level of risk. Investors were also emboldened by signs of improvement in the economy. The Fund outperformed its benchmark, with good stock selection in the US and UK making a significant contribution to returns.

The UK equity market had a strong 2013. After several false starts, the domestic economy is finally gathering momentum. Unemployment continues to fall, while inflation hit the Bank of England's target of 2% in December. So far, however, the recovery has been narrowly focused on the consumer sector and housing market.

European equity markets also delivered robust returns over 2013. Spain exited recession, while Ireland was able to leave its bailout programme in November. However, France and Italy's fortunes have taken a turn for the worse, with the former teetering on the edge of another recession.

Recently, US lawmakers surprised commentators by approving a "mini-deal" on the country's budget with little fuss and no repetition of October's protracted negotiations. The bargain sets spending levels through to 2015, and includes measures to chop $20 billion off the deficit. Meanwhile, on 18 December, months of speculation finally came to an end as the Federal Reserve announced its plans to scale back quantitative easing. In January, Janet Yellen received the final approval for her new role as head of the central bank after the US Senate voted 56 to 26 in her favour. Before stepping down, Ben Bernanke's last gambit was to cut monthly asset purchases to $65 billion. Wall Street's performance was strong over the final months of the reporting period, with equities reaching a series of record highs.

Japanese equities also performed well. In recent months, prime minister Shinzo Abe's move to increase the country's sales tax was under the spotlight. The levy will increase to 8% from its previous level of 5% as Mr Abe attempts to reduce Japan's debt burden. In January, the Bank of Japan's decision to leave its monetary easing scheme unchanged fell in line with analysts' predictions. The central bank has also maintained its upbeat inflation forecasts.

Finally, emerging markets disappointed. Following the US Federal Reserve's decision to implement the "taper", the flow of cheap money into developing markets has been curtailed. In addition, weak manufacturing and growth data from China added to fears that demand will falter for some of the commodities produced by these countries.

Over the period, the holding in TripAdvisor helped to generate strong returns, as investors began to fully understand its business model and potential growth and re-rated the stock accordingly. The Fund's position in Google also made a positive contribution to performance in recent months. The internet technology behemoth has excelled across its many segments. Google's management have continued to gain share in the internet advertising, global smartphone and tablet market, leading to strong earnings results for the company.

In contrast, the holding in Teradata acted as a detractor to returns. This is a high-quality company, but a lack of technology spending from its existing customers led to poor business results through the year. This, combined with some new competitive threats, has caused the share price to fall. We believe this lack of demand is a short term issue and have high conviction that orders will pick up materially into 2014.

From a sector perspective, we retain a lack of exposure to consumer staples and energy. The former is expensive and offers low growth. In energy the outlook for the oil price remains uncertain. The sector's valuations will likely remain depressed due to diminishing returns in an industry with high capital intensity. We remain positive on the industrial, financials and healthcare sectors, based on bottom-up stock selection.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

SWIP GLOBAL FUND

Distribution date

XD date	Payment date
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
A Accumulation	1.75	1.74
B Accumulation	1.00	0.99
C Accumulation	-	1.24
E Accumulation (€ share class)	1.75	1.74
J Accumulation (€ share class)	-	1.04

Share class C Accumulation was closed 25 November 2013.
Share class J Accumulation (€ share class) was closed 25 November 2013.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
United States	41.46	61.08
United Kingdom	11.04	6.05
Japan	10.24	5.00
Germany	9.58	5.09
Switzerland	8.25	2.92
Netherlands	3.72	-
Australia	3.21	1.76
Canada	1.85	-
Ireland	1.79	2.18
Jersey	1.78	2.17
Spain	1.55	-
Taiwan	1.55	-
Singapore	1.26	1.92
India	1.10	1.73
France	-	5.51
Hong Kong	-	1.36
South Korea	-	2.51
Net other assets	1.62	0.72
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
A Accumulation	531.39	466.75	13.85
B Accumulation	132.87	115.78	14.76
C Accumulation	-	115.51	(100.00)
E Accumulation (€ share class)	118.37	103.97	13.85
J Accumulation (€ share class)	-	97.20	(100.00)

Performance record

	01/02/13 to 31/01/14 %	01/02/12 to 31/01/13 %	01/02/11 to 31/01/12 %	01/02/10 to 31/01/11 %	01/02/09 to 31/01/10 %
Net Return#	13.86	17.11	(2.97)	12.64	14.75
Gross Return~	15.71	19.22	(1.38)	13.60	19.50
Benchmark Return†	12.58	16.08	(0.99)	19.88	23.63

#Global Fund A Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: Lipper.
~Global Fund in GBP at close of business; Revenue (net of tax) reinvested and gross of expenses; Source: SWIP.
†MSCI* World index in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: Rimes.
*MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.
Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Final 31/01/14 (p/c)
A Accumulation	-
B Accumulation	0.6042
C Accumulation	-
E Accumulation (€ share class)	-
J Accumulation (€ share class)	-

Top five holdings

	31/01/14 %		31/01/13 %
1. Google	4.51	American Express	3.06
2. Roche	3.33	Allianz	2.92
3. BT	3.22	TripAdvisor	2.89
4. KeyCorp	3.17	Harley-Davidson	2.86
5. Bayer	2.91	McKesson	2.82

Number of holdings: 50 | Number of holdings: 50

Fund Profile

Investment Objective & Policy

To provide a stable and consistent return through direct and indirect investment mainly in North American securities.

