

INTERIM SHORT REPORT

31 DECEMBER 2013

BNY MELLON INVESTMENT FUNDS



BNY MELLON

CONTENTS

| | |
|--|-----|
| AUTHORISED CORPORATE DIRECTOR LETTER | 4 |
| ECONOMIC AND MARKET OVERVIEW | 5 |
| FUND REVIEWS | |
| BNY Mellon American Fund | 8 |
| BNY Mellon Global Strategic Bond Fund | 12 |
| BNY Mellon Long-Term Global Equity Fund | 14 |
| Insight Equity Income Fund | 16 |
| Insight Equity Income Booster Fund | 18 |
| Insight Global Absolute Return Fund | 20 |
| Insight Global Multi-Strategy Fund | 22 |
| Insight Inflation-Linked Corporate Bond Fund | 24 |
| Insight Strategic Bond Fund | 26 |
| Newton 50/50 Global Equity Fund | 28 |
| Newton Asian Income Fund | 30 |
| Newton Balanced Fund | 34 |
| Newton Continental European Fund | 36 |
| Newton Corporate Bond Fund | 38 |
| Newton Emerging Income Fund | 40 |
| Newton European Higher Income Fund | 42 |
| Newton Global Balanced Fund | 44 |
| Newton Global Dynamic Bond Fund | 46 |
| Newton Global Equity Fund | 50 |
| Newton Global High Yield Bond Fund | 54 |
| Newton Global Higher Income Fund | 56 |
| Newton Global Opportunities Fund | 60 |
| Newton Higher Income Fund | 62 |
| Newton Index Linked Gilt Fund | 66 |
| Newton International Bond Fund | 68 |
| Newton Long Corporate Bond Fund | 72 |
| Newton Long Gilt Fund | 74 |
| Newton Managed Fund | 76 |
| Newton Oriental Fund | 78 |
| Newton Overseas Equity Fund | 82 |
| Newton Phoenix Multi-Asset Fund | 84 |
| Newton Real Return Fund | 86 |
| Newton UK Equity Fund | 90 |
| Newton UK Opportunities Fund | 94 |
| SYNTHETIC RISK REWARD INDICATOR | 98 |
| INVESTOR INFORMATION | 102 |
| INVESTMENT FUNDS INFORMATION | 109 |
| MANAGEMENT AND PROFESSIONAL SERVICES | 110 |

AUTHORISED CORPORATE DIRECTOR LETTER

This is the interim report for BNY Mellon Investment Funds ICVC (“BNY MIF”) for the six-month period to 31 December 2013. This is the Short Report.

The six months to the end of December 2013 was a period of strength in global equity (company share) markets. Unprecedented policy action from governments and central bankers around the world has helped ease the concerns of investors and financial markets. Indeed, such have been the economic improvements in the US, the US Federal Reserve made the decision in December to “taper” its quantitative easing (QE) programme (the printing of more money). While it is important to remember this is a reduction rather than the abandonment of the policy, the start of US “tapering” draws a line in the sand for the global economy; of course, with “tapering” will come new challenges but it is seen as a clear sign of economic progress.

Much of the developed world – the US included – remains reliant upon expansive QE programmes as a means of maintaining the flow of money through the financial system. Unprecedented in scale, there is no certainty as to the ultimate outcome of such policies, although higher inflation (the rate at which the prices of goods and services rise) seems a distinct possibility. For some, though, this is unlikely to be a problem. For example, the Japanese prime minister, Shinzo Abe, remains firmly set on his country’s vast QE programme, dubbed “Abenomics”, that aims to drag Japan from its deflationary cycle (the opposite of inflation, deflation is a general decline in the prices of goods and services in an economy).

Across the Atlantic there is a greater sense of optimism with regards to economic recovery. The US housing market, viewed by many to have been central to the 2008 credit crisis, seems to be recovering well, while unemployment is falling at a steady pace (although not as rapidly as first hoped). But unlike its counterparts in the UK and Europe, the US government has not embarked upon large-scale debt reduction. The October government shutdown, its first in 17 years, came about because the US reached its debt ceiling (the amount of money it can legally borrow). The government followed its own well-trodden path of “kicking the can down the road” and the debate will begin again in earnest in February. A repeat postponement shouldn’t be ruled out.

In Europe and the UK, the economic picture is somewhat rosier than 12 months ago. While the European Central Bank surprised many by cutting the headline eurozone interest rate in November, talk of the last days of the single currency has petered out. Meanwhile, the UK economy continues to expand while unemployment numbers are encouraging. That said, the country’s austerity measures are likely to prove a limiter on economic expansion in the years ahead. It is also worth noting that the Bank of England is pressing ahead with its own QE programme. In Asia, meanwhile, concerns about weakening growth continue to weigh on the minds of investors. China’s leadership is re-focusing its economic policy towards domestic growth and consumption and away from a reliance on exports but economic data suggests such a task is proving to be quite a challenge.

