CF Miton Investment Funds 2

Annual Report and Financial Statements
15 January 2014

CF Miton Diversified Growth Fund
CF Miton Distribution Fund

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INDEPENDENT AUDITOR
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ACD'S REPORT
FOR THE YEAR ENDED 15 JANUARY 2014

AUTHORISED STATUS

CF Miton Investment Funds 2 ('the Company') is an open-ended investment company ('OEIC') with variable capital incorporated in England and Wales under registered number IC000342 and authorised by the Financial Services Authority (note that the Financial Services Authority was replaced by the Financial Conduct Authority on 1 April 2013) with effect from 5 October 2004. The Company has unlimited duration.

The Company is a 'UCITS Scheme' and the base currency of the Company is pounds sterling.

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

IMPORTANT INFORMATION

We have made a minor correction to the body of the Prospectus to remove reference that the sub-funds do not currently invest in covered bonds. Whilst the sub-funds do not currently invest in covered bonds, this amendment reflects that it was never the intention of the sub-funds to have this restriction.

We have also updated the Prospectus to comply with the new Financial Conduct Authority rules introducing 'protected cells' for umbrella OEICs in the UK. The Company is an umbrella OEIC. Previously, each sub-fund of a UK umbrella OEIC effectively had its own pool of assets but could not be treated as a separate legal entity. As such, each of the sub-funds' assets were not legally ring-fenced and consequently it was possible that if the liabilities of another sub-fund within the same umbrella exceeded its assets, a creditor could pursue one or more other sub-funds in that umbrella to satisfy its debt. The effect of the new rules is to legally protect assets in each sub-fund from the creditors of other sub-funds and, as such, these changes are deemed to be in the investors' interest.

Additionally, the investment and borrowing powers of the Company have been amended to allow a sub-fund to now invest in, or dispose of, shares in another sub-fund in the Company, providing that the second sub-fund does not invest in any other sub-fund in the Company.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Miton Investment Funds 2
13 May 2014

DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

N. BOYLING

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Miton Investment Funds 2
13 May 2014

STATEMENT OF ACD'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (the 'COLL Sourcebook') requires the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the net revenue/expense and of the net capital gains/losses on the scheme property of the Company for that year. In preparing those financial statements, the ACD is required to:

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

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

In so far as the ACD is aware:

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

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

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

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

REPORT OF THE DEPOSITARY
FOR THE YEAR ENDED 15 JANUARY 2014

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with COLL and, where applicable, the OEIC Regulations, the Instrument of Incorporation and the Prospectus of the Company; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

BNY MELLON TRUST & DEPOSITARY (UK) LIMITED
Depositary of CF Miton Investment Funds 2
13 May 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CF MITON INVESTMENT FUNDS 2

We have audited the financial statements of CF Miton Investment Funds 2 ('the Company') for the year ended 15 January 2014 which comprise the Aggregated Statement of Total Return, Aggregated Statement of Change in Net Assets Attributable to Shareholders, Aggregated Balance Sheet and the related notes 1 to 13, together with the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, Balance Sheet, the related notes and the Distribution Table for each sub-fund. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF THE AUTHORISED CORPORATE DIRECTOR (ACD) AND AUDITOR
As explained more fully in the ACD's responsibilities statement set out on page 5, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

OPINION ON FINANCIAL STATEMENTS
In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and of its sub-funds as at 15 January 2014 and of the net revenue and the net gains on the scheme property of the Company and its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

OPINION ON OTHER MATTERS PRESCRIBED BY THE RULES OF THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK OF THE FINANCIAL CONDUCT AUTHORITY

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

ERNST & YOUNG LLP
Statutory Auditor
London
13 May 2014

AGGREGATED FINANCIAL STATEMENTS

AGGREGATED STATEMENT OF TOTAL RETURN FOR THE YEAR ENDED 15 JANUARY 2014

	Notes	£	15.01.14 £	£	15.01.13 £
Income:					
Net capital gains	2		28,128,678		31,709,116
Revenue	3	13,438,283		16,642,133	
Expenses	4	(4,623,991)		(5,647,264)	
Finance costs: Interest	6	(1,143)		(2,726)	
Net revenue before taxation		8,813,149		10,992,143	
Taxation	5	(344,645)		(533,970)	
Net revenue after taxation			8,468,504		10,458,173
Total return before distributions			36,597,182		42,167,289
Finance costs: Distributions	6		(10,094,513)		(12,535,236)
Change in net assets attributable to shareholders from investment activities			26,502,669		29,632,053

AGGREGATED STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FOR THE YEAR ENDED 15 JANUARY 2014

	Notes	£	15.01.14 £	£	15.01.13 £
Opening net assets attributable to shareholders			344,656,210		442,340,741
Amounts receivable on issue of shares		4,449,350		3,558,422	
Amounts payable on cancellation of shares		(74,507,731)		(133,071,016)	
			(70,058,381)		(129,512,594)
Dilution levy charged	1(k)		–		182,821
Stamp duty reserve tax	1(g)		(29,713)		(33,300)
Change in net assets attributable to shareholders from investment activities			26,502,669		29,632,053
Retained distribution on Accumulation shares			2,030,362		2,044,592
Unclaimed distributions	1(h)		6,269		1,897
Closing net assets attributable to shareholders			303,107,416		344,656,210

AGGREGATED BALANCE SHEET
AS AT 15 JANUARY 2014

	Notes	£	15.01.14 £	£	15.01.13 £
ASSETS					
Investment assets			300,539,129		337,239,065
Other assets					
Debtors	7	4,539,723		10,641,635	
Cash and bank balances		1,848,217		3,243,617	
Total other assets			6,387,940		13,885,252
Total assets			306,927,069		351,124,317
LIABILITIES					
Other liabilities					
Creditors	8	(1,920,560)		(3,970,323)	
Bank overdrafts		(2,944)		(254,215)	
Distribution payable on Income shares		(1,896,149)		(2,243,569)	
Total other liabilities			(3,819,653)		(6,468,107)
Total liabilities			(3,819,653)		(6,468,107)
Net assets attributable to shareholders			303,107,416		344,656,210

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS
AS AT 15 JANUARY 2014

1. ACCOUNTING POLICIES

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

(a) *Basis of accounting*
The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010.

(b) *Basis of aggregation*
The aggregated financial statements represent the sum of the relevant items from the financial statements of the individual sub-funds within the umbrella company.

(c) *Recognition of revenue*
Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment in the scheme and does not form part of the distributable revenue.

Reportable income from funds with ‘Reporting Fund’ status for UK tax purposes is recognised when the information is made available by the Reporting Fund.

Revenue from unquoted equity investments is recognised when the dividend is declared.

Revenue on debt securities is accounted for on an effective yield basis.

Rebates of annual management charges (AMC rebates) from underlying investments are accounted for on an accruals basis and are recognised as revenue, or capital in line with the allocation of the annual management charge between capital and revenue of the underlying investments.

Interest on bank and other cash deposits is recognised on an accruals basis.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

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

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

(e) *Treatment of expenses*
All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, are charged initially against revenue.

1. ACCOUNTING POLICIES *(continued)*

(f) Allocation of revenue and expenses to multiple share classes and sub-funds
Any revenue or expense not directly attributable to a particular share class or sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and sub-funds, unless a different allocation method is more appropriate.

All share classes are ranked pari passu and have no particular rights or terms attached, including rights on winding up.

(g) Taxation
Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Offshore income gains, from funds without reporting status, are liable to corporation tax at 20% and any resulting charge is deducted from capital.

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief and where this is the case the offset is reflected in the tax charge.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

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

(h) Distribution policy
Surplus revenue after taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders. Any deficit of revenue is deducted from capital.

The annual management charge is transferred to capital for distribution purposes in the CF Miton Distribution Fund in line with the sub-fund's investment objective. This will increase the amount of revenue available for distribution; however, will erode capital and may constrain capital growth.

Interim distributions may be made at the ACD's discretion. Final distributions are made in accordance with the COLL Sourcebook.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the sub-fund.

(i) Basis of valuation of investments
Quoted investments are valued at closing bid prices excluding any accrued interest in the case of fixed interest securities, on the last business day of the accounting period. Accrued interest on fixed interest securities is included in revenue.

Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the accounting period.

1. ACCOUNTING POLICIES *(continued)*

(i) Basis of valuation of investments (continued)
Where the values of structured products are quoted by multiple sources the value is derived from closing prices on the last business day of the accounting period. Where a price can only be obtained from the issuer, the value is confirmed by an independent price provider by reference to the terms defined in the termsheet of the structured product.

Unlisted or suspended investments are valued by the ACD taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

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

(k) Dilution levy
The ACD may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property of a sub-fund is in continual decline; where a sub-fund is experiencing large levels of net purchases relative to its size; on 'large deals' (typically being a purchase or redemption of shares to a size exceeding 5% of the Net Asset Value of the relevant sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.

	15.01.14 **£**	**15.01.13** **£**
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	28,600,563	31,131,642
Derivative contracts	(477,298)	632,542
Transaction charges	(18,094)	(13,965)
AMC rebates from underlying investments	43,183	31,124
Currency losses	(19,676)	(72,227)
Net capital gains	28,128,678	31,709,116

	15.01.14 £	15.01.13 £
3. REVENUE		
Non-taxable dividends	8,562,896	9,988,387
Taxable dividends, net of FCP expenses	978,770	1,386,789
UK property income distributions	65,500	–
Unfranked interest	3,675,252	5,111,827
AMC rebates from underlying investments	151,907	151,808
Bank interest	3,046	2,580
Other interest	912	742
Total revenue	13,438,283	16,642,133
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	4,368,485	5,388,478
Legal and professional fees	14,500	19,324
Printing costs	15,187	16,839
Registration fees	23,538	29,357
Other tax related services	750	–
	4,422,460	5,453,998
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	114,863	122,985
Safe custody and other bank charges	36,859	30,213
	151,722	153,198
Other expenses:		
FCA fee	150	120
Fees paid to auditor – audit	18,000	18,000
– tax services	6,000	6,000
Publication costs	10,970	7,972
Postage and distribution costs	3,477	7,976
Derivative pricing fees	11,212	–
	49,809	40,068
Total expenses	4,623,991	5,647,264

	15.01.14 £	15.01.13 £
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	331,926	506,667
Overseas tax	7	392
Adjustments in respect of prior periods	1	27,911
Current tax charge (note 5b)	331,934	534,970
Deferred tax – origination and reversal of timing differences (note 5c)	12,711	(1,000)
Total taxation	344,645	533,970

b) Factors affecting current tax charge for the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (15.01.13 : 20%) for the reasons explained below.

	15.01.14 £	15.01.13 £
Net revenue before taxation	8,813,149	10,992,143
Corporation tax at 20%	1,762,630	2,198,428
Effects of:		
Non-taxable dividends	(1,712,579)	(1,997,677)
Offshore income gains	–	16,221
Movement in revenue accruals	(15,890)	1,000
AMC rebates taken to capital	8,635	6,224
Unutilised excess management expenses	289,130	282,471
Corporation tax charge	331,926	506,667
Overseas tax	7	392
Adjustments in respect of prior periods	1	27,911
Current tax charge (note 5a)	331,934	534,970
c) Deferred tax		
Provision at the start of the year	8,000	9,000
Deferred tax charge in the year (note 5a)	12,711	(1,000)
Provision at the end of the year	20,711	8,000

6. FINANCE COSTS

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

	15.01.14 £	15.01.13 £
First Interim	2,031,893	2,608,449
Second Interim	3,175,435	3,811,707
Third Interim	1,950,758	2,317,277
Final	2,689,071	3,272,665
	9,847,157	12,010,098
Add: Revenue deducted on cancellation of shares	281,216	551,992
Deduct: Revenue received on issue of shares	(33,860)	(26,854)
Net distributions for the year	10,094,513	12,535,236
Interest	1,143	2,726
Total finance costs	10,095,656	12,537,962
Distributions represented by:		
Net revenue after taxation	8,468,504	10,458,173
Allocations to Capital:		
ACD's periodic charge, net of tax relief	1,599,725	2,076,604
Yield uplift on conversions*	26,291	213
Balance brought forward	84	330
Balance carried forward	(91)	(84)
Net distributions for the year	10,094,513	12,535,236

* Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

7. DEBTORS

	15.01.14 £	15.01.13 £
Amounts receivable for issue of shares	793,646	347,606
Sales awaiting settlement	1,975,415	8,206,468

7. DEBTORS *(continued)*

	15.01.14 £		15.01.13 £	
Accrued revenue:				
Non-taxable dividends	567,720		791,930	
Taxable dividends	119,451		40,000	
Unfranked interest	602,821		562,667	
AMC rebates from underlying investments	60,895		55,924	
Bank interest	93		151	
		1,350,980		1,450,672
Prepaid expenses		3,022		2,880
Taxation recoverable:				
Income tax	412,055		621,645	
Overseas withholding tax	4,605		5,490	
		416,660		627,135
Interest on tax refund		–		6,874
Total debtors		4,539,723		10,641,635

8. CREDITORS

	15.01.14 £		15.01.13 £	
Amounts payable for cancellation of shares		637,409		726,345
Purchases awaiting settlement		405,420		2,121,047
Accrued expenses:				
Amounts payable to the ACD, associates of the ACD and agents of either of them:				
ACD's periodic charge	488,988		601,306	
Legal and professional fees	4,230		604	
Printing costs	8,375		8,938	
Registration fees	895		1,039	
		502,488		611,887
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:				
Depositary's fees	14,075		14,808	
Transaction charges	2,027		5,577	
Safe custody and other bank charges	6,656		11,572	
Interest payable	–		85	
		22,758		32,042
Other expenses		32,642		32,769

	15.01.14 £	15.01.13 £
8. CREDITORS *(continued)*		
Taxation payable:		
Corporation tax	296,926	437,681
Deferred tax	20,711	8,000
Stamp duty reserve tax	2,206	552
	319,843	446,233
Total creditors	1,920,560	3,970,323

9. RELATED PARTY TRANSACTIONS

Management and legal and professional fees payable to Capita Financial Managers Limited ('the ACD'), registration fees and tax related services payable to Capita Financial Administrators Limited and printing costs payable to Capita Business Services Limited (both companies are associates of the ACD) are disclosed in note 4. The amount prepaid and outstanding at the year end in respect of those fees are shown in note 8.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Aggregated Statement of Change in Net Assets Attributable to Shareholders on page 9. The amount outstanding at the year end in respect of these monies shown in notes 7 and 8.