The Fund will primarily invest in the securities of companies quoted or operating primarily in the United States of America and Canada, with the main focus of the Fund being the United States of America.

The Fund may also invest in other securities, convertibles, warrants, money market instruments, deposits, derivatives (for efficient portfolio management) and collective investment schemes.

The Fund may be invested in a limited number of holdings.

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	4	5	6	7

Currency Risk: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investment may rise or fall in line with exchange rates. This may also cause the value of any income generated to go up or down.

Derivatives Risk: Derivatives may be used for efficient portfolio management only. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way.

Investment Manager's Review

Against a relatively trying background (including protracted budget negotiations and uncertainty over the timing of the Federal Reserve's "taper"), US equity markets generated positive returns over the reporting period. In terms of sector performance, healthcare, consumer discretionary and industrials did best, while telecoms and energy lagged behind. The Fund underperformed its benchmark.

Over the latter half of the reporting period, investor attention was largely taken up by the ongoing political wrangling over the US debt ceiling (the amount that the government can borrow by way of issuing bonds). With a potential default looming on 17 October, there were just hours to spare by the time a temporary bipartisan agreement was reached. In December, US lawmakers surprised commentators by approving a "mini-deal" on the country's budget with little fuss and no repetition of October's protracted negotiations. The bargain sets spending levels through to 2015, and includes measures to chop $20 billion off the deficit.

Meanwhile, on 18 December, months of speculation finally came to an end as the Federal Reserve announced its plans to scale back quantitative easing. In January, Janet Yellen received the final approval for her new role as head of the central bank after the US Senate voted 56 to 26 in her favour. Before stepping down, Ben Bernanke's last gambit was to cut monthly asset purchases to $65 billion. Wall Street's performance was strong over the final months of the reporting period, with equities reaching a series of record highs. The move was widely expected, despite suggestions from some quarters that disappointing jobs figures or volatility in emerging markets may cause the Fed to hold off.

At asset level, the position in McKesson was beneficial to performance over the reporting period. The pharmaceutical distributor's share price was boosted by its hard-won takeover of German company Celesio. The deal completed in January.

In recent months, the Fund's position in Google also made a positive contribution to performance. The internet technology behemoth has continued to excel across its many segments. Google's management have continued to gain share in the internet advertising, global smartphone and tablet market, leading to strong earnings results for the company.

In contrast, Teradata acted as a detractor. This is a high-quality company, but a lack of technology spending from its existing customers led to poor business results through the year. This, combined with some new competitive threats, has caused the share price to fall. We believe this lack of demand is a short term issue and have high conviction that orders will pick up materially into 2014.

SolarWinds was another negative. The network solutions company's first-quarter revenue report missed analysts' estimates. Its director said that it did not achieve the level of new software licence sales it had expected.

We are becoming incrementally more cautious on the consumer discretionary sector (given high valuations) and have been reducing our exposure to the area. We retain our positive view of the financials sector, given our belief that the economy can continue to recover and grow ahead of forecasts. We are also increasing our position in the technology sector, as we believe there is significant pent-up demand for its products. Capital expenditure in this area is likely to improve as businesses become more comfortable with the idea o

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SWIP NORTH AMERICAN FUND

Distribution date

XD date	Payment date
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
A Accumulation	1.65	1.65
B Accumulation	0.90	0.90
E Accumulation (€ share class)	1.65	1.65
J Accumulation (€ share class)	0.95	0.95

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
Financials	20.27	19.05
Consumer Goods	18.73	13.22
Technology	14.21	10.52
Industrials	13.68	12.45
Health Care	13.27	12.28
Oil & Gas	8.17	11.19
Consumer Services	5.78	10.23
Basic Materials	3.19	8.22
Net other assets	2.70	2.84
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
A Accumulation	1,221.45	1,067.54	14.42
B Accumulation	664.44	576.37	15.28
E Accumulation (€ share class)	127.19	111.17	14.41
J Accumulation (€ share class)	132.10	114.72	15.15

Performance record

	01/02/13 to 31/01/14 %	01/02/12 to 31/01/13 %	01/02/11 to 31/01/12 %	01/02/10 to 31/01/11 %	01/02/09 to 31/01/10 %
Net Return#	14.42	17.72	6.82	25.12	3.78
Gross Return~	15.67	20.33	7.85	26.66	7.69
Benchmark Return†	17.23	16.23	5.78	22.24	19.78

#North American Fund A Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: Lipper.

~North American Fund in GBP at close of business; Revenue (net of tax) reinvested and gross of expenses; Source: SWIP.

†Standard & Poor's (S&P) 500 index in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: Rimes.

Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Final 31/01/14 (p/c)
A Accumulation	-
B Accumulation	-
E Accumulation (€ share class)	-
J Accumulation (€ share class)	-

Top five holdings

	31/01/14 %		31/01/13 %
1. Google	7.07	Harley-Davidson	4.14
2. McKesson	5.64	Exxon Mobil	4.06
3. KeyCorp	3.79	McKesson	3.94
4. General Motors	3.76	Citigroup	3.56
5. Pentair	3.68	Intuitive Surgical	3.39

Number of holdings: 42

Number of holdings: 51

SWIP STRATEGIC BOND FUND

for the year ended 31 January 2014

Fund Profile

Investment Objective & Policy

The Fund aims to provide a combination of income and growth of capital by investing in a portfolio of global debt instruments. At anytime the Fund will have at least 80% of its assets in sterling denominated securities, non-sterling denominated securities hedged back to sterling or in any combination of both.

The Fund will invest in government bonds, investment grade and sub-investment grade bonds, securitized bonds, covered bonds and preference shares denominated in any currency. The Fund will use derivative instruments for investment purposes. The investment adviser may hedge any non-sterling assets back to sterling to achieve the objectives of the Fund or otherwise at its discretion.

The Fund may also invest (directly or indirectly) in other transferable securities, money market instruments, deposits, cash and near cash, asset backed and mortgage backed securities, floating rate notes, structured credit and collective investment schemes. The Fund may hold securities of any duration.

In addition, use may also be made of stock lending, borrowing and hedging provisions permitted by the COLL Rules.

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 3 because it has experienced medium levels of volatility since launch on 14 June 2010. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	4	5	6	7

Interest Rate Risk: Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Fund. If long-term interest rates rise, the value of your investment is likely to fall.

Credit Risk: There is a risk that the issuers of bonds may not be able to repay the money they have borrowed nor make any interest payments. This risk is greater than average where the Fund invests in a bond with a below investment grade credit rating.

Currency Risk: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investment may rise or fall in line with exchange rates. This may also cause the value of any income generated to go up or down.

Risk Profile (continued)

Derivatives Risk: Derivative transactions will or maybe used to a significant extent. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way. Value at risk (VaR) based techniques estimate the probability of portfolio losses based on statistical analysis of historical price trends and volatilities. Absolute VaR analysis for the Fund is produced on a daily basis. The Fund's current VaR limit is 9%. The VaR measures of the Fund for the year ended 31 January 2014 were as follows:

Minimum VaR	3.16%
Maximum VaR	4.13%
Average VaR	3.66%

Market risk information is a relative estimate of risk rather than a precise and accurate number. The model is based on historical data and cannot take account of the fact that future market price movements, correlations between markets and level of market liquidity in conditions of market stress may bear no relation to historical patterns.

Investment Manager's Review

The credit market has experienced mixed fortunes in the early part of 2013. Until April, prices of corporate bonds had moved steadily higher, adding to the previous year's gains. Demand was buoyed both by investors' quest for higher yields than are available via government bonds and by a scarcity of new issuance relative to that demand.

In May and early June, returns deteriorated. Government bond yields moved significantly higher and prices lower, dragging the corporate bond market down with it. This was caused, in the main, by US Federal Reserve (the Fed) indications that it would start cutting back its accommodative monetary policy, which involved buying billions of dollars of assets in the open market. After Ben Bernanke, then-chairman of the Fed, said he expected to "taper" purchases if economic data improved, the market interpreted the comments as a prelude to more aggressive monetary tightening. This panicked many investors, causing corporate bond prices to fall and spreads to move higher.

Thereafter the market, although much more subdued, was subjected to periodic bouts of volatility, often materially affecting liquidity. Although economic data in the developed markets was generally positive, the geopolitical risks and ongoing concerns over the timing of tapering weighed on markets. Demand for corporate bonds was, however, generally robust and returns were strong.

In December, after much speculation, the Fed finally announced that it would begin to taper its monthly bond-buying programme. Strong US economic data, along with a well-delivered message from Mr Bernanke that interest rates would not rise in the near future, meant markets did not over-react to this news as they had in June.

The SWIP Strategic Bond Fund returned a net return of 5.60% in the twelve months to 31 January. This compares favourably with a sector average return of 4.02%. Throughout the review period, the Fund has been underweight in Gilts, while maintaining overweight positions in corporate bonds – both investment grade and high yield – and in selected global government bonds.

During March, the Fund switched its holding in Marks & Spencer from 2019 and 2021 issues into a 2025 issue. This was prompted by persistent leveraged buyout rumours; the longer-dated issue has a "change of control" clause which allows investors to sell the bonds back to the issuer if ownership changes.

In August, it was felt that UK yields had risen sufficiently for duration to be moved slightly higher, and more credit risk was added in anticipation of spread tightening. Spreads did begin to tighten in September; this, accompanied by falling government bond yields resulted in strong returns. Bonds issued by banks and insurers performed strongly, and high yield corporates were also very strong, aided by a lack of supply.

Throughout the latter part of 2013, bonds issued by banks, high yield corporates and peripheral European bonds made significant contributions. Companies domiciled in the European periphery were especially strong and contributed significantly the Fund's performance. Notably strong contributors included positions in Lloyds Banking group and telecoms operators Telefonica (Spain) and Wind (Italy).

As credit markets were positive in the final months of the review period, Fund returns remained strong. Positions in subordinated paper made a positive contribution as economic growth prospects continued to pick up.