In fixed income (debt issued by governments and companies), positive returns came from riskier areas such as high yield corporate bonds (debt issued by companies which are rated below BBB by the credit rating agency Standard and Poor’s). These outperformed those global government bonds (debt issued by governments) which are perceived as being relative “safe havens”, such as bonds issued by the UK, US and Germany, which ended the period in negative territory.

Against this backdrop, the majority of the funds in the range enjoyed a positive six-month period, with The Boston Company’s US equity fund a notable highlight. Meanwhile, a number of the funds managed by Insight Investment – which were introduced to the range in February 2013 – also performed strongly. These offerings, which include equity, fixed income and multi-asset strategies, have added further depth and expertise to the fund range.

Looking ahead, while there are positive signs with regards to the global economic recovery, risks remain. Indeed, there are challenges facing both the developed and developing worlds, whether it is large-scale debt reduction or a change of economic focus. A post-“tapering” world is very much an unknown. Such an environment can lead to financial market fluctuations and uncertainty. However, such conditions can also create investment opportunities. We believe our asset managers are well placed to take advantage of those opportunities as and when they arise.

David Turnbull

Director

**For and on behalf of BNY Mellon Fund Managers Limited
Authorised Corporate Director**

10 February 2014

ECONOMIC AND MARKET OVERVIEW

INTRODUCTION

Over the six-month period, there were increasing signs of success with regards to the unprecedented actions of central banks and governments around the world – such as quantitative easing (QE), effectively printing more money – around the world designed to set the global economy on a firmer footing. Indeed, towards the end of the year the US Federal Reserve (Fed) begin the process of reducing its QE programme. Despite some fluctuations, company shares (equities) rose strongly over the period as a whole, reflecting a degree of investor confidence that had been lacking since the onset of the financial crisis of 2008.

Having been shocked in September when the Fed chose not to “taper” – start reducing its QE programme – investors were taken by surprise come December when the US central bank chose to curtail its asset-purchasing programme. Global financial markets responded in a positive manner – a reflection of improved investor confidence.

Against this backdrop, global equity (company share) markets rose strongly over the period, with the FTSE All-World Index gaining 6.22% in sterling terms.

NORTH AMERICA

After weeks of deliberations, bickering and in-fighting, the US resolved its first governmental shutdown in 17 years in November, and avoided default by temporarily raising the country’s debt ceiling – the amount the country can legally borrow – until February 2014. A deal was reached after a 16-day shutdown, just hours before the debt ceiling deadline. In terms of political point scoring, the Republican Party was deemed by many to have come off worse, having gained no notable concessions from the Democrats in its demands to reduce funding for “Obamacare”, the President’s much-criticised healthcare reforms. The credit ratings agency, Fitch, reacted to the debt ceiling fiasco by putting the US on negative watch.

Nevertheless, better economic news continued to trickle in for the rest of the period. In the housing market, the S&P/Case-Shiller Home Price Indices painted an increasingly healthy picture. Elsewhere, US consumer confidence, having been hurt by the debt ceiling debacle in October, rebounded strongly in December. Meanwhile, the US unemployment rate continued its steady decline, falling from 7.6% to 6.7% over the period. In other news, President Barack Obama nominated Janet Yellen to replace Ben Bernanke as chairman of the Fed in February 2014.

Shortly before Christmas, the Fed surprised market participants with the decision to “taper” its QE programme, reducing its monthly asset purchases by US\$10bn to US\$75bn a month.

In this environment, the FTSE All-World North America Index (which includes Canada) returned 6.63% in sterling terms.

EUROPE

The eurozone crisis featured prominently in the run-up to the German election, with Angela Merkel, who was campaigning for a third term as chancellor, arguing that Greece should never have been allowed to join the single currency, while emphasising the importance of the euro. Merkel won a significant share of the vote but just failed to gain an absolute majority. The Chancellor had to settle for a grand coalition with the opposition SPD (Social Democrat Party).

Ireland – rescued with a three-year €85bn bailout package when it faced the prospect of bankruptcy – became the first eurozone country to complete the lending deal put in place by the group of lenders known as the “troika” – the European Central Bank (ECB), European Union and International Monetary Fund – in December. Among data releases, the rate of eurozone unemployment was 12.1% in November, unchanged from October’s figure, according to Eurostat, the EU’s statistical office. In a surprise move in early November, the ECB cuts the eurozone interest rate from 0.5% to 0.25%.