As part of the investment strategy, the Company may from time to time hold shares in other collective investment schemes managed by the same Investment Manager or ACD. At the balance sheet date the value of these holding was as follows:

	15.01.14 £	15.01.13 £
CF Miton Diversified Growth Fund		
ACD in common	–	1,873,180
Investment Manager in common	–	668,750
ACD and Investment Manager in common	1,341,960	–
CF Miton Distribution Fund		
Investment Manager in common	5,306,525	4,531,415

Capita Financial Managers Limited and its associates (including other authorised investment funds managed by Capita Financial Managers) held the following shareholdings in the sub-funds on behalf of their parties:

	Held at 15.01.14	Change in year	Held at 15.01.13
CF Miton Diversified Growth Fund	3,037,149	(404,732)	3,441,881
CF Miton Distribution Fund	4,305,582	(674,097)	4,979,679

10. SHAREHOLDER FUNDS

The share class and annual management charge applicable to each sub-fund is as follows:

	Class	Charge %
CF Miton Diversified Growth Fund	'A' Accumulation	1.40
	'B' Accumulation	0.75
	'N' Accumulation	1.00
CF Miton Distribution Fund	'A' Income	1.40
	'B' Income	0.75
	'N' Income	1.00

The net asset value, the net asset value per share and the number of shares in issue are given in the Fund Information of each sub-fund.

11. CONTINGENT LIABILITIES AND COMMITMENTS

Disclosure is made in note 11 of the Notes to the Financial Statements of the sub-funds.

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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

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

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the funds. The ACD requires that the appointed investment manager to the fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the funds managed.

i. *Credit risk*
Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Company has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *(continued)*

i. Credit risk (continued)
The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The ACD monitors the credit rating of bond holdings. All of the bonds in which the sub-funds invest are investment grade listed bonds or government securities which are lower risk.

ii. Interest rate risk
Interest rate risk is the risk that the value of the Company's investments will fluctuate as a result of interest rate changes. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. This risk is not actively managed.

Investment in collective investment schemes exposes the Company to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

This risk is not actively managed.

Numerical disclosure of the interest rate risk profile is made in note 12i of the Notes to the Financial Statements of the sub-funds.

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

This risk is not actively managed.

Numerical disclosure of the foreign currency risk profile is made in note 12ii of the Notes to the Financial Statements of the sub-funds.

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

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

All financial liabilities are payable in one year or less, or on demand.

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

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *(continued)*

v. Market price risk (continued)
Market price risk represents the potential loss the Company may suffer through holding market positions in the face of price movements. The Company's investment portfolio's are exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objectives and policies. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adherence to investment guidelines and avoidance of excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

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

vii. Derivatives
Disclosure is made in note 12iii of the Notes to the Financial Statements of the sub-funds.

13. PORTFOLIO TRANSACTION COSTS

Disclosure is made in note 13 of the Notes to the Financial Statements of the sub-funds.

IMPORTANT INFORMATION

Refer to the 'Important Information' section on page 4.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of CF Miton Diversified Growth Fund ('the Fund') is to achieve long-term capital growth by investing in a balanced and well diversified portfolio of UK and international equities, and fixed interest securities including government and corporate bonds. Investments will also be made in regulated collective investment schemes, money markets and cash deposits to provide further diversification to the Fund in accordance with applicable regulations.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Miton Diversified Growth Fund
13 May 2014

INVESTMENT MANAGER'S REPORT

FUND DESCRIPTION

A diversified fund that adopts a multi-asset investment approach and uses tactical asset allocation in order to deliver smoothed returns over the investment cycle. Investable asset classes include UK Equities, Overseas Equities, Fixed Interest, Alternative Assets, Private Equity, Commodities, Property and Cash.

PHILOSOPHY

We aim to increase the wealth of our clients by accumulating capital through the investment cycle, without taking undue risk. In order to achieve this we adopt a liquid multi-asset approach that reduces downside risk via diversification, but at the same time increases the opportunity set from which we can generate capital gains.

Tactical asset allocation within pre-defined asset allocation ranges allows us to dynamically tilt the portfolio towards those asset classes offering the most attractive risk reward characteristics in the prevailing economic environment.

We combine this top-down approach with fundamental bottom-up analysis in order to generate alpha and use both our asset allocation and investment selection to express our view of those secular trends that will shape the world that we live in.

Quite simply, we believe that tactical asset allocation, thematic investing and superior investment selection should drive out-performance and deliver attractive returns for our clients over the cycle.

- Tactical asset allocation
- Thematic investing
- Superior investment selection
- Strong risk-adjusted returns

PERFORMANCE

	6 months	1 year	3 years	5 years	10 years
CF Miton Diversified Growth Fund	5.7%	13.6%	20.2%	80.5%	89.7%
IMA Mixed Investment 40-85% Shares	3.3%	12.4%	19.9%	66.1%	89.8%

Source: FE Analytics. The Investment Manager has used the IMA Mixed Investment 40-85% Shares Index for comparison; no benchmark is required to be disclosed per the Prospectus.

We are pleased to report that your Fund returned 13.6% over the reporting period, whilst the multi-asset construct served to dampen volatility during more turbulent times. UK equities contributed the most to performance, as a result of strong stock selection, together with an overweight position that was adopted towards the end of 2012. Top performers were from various sectors and stock picking strategies, including holdings such as ***Thomas Cook Group***, ***Vodafone Group***, ***DS Smith*** and ***Shire Pharmaceuticals***.

PERFORMANCE *(continued)*

Within Overseas Equities, all geographical regions contributed positively, with the exception of Emerging Markets. As global bond yields have risen, Emerging Market assets have been under pressure, however, we believe they remain attractively valued and thus offer considerable upside. Japanese equities were the strongest performers as the Bank of Japan's aggressive monetary stance weakened the yen, which in turn boosted corporate earnings.

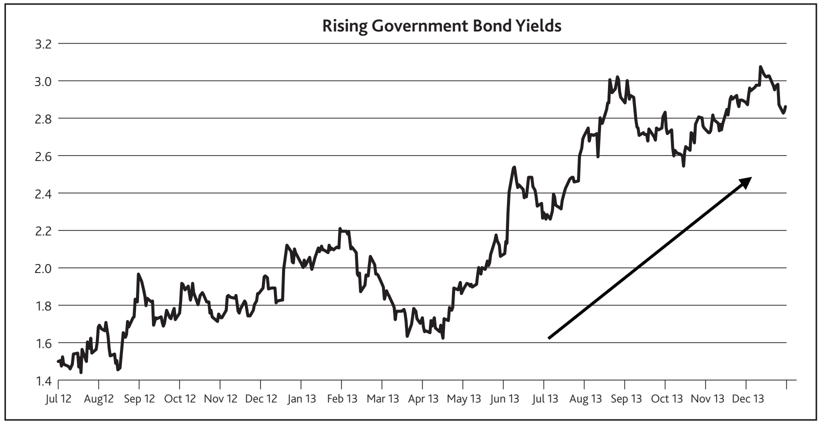
Within Fixed Interest, credit spreads continued to tighten, but at the same time core government bond yields rose, therefore reducing capital gains. Nevertheless, total returns (including income) were healthy, although not as strong as in the 2012/13 reporting period. The Fund's relatively low exposure to rising government bond yields and its bias towards credit (away from sovereign debt) helped boost performance, as did new investments such as the ***TwentyFour Income fund*** which returned over 22%.

Performance within Alternative Assets was mixed. On a positive note, the Fund's Private Equity holdings performed well, as did holdings such as the ***ETFS Daily Short Industrial Metals ETF*** and ***Doric Nimrod Air Three***. The valuation placed on the Fund's only unlisted investment, ***AJ Bell Holdings***, was left unchanged over the period, however, it nevertheless provided the Fund with a healthy level of income through dividend distributions and reported solid results. Hedge funds overall had a difficult year, however, as did some of the Fund's other commodity holdings. Positions taken to reduce risk and dampen volatility during times of market stress also detracted from performance, but nevertheless served to offer some protection if market conditions had deteriorated.

OVERVIEW

Over the last few years we have been explaining to investors how we now find ourselves in an increasingly policy led environment. It was as evident during this period as at any other time that policy makers were having a significant influence on asset price determination. In a bold quest to finally defeat deflation in Japan, aggressive policy action was taken by the newly elected premier Abe, which propelled the Japanese equity market to as high as 83% above its recent lows. It also caused the Japanese yen to weaken materially. All of the Fund's Japanese equity exposure was hedged back to sterling so as to negate the negative impact from a weakening yen.

Later in the year, remarks by the US Federal Reserve ('the Fed') Chairman, Ben Bernanke, and then subsequent actions with respect to a winding down of the US's Quantitative Easing ('QE') programme, sent government bond markets into a tail-spin. This is now causing a headache for many emerging economies that have been running large current account deficits (importing far more goods and services than they have been exporting abroad). It is because of how rapidly the investment landscape can change that we believe it is imperative to maintain a highly liquid portfolio, as this affords us the flexibility to move capital quickly towards those assets/asset classes that we perceive as offering the best risk adjusted returns and equally move capital away from those that pose the biggest risk without much prospect for returns.



Source: Bloomberg and Miton Capital Partners Limited – Generic UK 10 Year Government Yield; 15.07.12–15.01.14.

Economic data suggests that developed economies are finally recovering, whilst developing and Asian economies slow. The latter economies are adjusting to a new world order of higher bond yields, a Chinese expansion that is less commodity intensive, an increasingly competitive Japanese export industry and a contracting US current account deficit.

There are early signs that the economic recovery in developed markets is also starting to broaden to those hardest hit by the European Sovereign Debt Crisis. Official unemployment figures in Spain are now falling and forward looking indicators suggest modest economic expansion lies ahead for peripheral Europe, including countries such as Italy, Europe's third largest economy.

Although the Fed has started to wind down its QE programme by a tapering of its asset purchases, global monetary policy conditions remain fairly loose. Combined with reasonable, albeit no longer 'cheap' valuations, and an improving macroeconomic backdrop, we expect developed equity markets to grind higher. The Fund commensurately remains overweight equities, much as it was positioned throughout majority of last year. Contrastingly, the Fund is underweight Fixed Interest, because capital was needed to fund increased equity exposure in the first half of the year and because we don't view the return prospects for Fixed Interest as great as they were in previous years. The Fund's allocation to Alternative Assets is close to its core allocation.

PORTFOLIO ACTIVITY

FUND ASSET STRUCTURE AT 15 JANUARY 2014

Asset Class	**Fund %**	**Core Allocation %**
Equities		
UK	37.2	30.0
North America	2.8	6.0
Europe	7.7	6.0
Japan	6.0	3.0
Emerging Markets	6.0	6.0
Asia (ex Japan)	7.9	6.0
Other Overseas	3.0	3.0
Total Equities	70.6	60.0
Fixed Interest	14.6	20.0
Alternative Assets	13.3	17.5
Cash	1.5	2.5
Total	100.0	100.0

UK EQUITIES

Towards the end of 2012 we were increasingly confident that the UK equity market was on the verge of breaking out to the upside. The reasoning was as much technical as fundamental. Having been range bound for many years, but sequentially making higher lows in each correction, there was evidently significant upward pressure on the equity market.

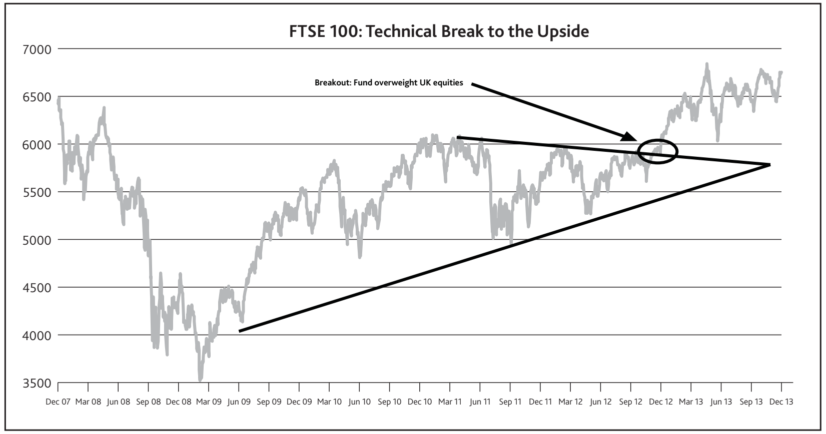
Combined with this technical pressure, we felt that previous actions taken by the European Central Bank, European Commission and the Fed had significantly reduced systemic risk, fundamentally supporting equity markets moving higher. Reflecting this, the Fund was overweight UK equities at the start of the period under review and remained so throughout the year.

The UK equity portfolio performed strongly and helped significantly in driving the advancement in the Fund's Net Asset Value. It was particularly pleasing to see such strong performance across various sectors and stock picking strategies. Our stock picking strategies include investing in those companies that offer either 'deep value', are consistent 'economic earners', are in transition under new management that is likely to unlock shareholder value or provide exposure to an underlying theme.

New UK equity investments spanned across each of these stock picking strategies and were funded by a combination of reducing Fixed Interest exposure and money raised from exiting successful UK equity investments, such as ***Thomas Cook Group*** and ***Dixons Retail***. Both ***Thomas Cook*** and ***Dixons Retail*** performed exceptionally well, which demonstrates the potential for new management to take a previously poorly run, but well established business and boost returns for shareholders. Other notable exits included ***Kier Group***, the UK construction business that has benefitted materially from an improving UK economic outlook and ***Vodafone Group***, which was subject to a partial takeover by Verizon Communications in the US.

New investments over the year included ***Enterprise Inns***, ***Shire Pharmaceuticals***, ***Xchanging***, ***Xaar*** and ***Laird***. ***Enterprise Inns*** is an example of a 'deep value' investment. The company has strong asset backing but as a result of being heavily indebted, provides highly geared exposure to a recovering UK consumer, as well as the secular trend that is people increasingly eating out at venues offering a cheaper alternative to traditional restaurants. At the time of purchase the shares were trading at a substantial discount to net asset value and whilst the discount has started to close as a result of strong share price performance, we believe that they still have much further to go.