At the end of January, a spike in volatility encouraged the fund managers to add some risk back into the Fund, through adding to corporate hybrids and via the iTraxx Crossover, the synthetic index of European high yield. As a result, the Fund was long of credit risk at 31 January, with low duration of around 3.2 years.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

SWIP STRATEGIC BOND FUND

Distribution dates

XD date	Payment date
01/11/13	31/12/13
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
A Accumulation	1.40	1.40
A Income	1.40	1.40
B Accumulation	0.80	0.80
B Income	0.80	0.80
B Gross Accumulation	0.80	-
B Gross Income	0.80	-
C Accumulation	-	0.90
C Income	0.90	0.90
C Gross Accumulation	0.90	0.90
C Gross Income	0.90	0.90
X Accumulation	0.15	0.15

Share class B Gross Accumulation was launched 11 December 2013.
Share class B Gross Income was launched 11 December 2013.
Share class C Accumulation was closed 25 November 2013.
The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
Sterling Denominated Bonds	61.38	70.78
Euro Denominated Bonds	27.59	20.84
US Dollar Denominated Bonds	9.21	6.39
Australian Dollar Denominated Bonds	0.57	0.73
Swiss Franc Denominated Bonds	0.31	0.41
Derivatives	(0.17)	(1.72)
Net other assets	1.11	2.57
Total net assets	100.00	100.00

Summary of portfolio by credit ratings

Rating block	31/01/14 %	31/01/13 %
AAA	5.24	21.36
AA+	-	0.65
AA-	1.80	1.92
A+	3.37	1.40
A	2.34	2.10
A-	6.53	8.02
BBB+	8.80	15.68
BBB	24.22	13.86
BBB-	10.67	5.74
BB+	8.71	8.40
BB	5.11	4.07
BB-	1.98	3.09
B+	5.07	5.82
B	7.39	1.61
B-	4.38	2.85
CCC+	0.38	0.84
CCC	-	0.65
NR	3.07	1.09
Total bonds	99.06	99.15
Other	0.94	0.85
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
A Accumulation	129.66	122.85	5.54
A Income	115.41	112.76	2.35
B Accumulation	131.81	124.29	6.05
B Income	115.37	112.73	2.34
B Gross Accumulation	100.99	-	-
B Gross Income	100.41	-	-
C Accumulation	-	124.04	(100.00)
C Income	115.42	112.77	2.35
C Gross Accumulation	130.15	121.75	6.90
C Gross Income	113.15	110.56	2.34
X Accumulation	134.35	126.02	6.61

Performance record

	01/02/13 to 31/01/14 %	01/02/12 to 31/01/13 %	01/02/11 to 31/01/12 %	14/06/10 to 31/01/11 %
Net Return#	5.60	12.91	2.54	6.50
Sector Average Return~	4.02	10.43	4.98	4.98

#Strategic Bond Fund A Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: Lipper.

~£ Strategic Bond Sector Average Return (funds which invest at least 80% of their assets in Sterling denominated (or hedged back to Sterling) fixed interest securities. This includes convertibles, preference shares and permanent interest bearing shares (PIBs). At any point in time the asset allocation of these funds could theoretically place the fund in one of the other Fixed Interest sectors. The funds will remain in this sector on these occasions since it is the Manager's stated intention to retain the right to invest across the Sterling fixed interest credit risk spectrum. Revenue (net of tax) reinvested and net of expenses; Source: Lipper.

Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Third interim 30/10/13 (p)	Final 31/01/14 (p)
A Accumulation	0.8948	1.0802
A Income	0.8072	0.9701
B Accumulation	1.0641	1.2573
B Income	0.9470	1.1107
B Gross Accumulation	-	0.5855
B Gross Income	-	0.5855
C Accumulation	1.0201	-
C Income	0.9037	1.0892
C Gross Accumulation	1.2731	1.5142
C Gross Income	1.1292	1.3330
X Accumulation	1.2516	1.4558

Top five holdings

	31/01/14 %		31/01/13 %
1. BHP Billiton Finance 3.25% 25/09/2024	1.99	UK Treasury 1.75% 07/09/2022	5.28
2. Nokia 5.5% 04/02/2014	1.88	UK Treasury 6% 07/12/2028	4.80
3. UK Treasury 3.75% 07/09/2020	1.75	UK Treasury 4% 07/09/2016	3.86
4. HBOS Capital Funding 6.461% Perpetual	1.72	UK Treasury 4.25% 07/12/2027	2.00
5. Friends Life 8.25% 21/04/2022	1.50	Electricite de France 6% Perpetual	1.33
Number of holdings: 253		Number of holdings: 464	

SWIP SWIP EUROPEAN HIGH YIELD BOND FUND

for the year ended 31 January 2014

Fund Profile

Investment Objective & Policy

The aim of the Fund is to provide a high level of return from a combination of income and growth of capital by investing mainly in a diversified portfolio of sub-investment grade debt securities. Such securities will typically be issued by companies based in Europe (including the UK) but may also be issued by companies and governments based elsewhere.

The Fund may also invest directly or indirectly in investment grade corporate bonds, government bonds, equities, covered bonds, other transferable securities, asset and mortgage backed securities, floating rate notes, structured credit, money market instruments, deposits, cash and near cash, warrants, convertibles, units in collective investment schemes and derivatives for both investment and hedging purposes.