In the UK, the new governor of the Bank of England (BoE) Mark Carney unveiled a “forward guidance” strategy to accompany his inflation report, although it was met with a mixed response. The strategy is that the BoE would not consider raising interest rates until the rate of unemployment has fallen to 7% or below, according to Carney. The UK economy grew by 0.8% between July and September; the fastest growth for three years, with the Office for National Statistics commenting that there had been “fairly strong” performance across all sectors

The FTSE World Europe ex UK Index returned 12.85% over the period, in sterling terms, while the UK equity market, as measured by the FTSE All-Share Index, returned 11.35%.

ASIA

The World Bank added to fears over the long-term outlook for Asian economies as it lowered its 2013 and 2014 growth forecasts for China and most of developing East Asia. It cited slowing growth in China as well as weaker commodity prices which have hurt exports and investment. Meanwhile, the Bank of Japan decided to keep any new policy measures on hold while sticking with its plan to buy ¥50 trillion (around £290bn) of Japanese government bonds per year.

India’s currency, the rupee, fell dramatically during the period before it climbed back up again to finish the year strongly. However, the weakening rupee didn’t actually help manufacturers early in the second half of the year – a weaker currency is seen as a boost for exporters – indeed, the manufacturing sector cut workforce numbers in September for the first time since February 2012.

HSBC’s monthly survey of China’s service sector fell to its lowest pace of growth since August 2011 last month – from 52.5 in November to 50.9 in December. South Korea experienced growth of 8.4% in exports to China, its biggest market, while its exports to the US increased 13.2%. Thailand continued to experience political unrest, with protestors accusing the government and ruling classes of rampant corruption.

Typhoon Haiyan hit The Philippines early in November, killing at least 5,000 people. Overall, 11.5 million people were affected, with half a million displaced and over 130,000 homes completely destroyed by the storm. Elsewhere, Australia voted in a new prime minister in September; Tony Abbott won a landslide victory.

Against this backdrop, the FTSE All-World Asia ex Japan Index rose just 0.55% over the period, underperforming other global equity markets.

FIXED INCOME

Government bond markets had a mixed bag. Over the third quarter, with investors moderating their expectations for interest rate rises and the US Federal Reserve's (Fed's) change of heart over the "tapering" of its asset-purchasing programme, government bond markets rallied. The Japanese government bond market was especially strong. This continued into the final three months before fixed income markets succumbing to fears of the Fed reducing its bond buying programme amid stronger economic growth. Indeed, over the period as a whole, government bonds lost ground, with the JP Morgan Global Government Bond Index returning -7.16% in sterling terms.

It was a different story in high yield credit – debt issued by companies that is rated below BBB by the credit rating agency Standard and Poor's – which performed strongly. Meanwhile, Investment-grade credit – debt rated BBB and above – and emerging market government bonds also made positive returns, albeit comfortably lower than global equity markets.

CURRENCIES AND COMMODITIES

In currencies, sterling was the strongest performing major currency over the period, as it appreciated by over 8% versus US dollar and almost 3% versus the euro. The dollar, in turn, lost ground to the euro. The Japanese yen was the weakest performer over the six months, falling by over 15% versus sterling.

In commodity markets, the price of a barrel of West Texas Intermediate crude oil rose by 1.93% but this fails to tell the whole story; the price rose as high as US\$110 before falling back to end the period at US\$98.42. The gold price followed a similar trend – having risen to a high of US\$1,418 per troy ounce, it fell back to US\$1,202 at the end of the year, a fall of 2.66% over the period as a whole. Elsewhere, cocoa, soybean meal, zinc and copper were notable positives, while corn was the weakest performer, falling by over 19%.

BNY Mellon Investment Management EMEA Limited*

January 2014

* BNY Mellon Asset Management International Limited changed name to BNY Mellon Investment Management EMEA Limited with effect from 27 January 2014.

All performance data is from 30 June 2013 to 31 December 2013, total return in sterling terms unless otherwise indicated, sourced from FTSE and Bloomberg.

BNY MELLON AMERICAN FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | The Boston Company Asset Management LLC |
| Fund size: | £62.81m |
| Fund launch: | 31 October 1986 (managed by The Boston Company since 30 January 2012) |
| Comparative index: | Russell 1000 Growth TR |
| Sector: | IMA North America |
| Fund ratings: | Gold Rating by S&P Fund Manager Ratings |

DISTRIBUTION

Period end dates for distributions for all share classes:
Annual: 30 June

Distribution payment dates for all share classes:
Annual: 31 October

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve capital growth from a portfolio of predominantly US and Canadian securities. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The Fund utilises a dynamic, diversified fundamental research approach within the framework of stringent risk-control disciplines. Analysts with expertise in their coverage areas are responsible for conducting research, analysing fundamentals and making investment decisions.