Shire Pharmaceuticals on the other hand is an investment that we categorise as a consistent 'economic earner' i.e. it is a business that has consistently earned a high return on its invested capital over many years. The shares had de-rated due to a short-term loss of momentum, but we believed the business still had the potential to deliver consistently high returns on its invested capital through successful innovation in markets with high barriers to entry. The firm's small molecule medications within the therapeutic areas of behavioural health have been highly successful in the US and the company is working hard to make them as successful in Europe. Margins are exceptionally high in the rare diseases market and regenerative medicine (stem cells) is an exciting new venture for the business. The market has started to appreciate the long term attractive qualities of the business and the shares are already up over 50% since initial purchase.



Source: Bloomberg & Miton Capital Partners Limited; 31.12.07–31.12.13.

UK EQUITIES *(continued)*
Xchanging is another example of a business we believe is poised to benefit from a turnaround by new management. The business process outsourcing company is refocusing back to its core strengths, whilst driving growth through innovation of proprietary technology and expanding in Asia. We were able to buy the shares when the enterprise value was little over 3x earnings before interest, tax, depreciation and amortisation.

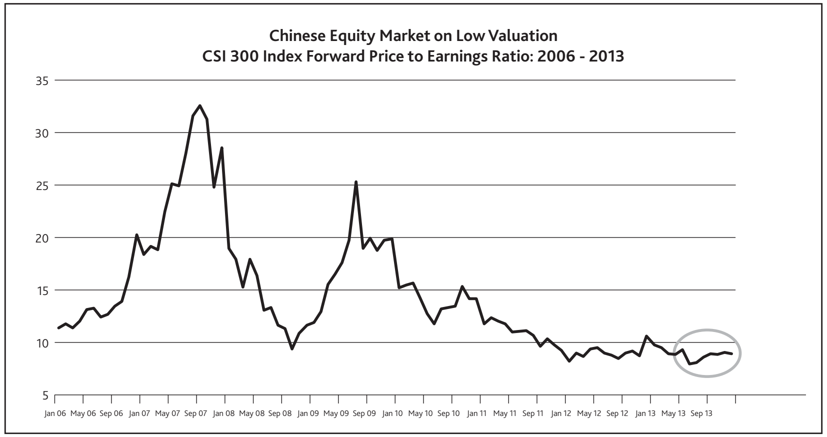
Similarly, ***Laird*** is a global technology business under the stewardship of new management. The company is focused on providing components and solutions that protect electronic devices from electromagnetic interference and facilitate connectivity through wireless applications and antennae systems. ***Laird*** has always innovated quality technology, but previously had been run inefficiently and was overly reliant on one main customer. The new CEO has sought to address these issues and shareholders are now being rewarded, with the shares up over 90% since their lows in the summer.

Xaar is an example of an investment that provides exposure to an underlying theme – in this instance, the global digital printing revolution. Ninety percent of products that are patterned, decorated, printed or finished in some way (such as tiles, laminate flooring and advertising banners) are currently manufactured using antiquated analogue processes. ***Xaar*** is at the heart of the transition to digital manufacturing, which is driving down costs and boosting productivity for its clients.

OVERSEAS EQUITIES
The Fund was underweight Overseas Equities during the first half of this year, however, we sought to increase the Fund's allocation during the second half of the year, by taking advantage of weakness in Emerging Market and Chinese equities, as well as increasing European and Japanese exposure.

Emerging Market equities performed particularly poorly over the year, enabling us to move the Fund towards a neutral weighting at attractive valuations i.e. equal to the Fund's core allocation of 6%. Included in this was a new investment in the ***Renasset Eastern European fund***, predominantly invested in Russian and Turkish equities.

Chinese equity exposure was reintroduced following the unveiling of a much anticipated Communique of the Third Plenum by the Chinese government. We view the first policy blueprint to be unveiled under the new leadership of President Xi Jinping and Premier Li Keqiang as positive for the Chinese equity market which trades on low valuations following almost 5 years of share price declines. The majority of Chinese exposure has been achieved via the ***Fidelity China Special Situations trust*** which is positioned to benefit from the transition that the Chinese economy will be undergoing over the next decade, transcending from one reliant on heavy capital investment and cheap exports, to one powered by domestic consumption.



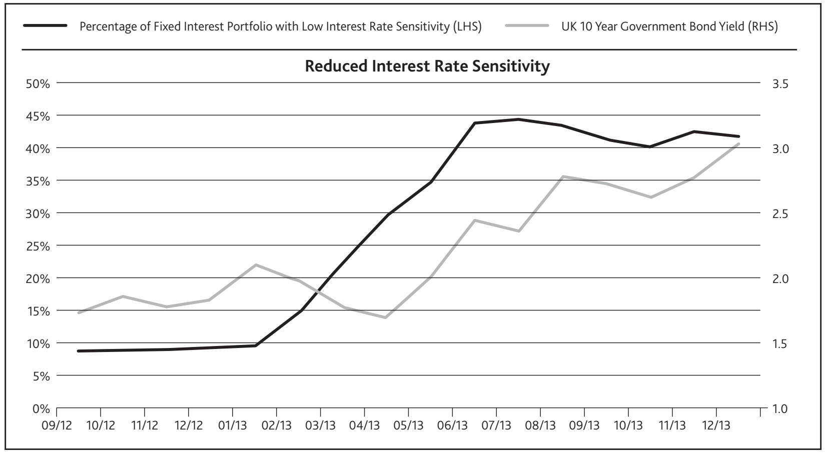
Source: Bloomberg & Miton Capital Partners Limited; CSI 300 Index 01.01.06–31.12.13, Forward Price to Earnings Ratio.

Staying within Asia, the ***Halley Asian Prosperity fund*** is another new investment and the Fund's largest Asian holding. The fund provides exposure to a favoured theme – burgeoning Asian consumption. We believe it's relatively small size should enable it to out-perform competitor funds, as a result of being more nimble and focused on investee companies at the smaller end of the market capitalization scale. These companies in particular have strong growth prospects, deliver high returns on equity, but have recently been overlooked by the majority of investors in the region and consequently trade on low valuations.

Increased European exposure was via three new investments, one providing exposure to smaller companies, the other with a current bias towards companies listed in peripheral European countries and the latter a new launch by Guillaume Rambourg, who has a strong reputation and performance track record from his previous time at Gartmore. Japanese exposure was increased via an ETF both earlier in the year and then later in the year when the market made a technical break higher. Another new holding worthy of mention is the ***River and Mercantile World Recovery fund***, managed by value investor Hugh Sergeant. Hugh has an impressive track record and has thus far delivered strong performance.

FIXED INTEREST
Two key themes this year were reducing the sensitivity of the fixed interest portfolio to rising government bond yields and also reducing overseas currency exposure. Taking both of these pre-emptive actions was beneficial to performance, as core government bond yields rose sharply (government bond prices fell) from early summer and sterling strengthened on the back of an improving economic outlook and declining unemployment rate.

FIXED INTEREST *(continued)*
No derivatives have been used to reduce the Fund's sensitivity to rising government bond yields, instead it has been achieved by rotating out of more traditional fixed interest strategies, into newer strategies that exhibit little in the way of interest rate sensitivity. New holdings in this vain included a convertible bond strategy, short duration high yield strategies and asset backed securities that pay floating rate coupons.



Source: Bloomberg & Miton Capital Partners Limited; as at 31.12.13.

The first two of these new strategies have done well in grinding out healthy returns in an environment of rising government bond yields, however the ***TwentyFour Income fund***, which provides exposure to the European asset backed securities market, has been the real stand out performer. The fund has delivered a return of over 22% since initial investment in February of last year.

Other new investments included a zero dividend preference share, offering an attractive 7.5% yield. The high yield was available despite the shares being well covered by residential property assets in Berlin, which are attractively valued themselves on relatively high rental yields. The Fund has benefitted from several successful zero dividend preference shares over the last couple of years. They are low volatility investments that typically exhibit little in the way of correlation to equity markets and yet can produce healthy capital returns. For example, the Fund exited two this year, one having risen by 44% over a three and a half year period and the other having risen almost 30% in just over two years. Both were backed by private equity portfolios and were relatively conservative.

The second half of the year witnessed a sharp sell-off in Emerging Market debt which created very attractive yields for longer term investors. Taking advantage of this meant that the Fund finished the year with close to 20% of its Fixed Interest allocation in the asset class. We expect strong returns from the asset class over the medium term but volatility in the short term is likely to persist.

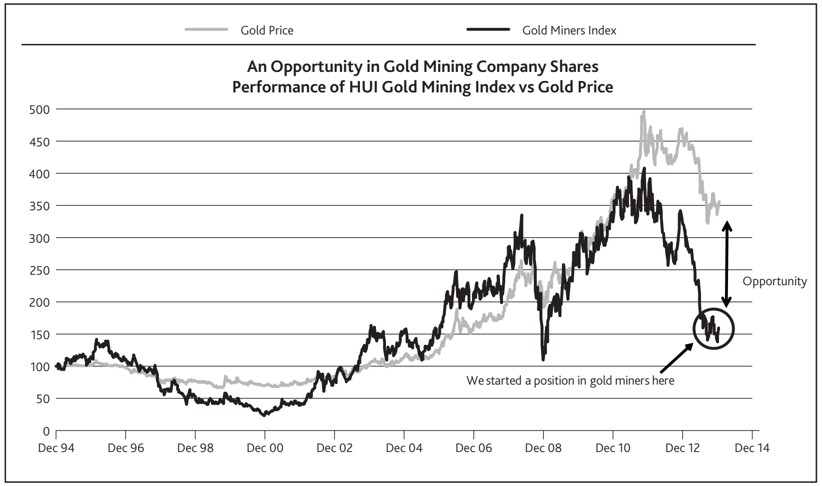
ALTERNATIVE ASSETS
Alternative Assets includes hedge funds, private equity, commodities, property and any investments held tactically to reduce Fund volatility and protect capital in case equity markets fall. Hedge Fund performance was mixed, leading to an exit of the Fund's single strategy macro hedge fund after a reappraisal of the Manager's investment process. We were able to exit a modest profit, despite disappointing performance in 2013/14. The Fund's trend following hedge fund was also exited. Several new hedge funds have been selected for future investment, but we will only invest in these once we have spare capital as a result of allocating less to equities.

Private Equity performed well with good returns from two of the Fund's private equity investment trusts, including a new holding – ***NB Private Equity Partners***. Neuberger Berman is an experienced and well respected private equity manager, operating mostly in the US. The trust trades on a wide discount relative to peers but we believe the trust's newly adopted strategy will act as a catalyst to close the discount. The strategy involves moving away from a fund of private equity funds approach towards a direct investment approach, as well as allocating some capital towards high yielding investments such as mezzanine debt. The trust was yielding 4.5% at the time of purchase.

The Fund's only direct private equity holding and largest holding, ***AJ Bell Holdings***, delivered solid results, while continuing to provide a healthy dividend yield. There was no revaluation of the holding during the period, leaving it valued at a substantial discount to listed peers.

Whilst the ***Schroder International Selection Global Energy fund*** was exited, a new investment was made in gold miners. Not only do gold miners provide a greater level of diversification for the Fund, but we feel that the opportunity for capital gains is much greater from gold mining shares as they are currently trading at an historically wide discount relative to the yellow metal's prevailing market price. At the same time, energy companies are finding it harder and more expensive to replace their reserves and the oil price is range bound. Whilst we are not necessarily bullish on the price of gold per se, we feel that there is more than sufficient risk premium on offer to warrant exposure to the companies that 'dig the stuff out of the ground'.

ALTERNATIVE ASSETS *(continued)*



Source: Bloomberg & Miton Capital Partners Limited; HUI Index vs Gold Price, rebased to 100 at 16.12.94 – 31.10.13.

Two other notable new holdings include ***Doric Nimrod Air Three*** and ***Blue Capital Global Reinsurance fund***. ***Doric*** provides the Fund with exposure to an attractive high single digit yield from aircraft leasing, as well as the potential for capital growth over the medium term. The company leases the new and highly popular Airbus A380, which we believe will provide truly alternative returns that are uncorrelated to equity markets. ***Blue Capital*** is managed by a wholly owned subsidiary of Montpelier Group, who are a leading global provider of property catastrophe reinsurance. The strategy is targeting uncorrelated returns of LIBOR plus 10%, through investments in short dated catastrophe reinsurance contracts within a $313 billion global market.

OUTLOOK
Economic data is improving and valuations (both equity and credit) are not stretched. They are a little rich in some areas of the market however and undeniably much fuller compared to this time last year. At the same time, monetary policy remains loose. We believe this a positive environment for equities and credit. As a result, the Fund is overweight equities, whilst the majority of the Fund's Fixed Interest exposure is corporate rather than sovereign debt.

We are cognisant, however, that the downside risk from a negative shock is probably now greater, given that there is now less valuation support for the market. We will consequently be ensuring that the portfolio maintains high levels of liquidity, so that it can be repositioned quickly if required.

Whilst the environment remains supportive to risk assets, as always we will be keeping a watchful eye on economic and market developments. In particular, we will be keeping a close eye on government bond yields to see whether they approach what we perceive as a 'tipping point' i.e. a high level that removes an important pillar of support for the equity market. Associated with this, we will be keenly observing valuations and investor sentiment, so that we can adopt a defensive stance should either or both become elevated.

Further disinflation is a real threat with inflation data over the last couple of years continuing to head towards a deflationary scenario. This would be a worrying outcome and would require a repositioning of the portfolio, however should economic momentum continue to build, then it is unlikely to materialise.

MITON CAPITAL PARTNERS LIMITED
Investment Manager
12 February 2014

PERFORMANCE RECORD

'A' Accumulation shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2009	151.50	100.25	2.5434
2010	172.53	147.02	2.3835
2011	178.76	154.97	1.0426
2012	178.59	162.58	1.7273
2013	206.19	179.43	2.3877
2014*	208.47	206.12	0.9267

'B' Accumulation shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2012#	103.68	95.20	0.5320
2013	120.48	104.17	1.8101
2014*	121.85	120.45	0.9294

'N' Accumulation shares

Calendar Year	Highest Price p	Lowest Price p	Distribution per share p
2012#	103.50	95.15	0.3680
2013	119.86	104.00	1.4904
2014*	121.21	119.83	0.7764

From 26 March 2012.
* To 15 January 2014.