The assets of the Fund will be denominated in sterling (or hedged back to sterling) in so far as is reasonably practical.

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 5 because it has experienced medium to high levels of volatility since launch on 12 December 2011. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	4	5	6	7

Interest Rate Risk: Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Fund. If long-term interest rates rise, the value of your investment is likely to fall.

Credit Risk: There is a risk that the issuers of bonds may not be able to repay the money they have borrowed nor make any interest payments. This risk is greater than average where the Fund invests in a bond with a below investment grade credit rating.

Currency Risk: The Fund may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of the Fund's investment may rise or fall in line with exchange rates. This may also cause the value of any income generated to go up or down.

Derivatives Risk: Derivative transactions will or maybe used to a significant extent. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way.

Investment Manager's Review

European high yield was the best-performing fixed income asset class in 2013. The asset class benefited from low defaults and a strong performance in equities, conditions in which high yield usually generates strong returns.

Over the past year, the major headwind for corporate bonds has been the rise in underlying government bond yields. The five-year Bund yield – the closest proxy for European high yield – was around 0.6% higher. However, the negative return on the five-year Bund was more than offset by tightening of credit spreads, taking returns into positive territory. Lower-quality credit outperformed, with Bs and CCCs strongly ahead.

A major feature of high yield's strength as an asset class was investors' hunt for yield. Against that, concerns over European political uncertainties and the scaling back of emergency monetary accommodation in the US resulted in a number of short-term sell-offs in risk positions.

In the year to 31 January 2014, The SWIP European High Yield Fund delivered a net return of 9.25%, comfortably exceeding the sector average return of 6.83%.

Throughout the review period, the Fund tended to favour the single B rated area of the market, the traditional area for high yield investors and one with the optimum balance between a high level of income and low duration.

In February and March we concentrated on taking profits on positions where little upside remained, raising cash in the expectation of a slew of new issuance after Easter. By the end of April, most of this cash was utilised by the high volume of new issuance.

In late summer, as we headed into the debt ceiling debate in the US, the Fund assumed a slightly more defensive posture. Thereafter, the Fund was fairly fully invested with a low cash position, on the grounds that positive economic data were beneficial for risk assets.

There was a record volume of new issuance in 2013. We were active – albeit selective - in the new issue market. We invested in a variety of positions including Telefonica, Enel and Phones 4U. A new issue from Nationwide performed strongly after its November launch, making a strong contribution.

Economic activity is accelerating in the US and UK. But while economic conditions are improving in the eurozone, Europe remains some way behind and is still more preoccupied with the risks posed by deflation. A bias towards further easing of monetary policy should help underpin corporate credit conditions. Against that, Europe's largest banks undergo an "Asset Quality Review" in the first half of 2014. Until this is complete, credit creation will remain sluggish, adversely affecting growth.

In 2014 high yield should offer a safe haven from longer duration fixed income, but returns are unlikely to be higher than mid to low single digits.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

SWIP SWIP EUROPEAN HIGH YIELD BOND FUND

Distribution dates

XD date	Payment date
01/11/13	31/12/13
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
A Accumulation	1.63	1.63
A Income	1.63	1.63
B Accumulation	0.78	0.88
B Income	0.78	0.88
C Accumulation	-	1.13
C Income	-	1.13
C Gross Accumulation	-	1.13
C Gross Income	-	1.13
X Accumulation	0.13	0.13

Share class C Accumulation was closed 25 November 2013.
Share class C Income was closed 25 November 2013.
Share class C Gross Accumulation was closed 25 November 2013.
Share class C Gross Income was closed 25 November 2013.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
Sterling Denominated Bonds	54.20	36.37
Euro Denominated Bonds	37.25	60.47
US Dollar Denominated Bonds	1.99	1.61
Swiss Franc Denominated Bonds	1.07	0.97
Derivatives	0.96	(2.07)
Net other assets	4.53	2.65
Total net assets	100.00	100.00

Summary of portfolio by credit ratings

Rating block	31/01/14 %	31/01/13 %
AA-	-	1.97
A-	1.09	1.13
BBB+	2.01	0.75
BBB	-	2.10
BBB-	3.68	1.88
BB+	13.89	8.05
BB	11.08	14.12
BB-	7.57	22.88
B+	9.98	20.82
B	17.49	8.29
B-	10.32	8.58
CCC+	10.65	6.06
CCC	2.34	2.42
CCC-	-	0.37
D	0.43	-
NR	3.98	-
Total bonds	94.51	99.42
Other	5.49	0.58
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
A Accumulation	131.79	121.03	8.89
A Income	119.69	114.83	4.23
B Accumulation	133.45	121.78	9.58
B Income	119.75	114.94	4.18
C Accumulation	-	121.48	(100.00)
C Income	-	114.91	(100.00)
C Gross Accumulation	-	123.21	(100.00)
C Gross Income	-	114.87	(100.00)
X Accumulation	135.18	122.64	10.23

Performance record

	01/02/13 to 31/01/14 %	01/02/12 to 31/01/13 %	12/12/11 to 31/01/12 %
Net Return#	9.25	15.66	4.70
Sector Average Return~	6.83	15.21	5.62

#SWIP European High Yield Bond Fund A Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: Lipper.