RISK PROFILE

The Fund invests in US equities and as such will be exposed to any risk specific to this market as well as changes in currency rates. The Fund may invest in small companies and typically invests in a limited number of securities. Risk is managed from an overall portfolio level through both quantitative and qualitative measures by the portfolio manager, who is responsible for implementation and oversight. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 12.18% against 9.33% for the Russell 1000 Growth TR.

The Fund posted a strong positive return and outperformed its comparative index. Signs of a strengthening global economy helped most equities generate positive returns in the third and fourth quarters of 2013, supported by the US Federal Reserve's (Fed's) much-anticipated announcement in December that it would begin tapering its bond-buying programme. Relative performance was driven primarily by stock selection. At the sector level, the Fund benefited from effective stock selection in the healthcare sector. An investment in biopharmaceutical company Onyx Pharmaceuticals was positive on increased merger speculation during the period. The firm rejected a bid, resulting in a sharp price move, and the managers eliminated the position from the portfolio with little significant upside visible ahead. A holding in Illumina, a provider of tools and integrated systems to analyse genetic variation and biological function, traded higher on strong quarterly results despite challenges posed by the government shutdown and pressures on funding. Elsewhere, information technology was another bright spot, helped by positions in social-networking companies Facebook and Twitter. The only sector that detracted from relative performance was materials, which was pressured by declines in chemical company Monsanto and aggregates producer Martin Marietta Materials.

The managers added to positions in consumer discretionary during the quarter, as the American consumer remains one of the more resilient sources of strength in the economy, despite the challenges of a higher payroll tax and impending healthcare changes. Within healthcare, the biotechnology segment remains a bright spot as innovation continues to drive opportunities within drug pipelines. The managers remain bullish on pharmaceuticals because valuations are still at reasonable levels and growth is picking up. Sentiment is positive on US equity markets as several catalysts exist to support continued economic improvement and equity valuations. The Fed's move toward a deliberate and methodical tapering of asset purchases in an environment of modestly rising interest rates may cause some short-term market fluctuations,

but should bode well for equities overall. Equities may experience some challenges later in the year if liquidity tightens more quickly than anticipated, inflation begins to mount unexpectedly, or emerging markets are further impacted by downside risks.

Statutory Performance Data (%)