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
15.01.12	'A' Accumulation	225,571,213	137,571,411	163.97
15.01.13	'A' Accumulation	187,009,219	102,092,420	183.18
	'B' Accumulation	1,148,522	1,079,822	106.36
	'N' Accumulation	265	250	106.16
15.01.14	'A' Accumulation	142,318,983	68,047,943	209.15
	'B' Accumulation	21,241,829	17,376,918	122.24
	'N' Accumulation	128,580	105,735	121.61

ONGOING CHARGES FIGURE

Expense Type	15.01.14 % 'A'	15.01.14 % 'B'	15.01.14 % 'N'	15.01.13 % 'A'	15.01.13 % 'B'	15.01.13 % 'N'
ACD's periodic charge	1.40	0.75	1.00	1.40	0.75	1.00
Other expenses	0.08	0.08	0.08	0.07	0.07	0.07
	1.48	0.83	1.08	1.47	0.82	1.07
Collective investment scheme costs	0.47	0.47	0.47	0.50	0.50	0.50
Ongoing charges figure	1.95	1.30	1.55	1.97	1.32	1.57

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Fund expressed as a percentage of the average net assets during the accounting period.

The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Fund's net assets at the balance sheet date.

SYNTHETIC RISK AND REWARD INDICATOR

Typically lower rewards						**Typically higher rewards**
Lower risk						**Higher risk**
1	2	3	4	5	6	7

This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 5 because its volatility has been measured as above average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

FUND PERFORMANCE TO 15 JANUARY 2014 (%)

	1 year	3 years	5 years
CF Miton Diversified Growth Fund	13.58	20.18	80.54

The performance of the Fund is based on the published price per 'A' Accumulation share which includes reinvested income.

Details of the distributions per share for the year are shown in the Distribution Table on pages 57 and 58.

PORTFOLIO STATEMENT
AS AT 15 JANUARY 2014

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	Total Net Assets 15.01.13 %
	FIXED INTEREST INVESTMENTS			
	INDEX-LINKED			
369,000	Fidelity Emerging Markets Inflation-Linked Bond*	2,346,923	1.43	2.99
	CORPORATE BONDS			
1,000,000	Conygar Investment Company (The) *zdp*	1,035,000	0.63	
855,000	Invesco Perpetual Global Financial Capital*	1,428,876	0.87	
22,550	PFS TwentyFour Dynamic Bond*	2,991,190	1.83	
2,934,620	Royal London Sterling Extra Yield Bond*	2,971,596	1.82	
1,695,000	TwentyFour Income	2,008,575	1.23	
850,000	Utilico Investments *zdp* 2018	990,250	0.60	
		11,425,487	6.98	11.24
	FIXED INTEREST OVERSEAS			
50,000	iShares Emerging Markets Local Government Bond UCITS ETF*	2,456,000	1.50	
1,495,000	JPMorgan Global Convertibles Income	1,599,650	0.98	
2,800,000	Royal London Short Duration Global High Yield Bond*	2,826,600	1.73	
950,000	Taliesin Property	1,035,500	0.63	
32,200	Wells Fargo (Lux) Worldwide US High Yield Bond*	2,236,934	1.36	
		10,154,684	6.20	5.94
	TOTAL FIXED INTEREST INVESTMENTS	23,927,094	14.61	20.17
	PRIVATE EQUITY			
1,090,000	AJ Bell Holdings^	6,267,500	3.83	
1,185,000	Better Capital 2012	1,294,613	0.79	
127,000	HgCapital Trust	1,371,600	0.84	
230,000	NB Private Equity Partners	1,420,654	0.87	
	TOTAL PRIVATE EQUITY	10,354,367	6.33	5.33

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	Total Net Assets 15.01.13 %
	PROPERTY			
250,000	iShares UK Property UCITS ETF*	1,330,625	0.81	
4,635,000	Orchid Developments###	–	–	
18,750,000	Speymill Deutsche Immobilien##	–	–	
	TOTAL PROPERTY	1,330,625	0.81	1.11
	ALTERNATIVE INVESTMENTS			
	HEDGE FUNDS			
15,124	AC – Risk Parity 12*	1,504,550	0.92	
1,145,000	Barclays Capital 5 Year GBP Q-MA US Excess Return Index Warrants**	1,294,995	0.79	
1,250,000	PSolve Alternatives PCC##	–	–	
		2,799,545	1.71	4.02
	OTHER ALTERNATIVE			
2,660,000	Blue Capital Global Reinsurance	1,732,488	1.06	
925,000	Doric Nimrod Air Three	1,012,875	0.62	
28,750	ETFS 3x Short JPY Long USD*	1,498,895	0.92	
42,500	ETFS Daily Short Industrial Metals DJ-UBSCI*	1,248,362	0.76	
8,000,000	Lehman Brothers 0% 2008 (linked to Tate & Lyle, Wolseley and Land Securities)**^	218,431	0.13	
		5,711,051	3.49	3.87
	TOTAL ALTERNATIVE INVESTMENTS	8,510,596	5.20	7.89
	GOLD & OTHER COMMODITIES			
298,500	iShares Gold Producers UCITS ETF*	1,608,169	0.98	
		1,608,169	0.98	1.65

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	Total Net Assets 15.01.13 %
	EQUITY & EQUITY RELATED			
	UNITED KINGDOM			
	OIL & GAS			
	OIL & GAS PRODUCERS			
80,000	Royal Dutch Shell *'B'*	1,836,800	1.12	
		1,836,800	1.12	1.64
	BASIC MATERIALS			
	CHEMICALS			
493,000	Alent	1,631,830	1.00	
617,000	Elementis	1,633,199	1.00	
		3,265,029	2.00	1.36
	INDUSTRIALS			
	AEROSPACE & DEFENCE			
86,700	Ultra Electronics Holdings	1,680,246	1.03	
		1,680,246	1.03	1.38
	GENERAL INDUSTRIALS			
485,000	DS Smith	1,656,275	1.01	
316,000	Rexam	1,628,980	1.00	
		3,285,255	2.01	1.48
	ELECTRONIC & ELECTRICAL EQUIPMENT			
577,000	HellermannTyton Group	1,737,924	1.06	
400,000	Morgan Crucible Company	1,332,800	0.81	
143,000	Xaar	1,535,820	0.94	
		4,606,544	2.81	1.36
	INDUSTRIAL ENGINEERING	–	–	1.41

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	Total Net Assets 15.01.13 %
	INDUSTRIAL TRANSPORTATION			
94,500	James Fisher & Sons	1,296,540	0.79	–
	SUPPORT SERVICES			
174,400	Diploma	1,210,336	0.74	
88,500	Essentra	760,657	0.46	
159,500	Experian	1,832,655	1.12	
880,000	Lavendon Group	1,839,200	1.12	
1,070,000	Xchanging	1,808,300	1.11	
		7,451,148	4.55	5.13
	TOTAL INDUSTRIALS	18,319,733	11.19	10.76
	CONSUMER GOODS			
	AUTOMOBILES & PARTS	–	–	0.72
	BEVERAGES	–	–	1.65
	FOOD PRODUCERS	–	–	0.53
	HOUSEHOLD GOODS & HOME CONSTRUCTION			
518,000	Barratt Developments	1,996,372	1.22	–
	TOBACCO	–	–	1.47
	TOTAL CONSUMER GOODS	1,996,372	1.22	4.37
	HEALTH CARE			
	PHARMACEUTICALS & BIOTECHNOLOGY			
52,000	Shire Pharmaceuticals	1,555,320	0.95	
		1,555,320	0.95	1.24

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	Total Net Assets 15.01.13 %
	CONSUMER SERVICES			
	GENERAL RETAILERS			
2,075,000	Debenhams	1,726,400	1.06	
		1,726,400	1.06	3.87
	MEDIA			
89,000	WPP	1,230,870	0.75	
		1,230,870	0.75	0.92
	TRAVEL & LEISURE			
935,000	Enterprise Inns	1,571,735	0.96	
86,500	Go-Ahead Group	1,677,235	1.03	
83,000	InterContinental Hotels Group	1,675,770	1.02	
790,000	Ladbrokes	1,366,700	0.83	
489,000	William Hill	1,822,014	1.11	
		8,113,454	4.95	0.73
	TOTAL CONSUMER SERVICES	11,070,724	6.76	5.52
	TELECOMMUNICATIONS			
	FIXED LINE TELECOMMUNICATIONS			
510,000	BT Group	1,968,600	1.20	
		1,968,600	1.20	3.01
	MOBILE TELECOMMUNICATIONS			
580,000	Avanti Communications Group***	1,332,550	0.82	
		1,332,550	0.82	1.66
	TOTAL TELECOMMUNICATIONS	3,301,150	2.02	4.67
	UTILITIES			
	GAS, WATER & MULTIUTILITIES			
582,000	Centrica	1,835,628	1.12	–

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	Total Net Assets 15.01.13 %
	FINANCIALS			
	BANKS			
630,000	Barclays	1,867,320	1.14	
155,500	Standard Chartered	2,077,480	1.27	
		3,944,800	2.41	1.67
	NON-LIFE INSURANCE			
365,000	Beazley	994,625	0.61	
750,000	eSure Group	2,025,000	1.24	
272,000	Lancashire Holdings	2,103,920	1.29	
		5,123,545	3.14	1.49
	LIFE INSURANCE			
1,208,000	Old Mutual	2,364,056	1.44	
		2,364,056	1.44	1.36
	REAL ESTATE INVESTMENT TRUSTS			
360,000	Segro	1,227,240	0.75	–
	FINANCIAL SERVICES			
366,000	Aberdeen Asset Management	1,642,242	1.00	
640,000	Arrow Global Group	1,702,400	1.04	
		3,344,642	2.04	1.98
	EQUITY INVESTMENT INSTRUMENTS	–	–	1.23
	TOTAL FINANCIALS	16,004,283	9.78	7.73
	TECHNOLOGY			
	TECHNOLOGY HARDWARE & EQUIPMENT			
513,000	Laird	1,625,184	0.99	–
	TOTAL UNITED KINGDOM	60,810,223	37.15	37.29

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	Total Net Assets 15.01.13 %
	OVERSEAS			
	NORTH AMERICA			
1,200,000	CF Miton US Opportunities*#	1,341,960	0.82	
127,700	Montag & Caldwell US Equity Large Cap Growth*	1,634,694	1.00	
8,170	Wells Fargo (Lux) Worldwide US All Cap Growth*	1,578,853	0.96	
	TOTAL NORTH AMERICA	4,555,507	2.78	3.02
	CONTINENTAL EUROPE			
5,300	Amundi ETF MSCI Spain UCITS ETF*	823,726	0.50	
1,320,000	BlackRock Continental European Income*	1,793,880	1.10	
96,000	F&C European Small Cap*	1,766,265	1.08	
777,000	FP Argonaut European Alpha*	1,872,065	1.14	
950,000	Henderson European Focus*	1,829,700	1.12	
585,000	Invesco Perpetual European Equity Income*	1,858,779	1.14	
475,000	Lyxor ETF FTSE Athex 20*	805,614	0.49	
17,000	Verrazzano Advantage European*	1,804,720	1.10	
	TOTAL CONTINENTAL EUROPE	12,554,749	7.67	3.70
	JAPAN			
131,000	iShares MSCI Japan GBP Hedged UCITS ETF*	5,885,830	3.60	
1,350,000	JOHCM Japan*	2,065,500	1.26	
2,672,193	Jupiter Japan Income*	1,898,059	1.16	
	TOTAL JAPAN	9,849,389	6.02	2.40
	FAR EAST (EXCLUDING JAPAN)			
79,600	Aberdeen Global Asian Smaller Companies*	2,208,960	1.35	
1,095,000	Fidelity China Special Situations	1,180,410	0.72	
571,000	First State Asia Pacific Leaders*	2,391,805	1.46	
17,550	Halley Asian Prosperity*	3,511,755	2.15	
330,000	HSBC MSCI China UCITS ETF*	1,243,770	0.76	
17,919	Prusik Asian Equity Income*	2,480,153	1.52	
	TOTAL FAR EAST (EXCLUDING JAPAN)	13,016,853	7.96	6.46

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	15.01.13 %
	EMERGING MARKETS			
1,320,000	Invesco Perpetual Latin American*	1,860,804	1.14	
129,050	JPMorgan Emerging Markets Small Cap*	1,332,200	0.81	
1,385,000	PFS Somerset Emerging Markets Small Cap*	1,368,934	0.84	
125,000	Renaissance Global Emerging Markets Yield*	1,305,000	0.80	
224,000	Renasset Eastern European*	1,971,200	1.20	
150,500	Templeton Frontier Markets*	1,920,380	1.17	
	TOTAL EMERGING MARKETS	9,758,518	5.96	5.14
	OTHER OVERSEAS			
595,000	Polar Capital Global Insurance*	1,904,833	1.16	
827,000	River and Mercantile World Recovery*	3,090,334	1.89	
	TOTAL OTHER OVERSEAS	4,995,167	3.05	1.21
	TOTAL OVERSEAS	54,730,183	33.44	21.93
	TOTAL EQUITY & EQUITY RELATED	115,540,406	70.59	59.22
	CASH INVESTMENTS			
1,387,011	Invesco GBP Select*	1,387,011	0.85	1.68
	Portfolio of investments	162,658,268	99.37	97.05
	Net other assets	1,031,124	0.63	2.95
	Net assets	163,689,392	100.00	100.00

The investments have been valued in accordance with note 1(i) of the Notes to the Aggregated Financial Statements and are ordinary shares listed on a regulated market unless stated otherwise.

* Collective investment scheme.
** Structured product.
*** Quoted on the Alternative Investment Market (AIM).
^ Unlisted security.
# Related party holding.
Delisted.
Suspended.

Definition:
zdp – zero dividend preference.