~£ High Yield Sector Average Return (funds which invest at least 80% of their assets in sterling denominated (or hedged back to sterling) fixed interest securities and at least 50% of their assets in below BBB minus fixed interest securities (as measured by Standard and Poors or an equivalent external rating agency), including convertibles, preference shares and permanent interest bearing shares (PIBs). Revenue (net of tax) reinvested and net of expenses; Source: Lipper.

Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Third interim 31/10/13 (p)	Final 31/01/14 (p)
A Accumulation	1.2474	1.3596
A Income	1.1568	1.2489
B Accumulation	1.4468	1.6234
B Income	1.3377	1.4466
C Accumulation	1.3654	-
C Income	1.2785	-
C Gross Accumulation	1.7457	-
C Gross Income	1.5968	-
X Accumulation	1.6659	1.7996

Top five holdings

	31/01/14 %		31/01/13 %
1. Iron Mountain 6.75% 15/10/2018	2.36	Unitymedia Hessen 8.125% 01/12/2017	3.45
2. Co-operative 6.875% 08/07/2020	2.05	Iron Mountain 6.75% 15/10/2018	3.45
3. Hastings Insurance Finance 8% 21/10/2020	2.04	Ardagh Packaging Finance 7.375% 15/10/2017	2.93
4. Telecom Italia 6.375% 24/06/2019	1.98	Conti-Gummi Finance 7.5% 15/09/2017	2.66
5. Ziggo Finance 6.125% 15/11/2017	1.94	Lafarge 10% 30/05/2017	2.41

Number of holdings: 163

Number of holdings: 105

SWIP UK OPPORTUNITIES FUND

for the year ended 31 January 2014

Fund Profile

Investment Objective & Policy

To provide a stable and consistent return through direct and indirect investment mainly in United Kingdom securities.

The Fund may also invest in other securities, convertibles, warrants, money market instruments, deposits, derivatives (for efficient portfolio management) and collective investment schemes.

The Fund may be invested in a limited number of holdings.

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	4	5	6	7

Derivatives Risk: Derivatives may be used for efficient portfolio management only. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way.

Concentration risk: The Fund may invest in a smaller than average number of holdings relative to other funds. This may give rise to the Fund's returns fluctuating more widely than other more diversified portfolios.

Investment Manager's Review

UK equity markets had a strong 12 months. Traders were encouraged into riskier assets by the extraordinary policy actions of the world's central banks and the gradually improving economic climate. In the former camp, the US Federal Reserve has been particularly active, buying $85 billion-a-month of government bonds and other securities. This has flooded the market with liquidity and helped lift stock markets. The Fed, though, has since reduced, or "tapered", this programme. This, plus a slowdown in China, was credited for renewed turbulence in global markets in January. Emerging markets where hit particularly hard.

Meanwhile, the UK economy is finally gathering momentum. Unemployment continues to fall, while inflation hit the Bank of England's target of 2% in December (currently 1.9%). Thus far, the recovery has been narrowly focused on the consumer sector and housing market. However, we have recently started to see a pick-up in business investment, while the construction sector enjoyed its best month in January for six and a half years. This culminated in the National Institute of Social and Economic Research forecasting the UK will grow by 2.5% this year – the fastest pace of expansion in Europe.

Overall, the FTSE All-Share index returned 10.10% over the 12-month review period.

Turning to the portfolio, a holding in Travis Perkins, the builders' merchant, boosted returns. The company had an excellent review period as the fortunes of the UK housing market improved after a long period in the doldrums. Travis Perkins' market value rose impressively, culminating in the firm entering the FTSE 100 index. Meanwhile, ITV's shares hit a record high after the group delivered an upbeat outlook statement, with the ongoing rebound in TV advertising helping to drive returns. The free-to-air broadcaster also received a number of positive broker comments. Elsewhere , UK house-builder Berkeley Group continues to benefit from high house prices across London and the South East, allowing it to increase profits and return capital to shareholders via generous dividends. Other highlights included RSA Insurance and Resolution.

By contrast, KSK Power and Great Eastern Energy had another difficult year thanks to ongoing challenges in its domestic Indian power market. Meanwhile, Lloyds Banking Group found its shares in demand after updating the market with a positive set of results. Evidence that the UK housing market is healing also lifted the stock. Our relative underweight in this stock therefore hurt performance. The Fund's holdings in IEnergizer, Royal Dutch Shell and Rio Tinto disappointed.

Looking ahead, the outlook for the UK economy is certainly encouraging, with hopes the country is finally back on track. This, however, has left Bank of England Governor Mark Carney in something of a bind. He had promised to hold interest rates until unemployment reached 7%. This was thought to occur around 2016. However, the jobless rate came in at 7.1 at end-November. At the time of writing, though, the reading surprisingly ticked-up to 7.2%. This should be the prospect of any immediate rate-rise to bed for now.

As for markets, following the recent rally equities no longer look compellingly cheap relative to their longer-term history. That said, after three years of disappointments, hopes are building that 2014 could be the year that these positive earnings surprises finally arrive.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

SWIP UK OPPORTUNITIES FUND

Distribution date

XD date	Payment date
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
A Accumulation	1.62	1.62
A Income	1.62	1.62
B Accumulation	0.87	0.87
B Income	0.87	-
C Accumulation	-	1.12
E Accumulation (€ share class)	1.62	1.62
J Accumulation (€ share class)	-	0.92

Share class B Income was launched 11 December 2013.
Share class C Accumulation was closed 25 November 2013.
Share class J Accumulation (€ share class) was closed 25 November 2013.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
Consumer Services	18.39	8.93
Financials	18.35	17.68
Oil & Gas	14.39	23.48
Health Care	12.22	11.33
Industrials	12.07	10.18
Basic Materials	6.39	7.29
Consumer Goods	6.03	7.51
Utilities	4.66	5.65
Telecommunications	3.61	-
Technology	1.60	6.56
Net other assets	2.29	1.39
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
A Accumulation	1,085.90	1,034.25	4.99
A Income	262.03	253.29	3.45
B Accumulation	880.17	832.04	5.78
B Income	98.65	-	-
C Accumulation	-	114.78	(100.00)
E Accumulation (€ share class)	107.41	102.31	4.98
J Accumulation (€ share class)	-	95.25	(100.00)

Performance record

	01/02/13 to 31/01/14 %	01/02/12 to 31/01/13 %	01/02/11 to 31/01/12 %	01/02/10 to 31/01/11 %	01/02/09 to 31/01/10 %
Net Return#	4.13	8.46	(7.71)	13.58	47.83
Gross Return~	7.56	9.87	(6.47)	15.43	50.34
Benchmark Return†	10.10	16.30	(0.31)	18.13	33.24

#UK Opportunities Fund A Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: Lipper.
~UK Opportunities Fund in GBP at close of business; Revenue (net of tax) reinvested and gross of expenses; Source: SWIP.
†FTSE All-Share index in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: Rimes.
Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Final 31/01/14 (p/c)
A Accumulation	16.0012
A Income	3.9171
B Accumulation	19.4988
B Income	0.0338
C Accumulation	-
E Accumulation (€ share class)	1.9073c
J Accumulation (€ share class)	-

Top five holdings

	31/01/14 %		31/01/13 %
1. GlaxoSmithKline	5.29	AstraZeneca	8.00
2. Barclays	4.17	Reed Elsevier	6.35
3. WPP	3.77	Resolution	5.87
4. Shire	3.74	BP	5.50
5. Drax	3.70	DS Smith	4.55

Number of holdings: 40

Number of holdings: 44

SWIP UK SMALLER COMPANIES FUND

for the year ended 31 January 2014

Fund Profile

Investment Objective & Policy

To provide investors with long-term capital growth through direct and indirect investment in a diversified portfolio consisting primarily of securities which, at the time of initial investment by the Fund, are constituent stocks of the Numis Smaller Companies index or listed on the Alternative Investment Market.

The securities in which the Fund will invest are generally less liquid and, accordingly, a degree of risk is associated with the valuation and disposal of the securities. Smaller companies of the type in which the Fund will invest are usually less well established and carry a higher degree of risk than larger companies whose shares are listed on the London Stock Exchange.

The Fund may also invest in other securities, convertibles, warrants, money market instruments, deposits, derivatives (for efficient portfolio management) and collective investment schemes.

In the event that the Numis Smaller Companies Index ceases to be available, the ACD may chose, at its sole discretion, another similar index as a replacement.

Risk Profile

Synthetic Risk and Reward Indicator: There are several different ways of measuring risk. The table below (source: Key Investor Information Document) uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years. The synthetic risk and reward indicator shown here is accurate as at 31 January 2014 and there has been no change to this ranking to date. The lowest category 1 does not mean a risk-free investment.

Typically lower rewards, lower risks ← → Typically higher rewards, higher risks

1	2	3	4	5	6	7

Derivatives Risk: Derivatives may be used for efficient portfolio management only. At times, though, the use of these instruments could lead to considerable short term fluctuations in price. The impact to the Fund is greater where derivatives are used in an extensive or complex way.

Specialist Risk: Smaller companies shares tend to be bought less frequently and there might be lower trading volumes than for larger companies. This might cause large changes in prices of these investments and that the price obtained for these investments when they are sold is less than expected.

Investment Manager's Review

UK smaller companies had an excellent 12 months, far outstripping their large-cap peers. The Numis Small Companies (ex IT and Communications) was up an impressive 31.84% for the period (compared to the FTSE All-Share, which was up only 10.10%).

Traders were encouraged into riskier assets by the extraordinary policy actions of the world's central banks and the gradually improving economic climate. In the former camp, the US Federal Reserve has been particularly active, buying $85 billion-a-month of government bonds and other securities. This has flooded the market with liquidity and helped lift equity markets. The Fed, though, has since reduced, or "tapered", this programme. This, plus a slowdown in China, was credited for renewed turbulence in global markets in January. Emerging markets where hit particularly hard.

Meanwhile, the UK economy is finally gathering momentum. Unemployment continues to fall, while inflation hit the Bank of England's target of 2% in December (currently 1.9%). Thus far, the recovery has been narrowly focused on the consumer sector and housing market. However, we have recently started to see a pick-up in business investment, while the construction sector enjoyed its best month in January for six and a half years. This culminated in the National Institute of Social and Economic Research forecasting the UK will grow by 2.5% this year – the fastest pace of expansion in Europe.