SUMMARY OF MATERIAL PORTFOLIO CHANGES
FOR THE YEAR ENDED 15 JANUARY 2014

Total purchases for the year (note 13) **£176,586,861**

Major purchases	Cost £
RBS Market Access Short FTSE 100 Monthly Index	8,724,782
iShares MSCI Japan GBP Hedged UCITS ETF	5,485,235
BP	3,238,430
Laird	3,196,024
Debenhams	3,121,392
eSure Group	3,064,888
Barclays	3,055,749
M&G Global Macro Bond	3,043,980
Royal London Short Duration Global High Yield Bond	3,018,300
TwentyFour Income	3,000,000
Old Mutual	2,953,117
Standard Chartered	2,832,491
Centrica	2,822,026
Reed Elsevier	2,820,764
Halley Asian Prosperity	2,815,214
iShares Emerging Markets Local Government Bond UCITS ETF	2,644,427
River and Mercantile World Recovery	2,569,215
Segro	2,548,143
Wells Fargo (Lux) Worldwide US High Yield Bond	2,516,951
DS Smith	2,511,213

In addition to the above, purchases of the short term money market fund Invesco GBP Select Fund shares were made on a frequent basis totalling £83,513,057 purchases in the year.

The summary of material portfolio changes represent the 20 largest purchases during the year.

Total sales for the year (note 13)	**£216,620,195**
Major sales	**Proceeds £**
RBS Market Access Short FTSE 100 Monthly Index	9,010,488
Prudential	5,491,696
Synthomer	3,875,555
Vodafone Group	3,835,910
Marks & Spencer Group	3,815,851
BG Group	3,606,119
Aberdeen Asset Management	3,592,307
Muzinich Short Duration High Yield	3,579,979
New Capital Wealthy Nations Bond	3,494,300
Fenner	3,424,555
Prusik Invest Asian Equity Income	3,398,977
JPMorgan 0% 2013 (linked to the DJ EuroSTOXX 50)	3,350,000
Wells Fargo (Lux) Worldwide US High Yield Bond	3,343,546
SABMiller	3,272,254
Wolseley	3,175,865
BP	3,146,187
Senior	3,138,878
Thomas Cook Group	3,087,537
TalkTalk Telecom Group	3,058,906
Reed Elsevier	3,027,965

In addition to the above, sales of the short term money market fund Invesco GBP Select Fund shares were made on a frequent basis totalling £86,674,166 sales in the year.

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

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 15 JANUARY 2014

	Notes	£	15.01.14 £	£	15.01.13 £
Income:					
Net capital gains	2		21,225,796		20,001,741
Revenue	3	4,632,178		5,108,956	
Expenses	4	(2,503,190)		(2,927,268)	
Finance costs: Interest	6	(798)		(2,726)	
Net revenue before taxation		2,128,190		2,178,962	
Taxation	5	(8)		(392)	
Net revenue after taxation			2,128,182		2,178,570
Total return before distributions			23,353,978		22,180,311
Finance costs: Distributions	6		(2,154,791)		(2,178,825)
Change in net assets attributable to shareholders from investment activities			21,199,187		20,001,486

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 15 JANUARY 2014

	Notes	£	15.01.14 £	£	15.01.13 £
Opening net assets attributable to shareholders			188,158,006		225,571,213
Amounts receivable on issue of shares		(83,110)		265,433	
Amounts payable on cancellation of shares		(47,605,228)		(59,804,585)	
			(47,688,338)		(59,539,152)
Dilution levy charged	1(k)		–		90,422
Stamp duty reserve tax	1(g)		(9,825)		(10,555)
Change in net assets attributable to shareholders from investment activities			21,199,187		20,001,486
Retained distribution on Accumulation shares	6		2,030,362		2,044,592
Closing net assets attributable to shareholders			163,689,392		188,158,006

BALANCE SHEET
AS AT 15 JANUARY 2014

	Notes	£	15.01.14 £	£	15.01.13 £
ASSETS					
Investment assets			162,658,268		182,615,152
Other assets					
Debtors	7	1,597,361		6,941,880	
Cash and bank balances		494,781		1,368,277	
Total other assets			2,092,142		8,310,157
Total assets			164,750,410		190,925,309
LIABILITIES					
Other liabilities					
Creditors	8	(1,058,074)		(2,735,829)	
Bank overdrafts		(2,944)		(31,474)	
Total other liabilities			(1,061,018)		(2,767,303)
Total liabilities			(1,061,018)		(2,767,303)
Net assets attributable to shareholders			163,689,392		188,158,006

NOTES TO THE FINANCIAL STATEMENTS
AS AT 15 JANUARY 2014

1. ACCOUNTING POLICIES

The Fund's Financial Statements have been prepared on the same basis as the Aggregated Financial Statements.

	15.01.14 £	15.01.13 £
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	21,330,537	18,412,084
Derivative contracts	(118,507)	1,647,132
Transaction charges	(13,424)	(10,111)
AMC rebates from underlying investments	33,049	18,622
Currency losses	(5,859)	(65,986)
Net capital gains	21,225,796	20,001,741
3. REVENUE		
Non-taxable dividends	3,590,989	3,691,041
Taxable dividends, net of FCP expenses	(23,820)	57
UK property income distributions	49,500	–
Unfranked interest	893,591	1,302,491
AMC rebates from underlying investments	120,383	114,408
Bank interest	623	217
Other interest	912	742
Total revenue	4,632,178	5,108,956
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,371,362	2,795,849
Legal and professional fees	7,250	9,662
Printing costs	7,817	8,582
Registration fees	12,442	14,741
	2,398,871	2,828,834
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	59,169	62,360
Safe custody and other bank charges	19,366	17,160
	78,535	79,520

	15.01.14 £	15.01.13 £
4. EXPENSES *(continued)*		
Other expenses:		
FCA fee	75	60
Fees paid to auditor – audit	9,000	9,000
– tax services	3,000	3,000
Publication costs	5,485	3,986
Postage and distribution costs	1,622	2,868
Derivative pricing fees	6,602	–
	25,784	18,914
Total expenses	2,503,190	2,927,268

5. TAXATION

	15.01.14 £	15.01.13 £
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	7	392
Adjustments in respect of prior periods	1	–
Current tax charge (note 5b)	8	392
Deferred tax – origination and reversal of timing differences (note 5c)	–	–
Total taxation	8	392

b) Factors affecting current tax charge for the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (15.01.13 : 20%) for the reasons explained below.

	15.01.14 £	15.01.13 £
Net revenue before taxation	2,128,190	2,178,962
Corporation tax at 20%	425,638	435,792
Effects of:		
Non-taxable dividends	(718,198)	(738,208)
Offshore income gains	–	16,221
Movement in revenue accruals	(3,179)	–
AMC rebates taken to capital	6,609	3,724
Unutilised excess management expenses	289,130	282,471
Corporation tax charge	–	–

	15.01.14 £	15.01.13 £
5. TAXATION *(continued)*		
Overseas tax	7	392
Adjustments in respect of prior periods	1	–
Current tax charge (note 5a)	8	392

c) Deferred tax
At the year end there is a potential deferred tax asset of £2,273,513 (15.01.13 : £1,984,383) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

6. FINANCE COSTS

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

	15.01.14 £	15.01.13 £
Interim	1,237,440	1,015,496
Final	792,922	1,029,096
	2,030,362	2,044,592
Add: Revenue deducted on cancellation of shares	121,378	134,709
Deduct: Revenue received on issue of shares	3,051	(476)
Net distributions for the year	2,154,791	2,178,825
Interest	798	2,726
Total finance costs	2,155,589	2,181,551

Details of the distributions per share are set out in the table on pages 57 and 58.

	15.01.14 £	15.01.13 £
6. FINANCE COSTS *(continued)*		
Distributions represented by:		
Net revenue after taxation	2,128,182	2,178,570
Allocations to Capital:		
Yield uplift on conversions*	26,627	212
Balance brought forward	31	74
Balance carried forward	(49)	(31)
Net distributions for the year	2,154,791	2,178,825

* Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

	15.01.14 £		15.01.13 £	
7. DEBTORS				
Amounts receivable for issue of shares		682		55,518
Sales awaiting settlement		1,148,552		6,261,896
Accrued revenue:				
Non-taxable dividends	197,864		279,439	
Taxable dividends	15,896		–	
Unfranked interest	100,745		120,969	
AMC rebates from underlying investments	41,912		40,080	
Bank interest	23		23	
		356,440		440,511
Prepaid expenses		1,511		1,440
Taxation recoverable:				
Income tax	85,571		177,025	
Overseas withholding tax	4,605		5,490	
		90,176		182,515
Total debtors		1,597,361		6,941,880

	15.01.14 £		15.01.13 £	
8. CREDITORS				
Amounts payable for cancellation of shares		349,284		429,970
Purchases awaiting settlement		405,420		1,938,588
Accrued expenses:				
Amounts payable to the ACD, associates of the ACD and agents of either of them:				
ACD's periodic charge	266,349		325,845	
Legal and professional fees	2,115		302	
Printing costs	4,263		4,469	
Registration fees	478		545	
		273,205		331,161
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:				
Depositary's fees	7,269		7,620	
Transaction charges	1,743		4,531	
Safe custody and other bank charges	3,468		7,667	
Interest payable	–		85	
		12,480		19,903
Other expenses		16,147		15,952
Taxation payable:				
Stamp duty reserve tax		1,538		255
Total creditors		1,058,074		2,735,829

9. RELATED PARTY TRANSACTIONS

Disclosure is made in note 9 of the Notes to the Aggregated Financial Statements.

10. SHAREHOLDER FUNDS

Disclosure is made in note 10 of the Notes to the Aggregated Financial Statements.

11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or outstanding commitments (15.01.13 : none).

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 12 of the Notes to the Aggregated Financial Statements. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

i. Interest rate risk
The table below shows the direct interest rate risk profile:

	15.01.14 £	**15.01.13 £**
Floating rate assets:		
Euros	8	8
Norwegian krone	2,830	5,168,767
Singapore dollars	–	6,446,100
US dollars	2,346,923	5,733,748
Pounds sterling	18,161,750	20,940,688
	20,511,511	38,289,311
Floating rate liabilities:		
Singapore dollars	–	(31,474)
Pounds sterling	(2,944)	–
	(2,944)	(31,474)
Assets on which interest is not paid:		
Euros	2,575,691	489,967
Singapore dollars	–	5,358,470
US dollars	11,164,356	12,180,102
Pounds sterling	130,498,852	134,607,459
	144,238,899	152,635,998
Liabilities on which interest is not paid:		
US dollars	–	(496,050)
Pounds sterling	(1,058,074)	(2,239,779)
	(1,058,074)	(2,735,829)
Net assets	163,689,392	188,158,006

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents and collective investment schemes that pay UK interest distributions.

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *(continued)*

ii. Foreign currency risk
The table below shows the direct foreign currency risk profile:

	15.01.14 £	**15.01.13 £**
Currency:		
Euros	2,575,699	489,975
Norwegian krone	2,830	5,168,767
Singapore dollars	–	11,773,096
US dollars	13,511,279	17,417,800
	16,089,808	34,849,638
Pounds sterling	147,599,584	153,308,368
Net assets	163,689,392	188,158,006

iii. Derivatives
The Investment Manager may employ derivatives solely for the purposes of hedging with the aim of reducing the risk profile of the Fund, or reducing costs, or generating additional capital or revenue, in accordance with Efficient Portfolio Management ('EPM').

Refer to note 2 for the net capital (loss)/gain with respect to derivative contracts in the current and prior year, and refer to the Portfolio Statement for derivative contracts held at the year end.

	15.01.14 £	15.01.13 £
13. PORTFOLIO TRANSACTION COSTS		
Analysis of total purchase costs		
Purchases in year before transaction costs	175,967,493	147,073,097
Transaction costs:		
Commissions	186,948	149,795
Stamp duty and other charges	432,420	323,292
	619,368	473,087
Gross purchases total	176,586,861	147,546,184
Analysis of total sale costs		
Gross sales before transaction costs	216,862,993	206,901,208
Transaction costs:		
Commissions	(242,014)	(207,181)
Other charges	(784)	(1,819)
	(242,798)	(209,000)
Total sales net of transaction costs	216,620,195	206,692,208

DISTRIBUTION TABLE
FOR THE YEAR ENDED 15 JANUARY 2014 – IN PENCE PER SHARE

Interim
Group 1 – Shares purchased prior to 16 January 2013
Group 2 – Shares purchased on or after 16 January 2013 and on or before 15 July 2013

'A' Accumulation Shares	Net Revenue	Equalisation	Allocated 15.09.13	Allocated 15.09.12
Group 1	1.3862	–	1.3862	0.8794
Group 2	0.6745	0.7117	1.3862	0.8794

'B' Accumulation Shares	Net Revenue	Equalisation	Allocated 15.09.13	Allocated 15.09.12
Group 1	1.1953	–	1.1953	0.5320
Group 2	0.4531	0.7422	1.1953	0.5320

'N' Accumulation Shares	Net Revenue	Equalisation	Allocated 15.09.13	Allocated 15.09.12
Group 1	0.9024	–	0.9024	0.3680
Group 2	0.2377	0.6647	0.9024	0.3680

Final
Group 1 – Shares purchased prior to 16 July 2013
Group 2 – Shares purchased on or after 16 July 2013 and on or before 15 January 2014

'A' Accumulation Shares	Net Revenue	Equalisation	Allocation 15.03.14	Allocated 15.03.13
Group 1	0.9267	–	0.9267	1.0015
Group 2	0.4473	0.4794	0.9267	1.0015

'B' Accumulation Shares	Net Revenue	Equalisation	Allocation 15.03.14	Allocated 15.03.13
Group 1	0.9294	–	0.9294	0.6148
Group 2	0.3987	0.5307	0.9294	0.6148

'N' Accumulation Shares	Net Revenue	Equalisation	Allocation 15.03.14	Allocated 15.03.13
Group 1	0.7764	–	0.7764	0.5880
Group 2	0.1936	0.5828	0.7764	0.5880

EQUALISATION

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

CF MITON DISTRIBUTION FUND
ACD'S REPORT
FOR THE YEAR ENDED 15 JANUARY 2014

IMPORTANT INFORMATION

Refer to 'Important Information' section on page 4.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of CF Miton Distribution Fund ('the Fund') is to provide a high level of growing income by investing in a balanced and well diversified portfolio of UK and international equities, and fixed interest securities including government and corporate bonds. Investments will also be made in regulated collective investment schemes, money markets and cash deposits to provide further diversification to the Fund in accordance with applicable regulations.