A growing economy tends to be good for smaller companies, as traders bet small-cap earnings will grow quicker than the blue-chip, more defensive names that make up the FTSE 100. This has once again been borne out by the index's performance over the last 12 months.

Turning to the portfolio, a position in Sports Direct International boosted the Fund's showing. The company's share price hit an all-time high after it announced excellent annual earnings and delivered an upbeat outlook statement. Elsewhere, Shares in Grafton, the Irish builders' merchant, climbed strongly throughout the review period. Self-help measures taken during 2012's challenging market conditions meant it was well-placed to ride the rebound we are currently seeing in the UK housing market. Meanwhile, fashion retailer fashion retailer Ted Baker also saw its shares in demand after delivering excellent first-half results. Pre-tax profits were almost double for the period, while sales were up a third year-on-year. The firm attributed the strong performance to its ongoing international expansion. Positions in Howden Joinery, Robert Walters and Topps Tiles also did well.

By contrast, Hochschild Mining had a torrid time. The South American-focused miner saw pre-tax profits halve in 2012 thanks to lower production and a drop in the price of silver. A higher gold price was of little comfort as production here was down also. We sold this stock in May 2013. The Fund's lack of exposure to Ocado Group relative to the benchmark also hurt performance. The online grocer has seen its stock price soar on booming sales. Other negatives included Indus Gas and F&C Asset Management (we no longer hold this company).

Looking ahead, the outlook for the UK economy has certainly improved, with hopes the country is finally back on track. This, however, has left Bank of England Governor Mark Carney in something of a bind. He had promised to hold interest rates until unemployment reached 7%. This was thought to occur around 2016. However, the jobless rate came in at 7.1 at end-November, raising the prospect that the Bank would tighten policy ahead of schedule.

At the time of writing, though, the reading surprisingly ticked-up to 7.2%. This should be the prospect of any immediate rate-rise to bed for now.

We continue to increase weightings in those UK earnings stocks that should benefit from the ongoing domestic economic recovery. We will also analyse those companies that recently entered the Numis Small-cap index, with an eye on adding them to the portfolio if and when we see fit.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

SWIP UK SMALLER COMPANIES FUND

Distribution date

XD date	Payment date
01/02/14	31/03/14

Ongoing Charges Figure

	31/01/14 %	31/01/13 %
A Accumulation	1.63	1.64
B Accumulation	0.88	0.89
C Accumulation	1.13	1.14
E Accumulation (€ share class)	1.63	1.64
J Accumulation (€ share class)	-	1.09

Share class J Accumulation (€ share class) was closed 25 November 2013.
The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/01/14 %	31/01/13 %
Industrials	29.72	24.84
Consumer Services	24.78	25.82
Financials	18.30	19.34
Technology	7.82	7.32
Consumer Goods	6.65	5.07
Oil & Gas	4.38	4.33
Telecommunications	2.35	4.35
Health Care	1.91	2.54
Basic Materials	1.87	2.70
Utilities	0.12	0.52
Derivatives	0.02	0.05
Net other assets	2.08	3.12
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/01/14 (p)	NAV per share 31/01/13 (p)	NAV percentage change %
A Accumulation	402.02	305.62	31.54
B Accumulation	679.41	512.62	32.54
C Accumulation	238.39	180.33	32.20
E Accumulation (€ share class)	156.65	119.09	31.54
J Accumulation (€ share class)	-	121.87	(100.00)

Performance record

	01/02/13 to 31/01/14 %	01/02/12 to 31/01/13 %	01/02/11 to 31/01/12 %	01/02/10 to 31/01/11 %	01/02/09 to 31/01/10 %
Net Return#	31.51	30.45	0.77	28.16	42.92
Gross Return~	33.65	31.73	3.74	29.53	44.63
Benchmark Return†	31.84	25.62	(1.89)	28.73	62.79

#UK Smaller Companies Fund A Accumulation share price movement in GBP at valuation point; Revenue (net of tax) reinvested and net of expenses; Source: Lipper.
~UK Smaller Companies Fund in GBP at close of business; Revenue (net of tax) reinvested and gross of expenses; Source: SWIP.
†Numis Smaller Companies index in GBP at close of business; Revenue (gross of tax) reinvested and gross of expenses; Source: Rimes.
Past performance is not a guide to future performance. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution rates

	Final 31/01/14 (p/c)
A Accumulation	4.1233
B Accumulation	11.5109
C Accumulation	3.4831
E Accumulation (€ share class)	1.9510c
J Accumulation (€ share class)	-

Top five holdings

	31/01/14 %		31/01/13 %
1. RPC	2.82	Howden Joinery	2.55
2. Kier	2.69	Beazley	2.39
3. Beazley	2.65	Paragon	2.38
4. Paragon	2.37	RPC	2.34
5. Fenner	2.35	Hansteen**	2.29

Number of holdings: 71

Number of holdings: 74

**Real Estate Investment Trust (REIT)

45109 03/14

SCOTTISH WIDOWS INVESTMENT PARTNERSHIP

PERFORM