CAPITA FINANCIAL MANAGERS LIMITED
ACD of CF Miton Distribution Fund
13 May 2014

INVESTMENT MANAGER'S REPORT

PERFORMANCE OF THE FUND

It has been a strong year for risk assets (mainly equities) around the world, although not without periods of upset, as concerns were raised over economic data and the future of quantitative easing. Unsurprisingly, given, the outsized returns in recent years, the result from gilts was negative as markets move their attention to the prospect of economic recovery and thereby rising interest rates.

With this backdrop in mind it is pleasing to report that the Fund achieved a return of 9% versus the 7.7% return from the IMA Mixed Investment 20%-60% shares Index. The Fund was placed at the top of the second quartile (almost first quartile) for the period. Of the Fund's 9% annual return, 5.4% was achieved by means of income distributions. The total dividend distributed increased just over 2% above that paid in the previous year, thereby protecting against inflation.

It remains pleasing to see that the Fund continues to deliver its attractive level of income and modest capital growth with low volatility. The 1 year cumulative annualised volatility of 6.37% is just below the sector average of 6.44%; meanwhile the 2 year figure is lower at 5.94% but is slightly above the sector average of 5.42%.

	6 months	12 months	3 year	5 year
CF Miton Distribution Fund 'A' shares	+3.0%	+9.0%	+16.1%	+49.2%
CF Miton Distribution Fund 'B' shares	+3.4%	+9.7%	n/a	n/a
IMA Mixed Investment 20-60% shares	+2.5%	+7.7%	+16.6%	+48.4%

Source: FE Analytics, based on 12:00 valuation. The Investment Manager has used the IMA Mixed Investment 20-60% Shares Index for comparison; no benchmark is required to be disclosed per the Prospectus.

ECONOMIC AND MARKET REVIEW

2013 had an eventful start. Equity markets were strong despite political risks taking new turns in both Europe and the US as both 'nations' struggled to overcome their various political negotiations. Cypriot banks finally collapsed, and a new form of resolution was struck by 'bailing in' bank creditors and depositors with balances over 100k euro. Japan began to see its equity market rally significantly as the new government sought to finally grapple with its long running deflationary problem.

The wild card in the first quarter was North Korea, as it delivered unwelcome and increasingly hysterical pronouncements towards its near neighbours and the US. However, the newly installed young leader's threats to initiate nuclear attacks did not create market panic. Nevertheless, it was unhelpful for the region which had otherwise been one of the brighter parts of the economic landscape.

Moving into the second quarter markets experienced something of a tale of two halves. Equities continued their Quantitative Easing ('QE') – backed upward momentum until the middle of May, when Chairman of the Federal Reserve Ben Bernanke announced the central bank could begin to taper their asset purchasing program. Talks of banking liquidity issues within China also led markets lower, particularly in Asia and Latin America where markets saw their largest outflows in 2 years.

After the initial upset caused on the 22 May and the weeks that followed Ben Bernanke's comments about tapering bond purchases, equity markets recaptured some of their losses. This was aided by firmer economic data and investors became either less concerned that the prospect of tapering in itself would be a 'bad thing' or they believed the timing of such an event was less likely to be as near term as initially thought.

The final quarter delivered a generally strong period around the world, albeit with temporary weakness in November. UK equities recovered to finish near their quarterly highs and end 2013 on a high. The US and Japan continued to be the stars of the equity market, with their respective indices posting strong gains for the quarter and the year. Weakness was felt across parts of Emerging Markets, particularly Latin America and this was extended to their currencies. There was yield compression across sub-investment grade fixed interest, whilst higher quality assets saw outflows over the final quarter as investors continued their search for yield.

Taking a step back, we can see that UK economic data has been on an improving trajectory for over 6 months now and talk is returning to the debate as to when interest rates may be increased. However, as the Bank of England introduced more weapons (in addition to ultra-low interest rates) in combating the recession and threat of deflation, it is these policies that are set to be withdrawn first. For example, the Funding For Lending scheme was introduced to encourage lending to home buyers by providing cheap finance to mortgage providers. Nevertheless, that policy is being altered to ensure cheap financing is offered for business loans in order to avoid stoking a new housing bubble.

The improved economic data has been reflected chiefly in GDP and employment statistics. However, more pleasingly and arguably more importantly, survey data has suggested that corporates are intending to increase their capital investment in 2014, which will aid rebalancing the economy away from households. Whereas past years were about reducing debt and repairing their balance sheets, it now appears the corporate world has finally got to the point where it wishes to upgrade its capital base and infrastructure. This should give further positive flow through into employment as the virtuous circle of the economy is allowed to operate.

As economic clouds have lifted, with the exception of Europe, consensus forecasts for 2014 have been upgraded. Finally, the closing weeks of the year delivered an important development for the future. Analysts and China commentators were heartened by the pronouncements that emerged from the 'Chinese Third Plenum' in November, where various Chinese leaders met and agreed allow reform and the free market to play a larger role in the domestic economy.

RETURNS FROM MARKETS FOR THE PERIOD 15 JANUARY 2013 TO 15 JANUARY 2014

Index	15 January 2013	15 January 2014	% Change in Local Currency	% Change in Sterling
FTSE All-Share	3,206.8	3,655.6	+14.0	+14.0
FTSE 100	6,117.3	6,819.9	+11.5	+11.5
FTSE 250	12,774.8	16,292.9	+27.5	+27.5
FTSE Small Cap	3,560.8	4,553.2	+27.9	+27.9
FT Europe x UK	373.3	439.4	+17.7	+17.7
S & P 500	1,472.3	1,848.4	+25.5	+23.4
Japan TOPIX	906.2	1,294.5	+42.8	+19.0
FT Govt All Stocks	2,872.1	2,821.0	-1.8	-1.8

Source: Bloomberg.
All equity returns are capital only.
FT Govt All Stocks Index is total return.

PORTFOLIO REVIEW

OVERVIEW
The emerging positive environment has allowed the Fund to benefit from continued income generation from the majority of its invested assets, many of which are increasing their level of pay out. This is combined with a satisfactory level of capital appreciation as those income paying assets have been sought by investors who had previously sat on the side lines in fear of renewed financial crisis.

Investment	Fund %	Core Allocation %	Range %
Equities			
UK	27.4	27.5	15-40
North America	3.6	4.5	0-7.5
Europe	6.8	4.0	0-7.5
Japan	0.6	1.5	0-7.5
Other Far East & Emerging Markets	7.6	4.5	0-7.5
Other Overseas	4.3	3.0	0-7.5
Total Overseas Equities	22.9	17.5	5-30
Total Equities	50.3	45.0	30-60
Bonds			
UK Gilts	0.0	10.0	0-25
Corporate Bonds	13.2	15.0	5-25
Overseas Bonds	16.7	12.5	5-15
Total Bonds	29.9	37.5	30-50
Preference Shares	0.0	0.0	0-5
Property	5.2	7.5	0-15
Alternative Investments	12.4	10.0	0-20
Cash	2.2	0.0	0-10
Total	100.0	100.0	

Source: Miton Capital Partners Limited.

UK EQUITIES (27.4%)
The strength of UK equities has triggered a degree of profit taking, in particular amongst the mid-cap companies that have experienced a continuation of the recovery established since the crisis. Consequently, the allocation to the asset class has fallen modestly from an overweight position of 29.3% which, therefore, brings it in in line with the core weighting. There has been a degree of rotation within the portfolio. ***WS Atkins***, ***Unilever*** and ***BBA Aviation*** had all staged a very strong recovery. While they remain attractive companies, their recovery had resulted in the dividend yield ceasing to be sufficiently high enough to warrant a continued holding.

New entrants were: ***Sainsbury (J)***, whose trading performance has been solid and at the expense of ***Tesco*** to some degree; ***InterContinental Hotels Group*** which has been steadily selling strategic property assets on excellent terms and returning the proceeds to shareholders via large special dividends; ***Amlin*** who has seen a strong insurance premium market and sustained a relatively high dividend policy and finally ***eSure Group*** which had a difficult period post its IPO and we timed our purchase following the early disappointment as we felt the issues will prove to be short lived.

UK EQUITIES (27.4%) *(continued)*
In the closed-ended space we participated in the launch of ***Blue Capital Global Reinsurance***, which provides catastrophe insurance in a diversified global portfolio and consequently pays a yield of c. 6% from the insurance premiums it receives.

We continue to believe that market conditions are favourable to an active management strategy and the portfolio has benefitted from a successful value-oriented stock picking strategy.

OVERSEAS EQUITIES (22.9%)
There has been a 2% increased allocation to overseas equities over the course of the year. This has been expressed through an increase to Europe as we initiated a holding in ***Invesco Perpetual European Equity Income fund*** as we observed that European listed companies were being penalised in valuation terms for an (incorrect) perception that they were Eurocentric in exposure. This was joined by a purchase of ***UBAM Europe Equity Dividend Plus***, which has the added advantage of an enhanced yield through the use of a covered call option writing strategy.

Parallel to the purchases we have taken profits across a number of investments in the overseas equity space, however, this amount and size of this activity has been less than experienced in the UK, hence the relative increase in the weighting to overseas equities.

FIXED INTEREST, INCLUDING CASH (32.1%)
We remain anchored around the bottom of our permitted range of weighting towards fixed interest assets. The total allocation has increased simply because we finished the year holding 2.2% of the Fund in cash, which is a short term issue while we recycle it back into the portfolio. We have commented in previous reports how we have focussed on ensuring the fixed interest assets (funds) that we own are biased towards running a short duration strategy. That continues to be the case. However, given the weakness experienced in emerging market debt through the year we have built up the holding of ***Pictet Emerging Local Currency Debt fund*** as a contrarian stance, particularly as it invests in local currencies too, which have been weak against the dollar and sterling.

We tend to prefer boutique and niche fund managers to manage our specialist areas, with that in mind we have invested in the ***PFS TwentyFour Dynamic Bond fund***. It remains of the size that affords it to be nimble and take up and exit positions as valuations warrant and thereby manage interest rate risk.

PREFERENCE SHARES (0.0%)
With the exit of the holding in ***General Accident 8.875% preference share*** we no longer hold an allocation to the space as we feel the long duration nature of the asset class will result in a poor relative performance when interest rates finally rise.

PROPERTY (5.2%)
The allocation to property, which previously was mostly invested in overseas assets, has reduced by 2.3% to 5.2%. Furthermore, the orientation of the underlying assets has shifted back towards the UK. This is due to us taking profits (but not exiting) ***Macau Property Opportunities*** which has seen an excellent appreciation of its capital value but does not pay an income return. ***Starwood European Real Estate fund***, was launched the previous year in order to fund the re-financing of bank debt secured against commercial property. However, the time scale to getting the monies invested into its strategy was disappointing and we decided to exit. We invested in a similar UK focussed fund ***ICG-Longbow Senior Secured UK Property Debt fund***, which we view as being more successful in delivering on its strategy. We exited the holding of ***Celsius Asian Real Estate Income fund*** as we felt the risk/reward of moving back towards the UK was favourable and this was therefore a source of funds.

Elsewhere in the UK we participated in the launch of ***GCP Student Living*** which initiated with a new build hall of residence in London which has since been revalued upwards and is running at full occupancy, mainly by foreign students. Towards the end of the year we invested in the launch of ***Tritax Big Box REIT*** which is purchasing a portfolio of ultra-modern very large distribution warehouses for retailers such as Sainsburys (J) and Marks & Spencer Group to support their distribution infrastructure. Both of these funds offer yields of c. 6% with the additional opportunity of capital growth and increasing dividends over time.

ALTERNATIVE ASSETS (12.4%)
A mixture of good performance in parts, and a net investment into the space, has resulted in the alternative asset weighting increase from 11.7% to 12.4% over the course of the year.

We participated in the launch of two renewable energy investment vehicles, ***Bluefield Solar Income fund*** and ***Greencoat UK Wind***. Both of the funds were well received on the market and have moved to a premium to their net asset value, aided by the prospect of inflation linked 6%+ dividend yields and the scope for modest capital appreciation.

CVC Credit Partners European Opportunities was a specialist vehicle launched in June with the aim of constructing a portfolio of sub-investment grade debt issued by 25-40 larger European companies. It targets an 8-12% net annual return, of which 5% is via a semi-annual dividend. Similar to the property refinancing vehicles, this will participate in the estimated 220 billion euro of leveraged loans and high yield bonds that need to be refinanced from banks between 2013-2016.

We exited the holding of ***GCP Infrastructure Investments*** as the vehicle moved to a substantial premium to net asset value which we felt made the valuation vulnerable.

OUTLOOK
It is clear that economists have been overly pessimistic in their forecasts for economic growth on both sides of the Atlantic. Forecasts GDP expansion in 2013 have doubled from 0.7% in May to c. 1.5% at the end of the year, similarly the outlook for 2014 was for just 1.5% growth in May, however, the consensus is now looking for closer to 2.4%. Given there are encouraging survey indicators suggesting that companies are looking to increase their level of investment (which has been a very weak area of the economy to date), we would tentatively suggest that the actual out-turn in 2014 could be above 3% GDP growth which would finally comfortably make the economy larger than it was before the financial crisis broke in 2009. It has been a slow recovery.

We would hesitate to suggest this upward inflection of recovering economic activity should translate into a particularly strong equity market, not least because the last two and a half years have seen such a strong rally already. However, it should at least prevent a market crisis, barring of course political or even natural disasters around the world.

MITON CAPITAL PARTNERS LIMITED
Investment Manager
27 January 2014

PERFORMANCE RECORD

'A' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2009	90.43	71.02	4.7872
2010	93.95	85.60	4.6899
2011	94.20	81.51	4.7852
2012	87.27	81.14	4.7654
2013	93.17	87.42	4.9062
2014*	92.01	91.68	1.2320

'B' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2012#	101.83	94.48	3.2695
2013	109.06	102.13	5.7314
2014*	108.16	107.76	1.4473

'N' Income shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2012#	101.47	94.42	3.2609
2013	108.59	101.77	5.7073
2014*	107.48	107.10	1.4392

From 26 March 2012.
* To 15 January 2014.

NET ASSET VALUE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
15.01.12	'A' Income	216,769,528	261,870,756	82.78
15.01.13	'A' Income	156,310,051	178,384,665	87.63
	'B' Income	168,628	164,698	102.39
	'N' Income	19,525	19,139	102.02
15.01.14	'A' Income	108,814,739	120,141,122	90.57
	'B' Income	30,342,661	28,498,952	106.47
	'N' Income	260,624	246,321	105.81

ONGOING CHARGES FIGURE

Expense Type	15.01.14 %			15.01.13 %		
	'A'	'B'	'N'	'A'	'B'	'N'
ACD's periodic charge	1.40	0.75	1.00	1.40	0.75	1.00
Other expenses	0.09	0.09	0.09	0.07	0.07	0.07
	1.49	0.84	1.09	1.47	0.82	1.07
Collective investment scheme costs	0.45	0.45	0.45	0.52	0.52	0.52
Ongoing charges figure	1.94	1.29	1.54	1.99	1.34	1.59

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Fund, expressed as a percentage of the average net assets during the accounting period.

The collective investment scheme costs represent the OCFs of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Fund's net assets at the balance sheet date.

SYNTHETIC RISK AND REWARD INDICATOR

Typically lower rewards						Typically higher rewards
Lower risk						Higher risk
1	2	3	**4**	5	6	7

This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 4 because its volatility has been measured as average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

FUND PERFORMANCE TO 15 JANUARY 2014 (%)

	1 year	3 years	5 years
CF Miton Distribution Fund	9.01	16.12	49.16

The performance of the Fund is based on the published price per 'A' Income share with income reinvested.

Details of the distributions per share for the year are shown in the Distribution Table on pages 87 to 89.

PORTFOLIO STATEMENT
AS AT 15 JANUARY 2014

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	Total Net Assets 15.01.13 %
	FIXED INTEREST INVESTMENTS			
	CORPORATE BONDS			
3,375,000	Baillie Gifford High Yield Bond*	4,377,375	3.14	
1,010,000	Invesco Perpetual Enhanced Income	701,950	0.50	
875,000	Invesco Perpetual High Yield*	1,501,587	1.08	
4,250,000	Legal & General Dynamic Bond*	2,912,950	2.09	
40,000	PFS TwentyFour Dynamic Bond*	4,369,480	3.13	
4,000,000	Royal London Sterling Extra Yield Bond*	4,512,400	3.24	
		18,375,742	13.18	13.45
	FIXED INTEREST OVERSEAS			
4,250,000	AXA US Short Duration High Yield*	4,347,750	3.12	
12,500	AXA World Emerging Markets Short Duration Bonds*	1,210,375	0.87	
1,000,000	Franklin Templeton Strategic Bond*	1,064,300	0.76	
2,067,582	Legg Mason Income Optimiser*	2,295,016	1.65	
40,000	Muzinich Short Duration High Yield*	3,848,400	2.76	
27,500	Pictet Emerging Local Currency Debt*	2,497,275	1.79	
4,500,000	Royal London Short Duration Global High Yield Bond*	4,542,750	3.26	
275,000	Templeton Global Total Return*	3,520,000	2.52	
		23,325,866	16.73	15.43
	TOTAL FIXED INTEREST INVESTMENTS	41,701,608	29.91	28.88
	PREFERENCE SHARES	–	–	0.85
	PROPERTY			
7,776,421	Battersea Power Station Shareholder Vehicle^	–	–	
5,836,633	Battersea Power Station Shareholder Vehicle *warrants*^	–	–	
2,490,000	Duet Real Estate Finance	2,166,300	1.55	
700,000	Forterra	723,100	0.52	
900,000	GCP Student Living	954,000	0.69	
1,000,000	ICG-Longbow Senior Secured UK Property Debt	1,032,500	0.74	
507,800	Macau Property Opportunities	1,117,160	0.80	

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	Total Net Assets 15.01.13 %
	PROPERTY *(continued)*			
4,900,000	Orchid Developments###	–	–	
14,000,000	Speymill Deutsche Immobilien##	–	–	
1,250,000	Tritax Big Box REIT	1,287,500	0.92	
	TOTAL PROPERTY	7,280,560	5.22	7.51
	ALTERNATIVE INVESTMENTS			
	HEDGE FUNDS			
1,036,341	Global Fixed Income Realisation	341,993	0.24	
600,000	Matrix Asset Based 2^	–	–	
5,900,000	PSource Structured Debt##	44,250	0.03	
		386,243	0.27	2.15
	OTHER ALTERNATIVE	–	–	0.87
	LIFE INTERESTS/OTHER			
1,075,000	Alcentra European Floating Rate Income	1,171,750	0.84	
4,350,000	Barclays 10 year GBP Simple Tracker Note linked to the Assured Fund April 2018**	1,676,487	1.20	
1,200,000	Bluefield Solar Income	1,206,000	0.87	
1,250,000	CVC Credit Partners European Opportunities	1,300,000	0.93	
1,100,000	Greencoat UK Wind	1,149,500	0.83	
965,500	TwentyFour Income	1,144,117	0.82	
		7,647,854	5.49	1.49
	STRUCTURED PRODUCTS			
3,000,000	Symphony 10.12% 2014 (linked to Citi COMET Index)	1,239,000	0.89	
		1,239,000	0.89	1.12
	VENTURE CAPITAL			
1,030,000	AJ Bell Holdings^	5,922,500	4.25	
4,290,000	Aberdeen Development Capital^^^	–	–	
802,666	International Oil and Gas Technology	1,079,933	0.77	
125,000	NB Private Equity Partners	772,095	0.56	
		7,774,528	5.58	5.12
	TOTAL ALTERNATIVE INVESTMENTS	17,047,625	12.23	10.75
	EQUITY & EQUITY RELATED			
	UNITED KINGDOM			
	OIL & GAS			
	OIL & GAS PRODUCERS			
67,500	Royal Dutch Shell 'B'	1,549,800	1.11	0.99
	INDUSTRIALS			
	CONSTRUCTION & MATERIALS			
550,000	Balfour Beatty	1,642,300	1.18	
90,000	Kier Group	1,741,500	1.25	
		3,383,800	2.43	1.43
	INDUSTRIAL TRANSPORTATION	–	–	0.78
	SUPPORT SERVICES	–	–	1.13
	TOTAL INDUSTRIALS	3,383,800	2.43	3.34
	CONSUMER GOODS	–	–	0.88
	HEALTH CARE			
	PHARMACEUTICALS & BIOTECHNOLOGY			
110,000	GlaxoSmithKline	1,780,900	1.28	
		1,780,900	1.28	2.39

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	Total Net Assets 15.01.13 %
	CONSUMER SERVICES			
	FOOD & DRUG RETAILERS			
280,000	Sainsbury (J)	997,360	0.72	
365,000	Tesco	1,212,713	0.87	
		2,210,073	1.59	0.87
	TRAVEL & LEISURE			
1,052,425	Hotel Corporation (The)***	23,153	0.02	
70,000	InterContinental Hotels Group	1,413,300	1.01	
1,175,000	Marston's	1,825,950	1.31	
590,000	National Express Group	1,728,110	1.24	
		4,990,513	3.58	2.24
	TOTAL CONSUMER SERVICES	7,200,586	5.17	3.11
	TELECOMMUNICATIONS			
	MOBILE TELECOMMUNICATIONS			
725,000	Vodafone Group	1,728,400	1.24	1.41
	UTILITIES			
	ELECTRICITY	–	–	0.74
	GAS, WATER & MULTIUTILITIES			
245,000	Centrica	772,730	0.55	–
	TOTAL UTILITIES	772,730	0.55	0.74
	FINANCIALS			
	BANKS			
210,000	HSBC Holdings	1,430,100	1.03	–
	NON-LIFE INSURANCE			
350,000	Amlin	1,498,350	1.07	
375,000	eSure Group	1,012,500	0.73	
		2,510,850	1.80	1.70

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	Total Net Assets 15.01.13 %
	LIFE INSURANCE			
265,000	Phoenix Group Holdings	1,946,425	1.40	
275,000	Standard Life	1,061,225	0.76	
		3,007,650	2.16	1.77
	FINANCIAL SERVICES			
250,000	Aberdeen Asset Management	1,121,750	0.80	
400,000	Intermediate Capital Group	1,713,200	1.23	
		2,834,950	2.03	1.12
	EQUITY INVESTMENT INSTRUMENTS			
1,150,000	Blue Capital Global Reinsurance	749,008	0.54	
1,290,000	Doric Nimrod Air One	1,483,500	1.06	
700,000	Doric Nimrod Air Three	766,500	0.55	
500,000	Doric Nimrod Air Two	1,160,000	0.83	
3,974,925	Midas Income & Growth#	5,306,525	3.81	
		9,465,533	6.79	8.50
	UNIT TRUSTS			
2,250,000	Fidelity Investment Enhanced Income*	2,504,250	1.80	
		2,504,250	1.80	4.80
	TOTAL FINANCIALS	21,753,333	15.61	17.89
	TOTAL UNITED KINGDOM	38,169,549	27.39	30.75
	OVERSEAS			
	NORTH AMERICA			
120,000	Cullen North American High Dividend Value Equity*	960,638	0.69	
3,750,000	IFSL Harewood US Enhanced Income*	4,019,625	2.88	
	TOTAL NORTH AMERICA	4,980,263	3.57	3.79

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	15.01.13 %
	CONTINENTAL EUROPE			
2,000,000	Harewood Structured Enhanced Income	1,850,000	1.33	
2,250,000	IM Argonaut European Enhanced Income*	2,491,873	1.79	
1,300,000	IM Argonaut European Income*	1,489,510	1.07	
425,000	Invesco Perpetual European Equity Income*	1,311,677	0.94	
30,000	UBAM Europe Equity Dividend Plus*	2,346,000	1.68	
	TOTAL CONTINENTAL EUROPE	9,489,060	6.81	2.01
	JAPAN			
625,000	Lindsell Train Japanese Equity*	924,750	0.66	0.50
	FAR EAST (EXCLUDING JAPAN)			
1,235,569	Newton Asian Income*	2,162,863	1.55	
18,000	Prusik Asian Equity Income*	2,491,371	1.79	
6,750,000	Schroder Asian Income Maximiser*	3,393,225	2.43	
	TOTAL FAR EAST (EXCLUDING JAPAN)	8,047,459	5.77	6.01
	EMERGING MARKETS			
136,095	Magna Emerging Markets Dividend*	1,259,967	0.90	
1,250,000	Somerset Emerging Markets Dividend Growth*	1,330,000	0.96	
	TOTAL EMERGING MARKETS	2,589,967	1.86	1.80
	OTHER OVERSEAS			
1,100,000	Artemis Global Income*	803,110	0.57	
2,225,000	Carador Income	1,309,694	0.94	
750,000	M&G Global Dividend*	1,269,000	0.91	
1,250,000	New City Energy	412,500	0.29	
14,000	Veritas Global Equity Income*	2,199,260	1.58	
	TOTAL OTHER OVERSEAS	5,993,564	4.29	5.20
	TOTAL OVERSEAS	32,025,063	22.96	19.31
	TOTAL EQUITY & EQUITY RELATED	70,194,612	50.35	50.06

3

Holding	Portfolio of Investments	Value £	Total Net Assets 15.01.14 %	15.01.13 %
	CASH INVESTMENTS			
1,656,456	Invesco GBP Select*	1,656,456	1.19	0.75
	Portfolio of investments	137,880,861	98.90	98.80
	Net other assets	1,537,163	1.10	1.20
	Net assets	139,418,024	100.00	100.00

The investments have been valued in accordance with note 1(i) of the Notes to the Aggregated Financial Statements and are ordinary shares listed on a regulated market unless stated otherwise.

* Collective investment scheme.
** Structured product.
*** Quoted on the Alternative Investment Market (AIM).
^ Unlisted security.
# Related party holding.
Delisted.
Suspended.
^^^ In liquidation.

SUMMARY OF MATERIAL PORTFOLIO CHANGES
FOR THE YEAR ENDED 15 JANUARY 2014

Total purchases for the year (note 13) **£51,560,372**

Major purchases	**Cost £**
Royal London Short Duration Global High Yield Bond	4,530,380
UBAM Europe Equity Dividend Plus	2,411,750
Muzinich Short Duration High Yield	2,237,430
Standard Life	2,179,018
HSBC Holdings	1,556,728
Amlin	1,515,063
TwentyFour Income	1,500,000
InterContinental Hotels Group	1,398,110
Pictet Emerging Local Currency Debt	1,386,210
PFS TwentyFour Dynamic Bond	1,313,596
AXA World Emerging Markets Short Duration Bonds	1,266,750
Catlin Group	1,266,661
Tritax Big Box REIT	1,250,001
ICG-Longbow Senior Secured UK Property Debt	1,250,000
CVC Credit Partners European Opportunities	1,250,000
Bluefield Solar Income	1,200,000
SSE	1,198,329
Greencoat UK Wind	1,181,150
Baillie Gifford High Yield Bond	1,177,200
Invesco Perpetual European Equity Income	1,090,805

In addition to the above, purchases of the short term money market fund Invesco GBP Select Fund shares were made on a frequent basis totalling £38,815,714 in the year.

Total sales for the year (note 13) **£76,008,365**

Major sales	**Proceeds £**
Legg Mason Global Multi Strategy Bond	3,948,800
ELDeRS 24B 7% Fixed Income Shares (linked to the FTSE 100)	3,800,000
Diverse Income (The)	3,732,123
Threadneedle High Yield Bond	3,564,085
Celsius Asian Real Estate Income	3,202,250
Forterra	2,626,532
SSE	2,365,887
WS Atkins	2,344,122
AXA US Short Duration High Yield	2,309,000
Muzinich Short Duration High Yield	2,159,700
Elite Charteris Premium Income	2,141,789
AcenciA Debt Strategies	2,051,368
Macau Property Opportunities	1,762,987
AstraZeneca	1,738,926
RSA Insurance Group	1,736,566
M&G Global Dividend	1,670,825
Vodafone Group	1,623,273
Unilever	1,584,905
BBA Aviation	1,509,277
F&C High Income Bond	1,392,000

In addition to the above, sales of the short term money market fund Invesco GBP Select Fund shares were made on a frequent basis totalling £38,333,352 in the year.

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

STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 15 JANUARY 2014

	Notes	£	15.01.14 £	£	15.01.13 £
Income:					
Net capital gains	2		6,902,882		11,707,375
Revenue	3	8,806,105		11,533,177	
Expenses	4	(2,120,801)		(2,719,996)	
Finance costs: Interest	6	(345)		–	
Net revenue before taxation		6,684,959		8,813,181	
Taxation	5	(344,637)		(533,578)	
Net revenue after taxation			6,340,322		8,279,603
Total return before distributions			13,243,204		19,986,978
Finance costs: Distributions	6		(7,939,722)		(10,356,411)
Change in net assets attributable to shareholders from investment activities			5,303,482		9,630,567

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 15 JANUARY 2014

	Notes	£	15.01.14 £	£	15.01.13 £
Opening net assets attributable to shareholders			156,498,204		216,769,528
Amounts receivable on issue of shares		4,532,460		3,292,989	
Amounts payable on cancellation of shares		(26,902,503)		(73,266,431)	
			(22,370,043)		(69,973,442)
Dilution levy charged	1(k)		–		92,399
Stamp duty reserve tax	1(g)		(19,888)		(22,745)
Change in net assets attributable to shareholders from investment activities			5,303,482		9,630,567
Unclaimed distributions	1(h)		6,269		1,897
Closing net assets attributable to shareholders			139,418,024		156,498,204

BALANCE SHEET
AS AT 15 JANUARY 2014

	Notes	£	15.01.14 £	£	15.01.13 £
ASSETS					
Investment assets			137,880,861		154,623,913
Other assets					
Debtors	7	2,942,362		3,699,755	
Cash and bank balances		1,353,436		1,875,340	
Total other assets			4,295,798		5,575,095
Total assets			142,176,659		160,199,008
LIABILITIES					
Other liabilities					
Creditors	8	(862,486)		(1,234,494)	
Bank overdrafts		–		(222,741)	
Distribution payable on Income shares	6	(1,896,149)		(2,243,569)	
Total other liabilities			(2,758,635)		(3,700,804)
Total liabilities			(2,758,635)		(3,700,804)
Net assets attributable to shareholders			139,418,024		156,498,204

1. ACCOUNTING POLICIES

The Fund's Financial Statements have been prepared on the same basis as the Aggregated Financial Statements.

	15.01.14 £	15.01.13 £
2. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	7,270,026	12,719,558
Derivative contracts	(358,791)	(1,014,590)
Transaction charges	(4,670)	(3,854)
AMC rebates from underlying investments	10,134	12,502
Currency losses	(13,817)	(6,241)
Net capital gains	6,902,882	11,707,375
3. REVENUE		
Non-taxable dividends	4,971,907	6,297,346
Taxable dividends	1,002,590	1,386,732
UK property income distributions	16,000	–
Unfranked interest	2,781,661	3,809,336
AMC rebates from underlying investments	31,524	37,400
Bank interest	2,423	2,363
Total revenue	8,806,105	11,533,177
4. EXPENSES		
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,997,123	2,592,629
Legal and professional fees	7,250	9,662
Printing costs	7,370	8,257
Registration fees	11,096	14,616
Other tax related services	750	–
	2,023,589	2,625,164
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	55,694	60,625
Safe custody and other bank charges	17,493	13,053
	73,187	73,678

	15.01.14 £	15.01.13 £
4. EXPENSES *(continued)*		
Other expenses:		
FCA fee	75	60
Fees paid to auditor – audit	9,000	9,000
– tax services	3,000	3,000
Publication costs	5,485	3,986
Postage and distribution costs	1,855	5,108
Derivative pricing fees	4,610	–
	24,025	21,154
Total expenses	2,120,801	2,719,996
5. TAXATION		
a) Analysis of charge for the year		
Corporation tax at 20%	331,926	506,667
Adjustments in respect of prior periods	–	27,911
Current tax charge (note 5b)	331,926	534,578
Deferred tax – origination and reversal of timing differences (note 5c)	12,711	(1,000)
Total taxation	344,637	533,578

b) Factors affecting current tax charge for the year
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (15.01.13 : 20%). The difference is explained below.

	15.01.14 £	15.01.13 £
Net revenue before taxation	6,684,959	8,813,181
Corporation tax at 20%	1,336,992	1,762,636
Effects of:		
Non-taxable dividends	(994,381)	(1,259,469)
Movement in revenue accruals	(12,711)	1,000
AMC rebates taken to capital	2,026	2,500
Corporation tax charge	331,926	506,667
Adjustments in respect of prior periods	–	27,911
Current tax charge (note 5a)	331,926	534,578

	15.01.14 £	15.01.13 £
5. TAXATION *(continued)*		
c) Deferred tax		
Provision at the start of the year	8,000	9,000
Deferred tax charge in the year	12,711	–
Deferred tax released in the year	–	(1,000)
Provision at the end of the year	20,711	8,000

6. FINANCE COSTS

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

	15.01.14 £	15.01.13 £
First interim	2,031,893	2,608,449
Second interim	1,937,995	2,796,211
Third interim	1,950,758	2,317,277
Final	1,896,149	2,243,569
	7,816,795	9,965,506
Add: Revenue deducted on cancellation of shares	159,838	417,283
Deduct: Revenue received on issue of shares	(36,911)	(26,378)
Net distributions for the year	7,939,722	10,356,411
Interest	345	–
Total finance costs	7,940,067	10,356,411

Details of the distributions per share are set out in the table on pages 87 to 89.

	15.01.14 £	15.01.13 £
6. FINANCE COSTS *(continued)*		
Distributions represented by:		
Net revenue after taxation	6,340,322	8,279,603
Allocations to Capital:		
ACD's periodic charge, net of tax relief	1,599,725	2,076,604
Yield uplift on conversions*	(336)	1
Balance brought forward	53	256
Balance carried forward	(42)	(53)
Net distributions for the year	7,939,722	10,356,411

* Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

	15.01.14 £	15.01.13 £
7. DEBTORS		
Amounts receivable for issue of shares	792,964	292,088
Sales awaiting settlement	826,863	1,944,572
Accrued revenue:		
Non-taxable dividends	369,856	512,491
Taxable dividends	103,555	40,000
Unfranked interest	502,076	441,698
AMC rebates from underlying investments	18,983	15,844
Bank interest	70	128
	994,540	1,010,161
Prepaid expenses	1,511	1,440
Taxation recoverable:		
Income tax	326,484	444,620
Interest on tax refund	–	6,874
Total debtors	2,942,362	3,699,755

	15.01.14 £	15.01.13 £
8. CREDITORS		
Amounts payable for cancellation of shares	288,125	296,375
Purchases awaiting settlement	–	182,459
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	222,639	275,461
Legal and professional fees	2,115	302
Printing costs	4,112	4,469
Registration fees	417	494
	229,283	280,726
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	6,806	7,188
Transaction charges	284	1,046
Safe custody and other bank charges	3,188	3,905
	10,278	12,139
Other expenses	16,495	16,817
Taxation payable:		
Corporation tax	296,926	437,681
Deferred tax	20,711	8,000
Stamp duty reserve tax	668	297
	318,305	445,978
Total creditors	862,486	1,234,494

9. RELATED PARTY TRANSACTIONS

Disclosure is made in note 9 of the Notes to the Aggregated Financial Statements.

10. SHAREHOLDER FUNDS

Disclosure is made in note 10 of the Notes to the Aggregated Financial Statements.

11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (15.01.13 : none).

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are disclosed in note 12 of the Notes to the Aggregated Financial Statements. Disclosures specific to this sub-fund are made below in relation to numeric disclosure of interest rate risk, numeric disclosure of foreign currency risk, and derivatives.

i. Interest rate risk
The table below shows the direct interest rate risk profile:

	15.01.14 £	15.01.13 £
Floating rate assets:		
Pounds sterling	44,009,550	45,152,835
Floating rate liabilities:		
Singapore dollars	–	(222,741)
Assets on which interest is not paid:		
Singapore dollars	723,100	3,042,865
US dollars	4,907,825	4,941,025
Pounds sterling	92,536,184	107,062,283
	98,167,109	115,046,173
Liabilities on which interest is not paid:		
Pounds sterling	(2,758,635)	(3,478,063)
Net assets	139,418,024	156,498,204

The floating rate financial assets comprise bank balance positions which earn interest at rates linked to the Bank of England base rate or its international equivalents and collective investment schemes that pay UK interest distributions.

ii. Foreign currency risk
The table below shows the direct foreign currency risk profile:

	15.01.14 £	15.01.13 £
Currency:		
Singapore dollars	723,100	2,820,124
US dollars	4,907,825	4,941,025
	5,630,925	7,761,149
Pounds sterling	133,787,099	148,737,055
Net assets	139,418,024	156,498,204

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS *(continued)*

iii. Derivatives

The Investment Manager may employ derivatives solely for the purposes of hedging with the aim of reducing the risk profile of the Fund, or reducing costs, or generating additional capital or revenue, in accordance with Efficient Portfolio Management ('EPM').

Refer to note 2 for the net capital loss with respect to structured products in the current and prior year, and refer to the Portfolio Statement for structured products held at the year end.

	15.01.14 £	**15.01.13 £**
13. PORTFOLIO TRANSACTION COSTS		
Analysis of total purchase costs		
Purchases in year before transaction costs	51,427,258	55,473,703
Transaction costs:		
Commissions	42,023	37,446
Stamp duty and other charges	91,091	79,628
	133,114	117,074
Gross purchases total	51,560,372	55,590,777
Analysis of total sale costs		
Gross sales before transaction costs	76,099,730	125,705,764
Transaction costs:		
Commissions	(89,054)	(119,670)
Other charges	(2,311)	(1,150)
	(91,365)	(120,820)
Total sales net of transaction costs	76,008,365	125,584,944

DISTRIBUTION TABLE
FOR THE YEAR ENDED 15 JANUARY 2014 – IN PENCE PER SHARE

First Interim
Group 1 – Shares purchased prior to 16 January 2013
Group 2 – Shares purchased on or after 16 January 2013 and on or before 15 April 2013

'A' Income Shares	Net Revenue	Equalisation	Paid 15.06.13	Paid 15.06.12
Group 1	1.2000	–	1.2000	1.0747
Group 2	0.3721	0.8279	1.2000	1.0747

'B' Income Shares	Net Revenue	Equalisation	Paid 15.06.13	Paid 15.06.12
Group 1	1.3886	–	1.3886	0.4160
Group 2	0.5276	0.8610	1.3886	0.4160

'N' Income Shares	Net Revenue	Equalisation	Paid 15.06.13	Paid 15.06.12
Group 1	1.3841	–	1.3841	0.4120
Group 2	0.9613	0.4228	1.3841	0.4120

Half Year
Group 1 – Shares purchased prior to 16 April 2013
Group 2 – Shares purchased on or after 16 April 2013 and on or before 15 July 2013

'A' Income Shares	Net Revenue	Equalisation	Paid 15.09.13	Paid 15.09.12
Group 1	1.2000	–	1.2000	1.2500
Group 2	0.4081	0.7919	1.2000	1.2500

'B' Income Shares	Net Revenue	Equalisation	Paid 15.09.13	Paid 15.09.12
Group 1	1.4066	–	1.4066	1.2500
Group 2	0.4909	0.9157	1.4066	1.2500

'N' Income Shares	Net Revenue	Equalisation	Paid 15.09.13	Paid 15.09.12
Group 1	1.3988	0.0000	1.3988	1.2500
Group 2	0.6791	0.7197	1.3988	1.2500

Third Interim
Group 1 – Shares purchased prior to 16 July 2013
Group 2 – Shares purchased on or after 16 July 2013 and on or before 15 October 2013

'A' Income Shares	Net Revenue	Equalisation	Paid 15.12.13	Paid 15.12.12
Group 1	1.2500	–	1.2500	1.2000
Group 2	0.4824	0.7676	1.2500	1.2000

'B' Income Shares	Net Revenue	Equalisation	Paid 15.12.13	Paid 15.12.12
Group 1	1.4669	–	1.4669	1.6035
Group 2	0.6134	0.8535	1.4669	1.6035

'N' Income Shares	Net Revenue	Equalisation	Paid 15.12.13	Paid 15.12.12
Group 1	1.4585	–	1.4585	1.5989
Group 2	0.6213	0.8372	1.4585	1.5989

Final
Group 1 – Shares purchased prior to 16 October 2013
Group 2 – Shares purchased on or after 16 October 2013 and on or before 15 January 2014

'A' Income Shares	Net Revenue	Equalisation	Payable 15.03.14	Paid 15.03.13
Group 1	1.2320	–	1.2320	1.2562
Group 2	0.6369	0.5951	1.2320	1.2562

'B' Income Shares	Net Revenue	Equalisation	Payable 15.03.14	Paid 15.03.13
Group 1	1.4473	–	1.4473	1.4693
Group 2	0.6127	0.8346	1.4473	1.4693

'N' Income Shares	Net Revenue	Equalisation	Payable 15.03.14	Paid 15.03.13
Group 1	1.4392	–	1.4392	1.4659
Group 2	1.0281	0.4111	1.4392	1.4659

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

Head Office: Ibex House, 42 – 47 Minories, London EC3N 1DX.

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

Base Currency: The base currency of the Company is pounds sterling. Each sub-fund and class is designated in pounds sterling.

Share Capital: The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset values of each of the sub-funds.

STRUCTURE OF THE COMPANY

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary. On the introduction of any new sub-fund or class, a revised prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-funds which are currently available are:

CF Miton Diversified Growth Fund
CF Miton Distribution Fund

In the future there may be other sub-funds of the Company.

CLASSES OF SHARES

The Company can issue Income and Accumulation classes of share.

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

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

VALUATION POINT

The valuation point of the Company is 12.00 pm London time on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

BUYING AND SELLING SHARES

The ACD will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT or by telephone on 0845 600 2821. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

PRICES

The most recent prices of shares are published in the *Financial Times*, under the heading Capita Financial Managers, are available on the website of the Investment Management Association at www.fundlistings.com under the heading Miton, on the website www.mamfundsplc.com, by calling 0845 600 2821 during the ACD's normal business hours or on the ACD's website, www.capitafinancial.com, by following the link 'Fund Information'.

OTHER INFORMATION

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on our website, www.capitafinancial.com, by following the link 'Fund Information'.

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

DATA PROTECTION ACT

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.

RISK WARNING

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

Ibex House, 42 – 47 Minories, London EC3N 1DX
T 0870 607 2555 F 0870 607 2550 www.capitafinancial.com