| From To | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| Sterling Income | 33.65 | 9.52 | -9.88 | 21.10 | 26.74 |
| Euro Accumulation | 34.24 | 8.59 | -9.99 | 19.93 | 24.99 |
| Sterling Exempt 1 (Net Accum.) | 35.09 | 10.67 | -8.93 | 22.40 | 28.09 |
| Sterling Institutional (Net Accum.) ¹ | 34.42 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | 34.74 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 34.74 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 34.33 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 34.32 | N/A | N/A | N/A | N/A |
| Russell 1000 Growth TR | 31.01 | 10.20 | 3.40 | 20.38 | 22.16 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.72 | 1.68 |
| Euro Accumulation | 2.22 | 2.17 |
| Sterling Exempt 1 (Net Accum.) | 0.65 | 0.61 |
| Sterling Institutional (Net Accum.) | 1.15 | 1.11 |
| Sterling Institutional W (Net Inc.) | 0.90 | 0.86 |
| Sterling Institutional W (Net Accum.) | 0.90 | 0.86 |
| Sterling Retail Adv B (Net Inc.) | 1.22 | 1.18 |
| Sterling Retail Adv B (Net Accum.) | 1.22 | 1.18 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 94.08 | 66.43 | 0.3547 |
| 2010 | 112.25 | 89.16 | N/A |
| 2011 | 114.30 | 87.43 | N/A |
| 2012 | 114.93 | 99.42 | N/A |
| 2013 | 147.56 | 111.05 | N/A |
| Euro Accumulation | (cents) | (cents) | (cents) |
| 2009 | 53.65 | 37.80 | 0.0617 |
| 2010 | 67.67 | 52.71 | N/A |
| 2011 | 69.82 | 51.06 | N/A |
| 2012 | 73.99 | 60.73 | N/A |
| 2013 | 89.83 | 75.51 | N/A |
| Sterling Exempt 1 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 88.09 | 61.37 | 1.0584 |
| 2010 | 106.21 | 83.55 | 0.5113 |
| 2011 | 108.33 | 83.32 | 0.5282 |
| 2012 | 110.74 | 95.10 | 0.6769 |
| 2013 | 144.11 | 107.33 | 0.8170 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 24 April) | 106.55 | 95.73 | 0.0719 |
| 2013 | 137.78 | 103.12 | 0.2430 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 30 August) | 101.66 | 95.42 | N/A |
| 2013 | 122.33 | 98.45 | 0.4652 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 30 August) | 101.66 | 95.42 | N/A |
| 2013 | 122.33 | 98.45 | 0.4003 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 24 September) | 100.38 | 94.24 | N/A |
| 2013 | 129.60 | 97.20 | 0.1614 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 24 September) | 100.38 | 94.25 | N/A |
| 2013 | 129.79 | 97.20 | 0.1661 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 62,966 | 109.62 | 57,437,967 |
| 30/06/2012 | 53,691 | 106.36 | 50,479,569 |
| 30/06/2013 | 40,221 | 130.81 | 30,746,965 |
| 31/12/2013 | 41,590 | 147.19 | 28,256,563 |
| Euro Accumulation | | (cents) | |
| 30/06/2011 | 2,054 | 62.02 | 3,661,987 |
| 30/06/2012 | 1,559 | 67.36 | 2,869,623 |
| 30/06/2013 | 1,227 | 77.33 | 1,851,959 |
| 31/12/2013 | 706 | 89.87** | 944,435 |
| Sterling Exempt 1 (Net Accum.) | | (pence) | |
| 30/06/2011 | 5,313 | 104.30 | 5,093,757 |
| 30/06/2012 | 884 | 102.22 | 865,204 |
| 30/06/2013 | 996 | 127.09 | 783,848 |
| 31/12/2013 | 1,155 | 143.77 | 803,137 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2012 | 15 | 98.45 | 15,000 |
| 30/06/2013 | 307 | 121.81 | 252,289 |
| 31/12/2013 | 469 | 137.45 | 341,150 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 575 | 115.63 | 497,288 |
| 31/12/2013 | 3,435 | 131.03 | 2,621,374 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 29 | 116.52 | 25,236 |
| 31/12/2013 | 13,484 | 131.55 | 10,250,000 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 2,443 | 114.69 | 2,130,386 |
| 31/12/2013 | 1,958 | 129.29 | 1,514,572 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 9 | 114.52 | 7,522 |
| 31/12/2013 | 10 | 129.46 | 7,521 |

** Euro/Sterling exchange rate at close of business 31 December 2013: 1.201967.

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--------------------------------|------------|------------|
| Google | 4.04 | 3.87 |
| iShares Russell 1000 Growth | 3.96 | 0.00 |
| Microsoft | 3.45 | 0.00 |
| Mastercard | 2.59 | 2.31 |
| Amazon | 2.51 | 0.00 |
| Philip Morris International | 2.41 | 2.64 |
| PepsiCo | 2.39 | 3.08 |
| Gilead Sciences | 2.23 | 1.98 |
| Schlumberger | 2.15 | 1.95 |
| Precision Castparts | 2.10 | 2.01 |
| Home Depot | 1.77 | 2.17 |
| International Business Machine | 0.00 | 3.19 |
| Union Pacific | 0.00 | 2.25 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|-----------------------------------|-------------------|-------------------|
| Internet | 11.36 | 9.20 |
| Software | 9.24 | 6.41 |
| Biotechnology | 9.17 | 8.64 |
| Retail | 7.85 | 10.33 |
| Diversified Financial Services | 5.47 | 3.90 |
| Media | 4.52 | 2.96 |
| Pharmaceuticals | 4.38 | 5.37 |
| Oil & Gas Services | 4.36 | 4.28 |
| Non equity Investment Instruments | 3.96 | 0.00 |
| Apparel | 3.71 | 3.08 |
| Beverages | 3.64 | 4.38 |
| Semiconductors | 3.43 | 5.33 |
| Support Services | 3.06 | 0.00 |
| Chemicals | 2.83 | 3.04 |
| Commercial Services | 2.59 | 4.12 |
| Food Processing | 2.45 | 3.48 |
| Agriculture | 2.41 | 2.64 |
| Manufacturers | 2.28 | 3.39 |
| Metal Fabrication | 2.10 | 2.01 |
| Machinery | 1.77 | 1.53 |
| Engineering & Construction | 1.36 | 1.31 |
| Lodging | 1.33 | 1.14 |
| Auto Parts & Equipment | 1.16 | 1.26 |
| Telecommunications | 1.16 | 3.03 |
| Computers | 1.12 | 4.55 |
| Transportation | 0.98 | 3.48 |
| Building Materials | 0.75 | 0.73 |
| Cash & Others | 1.56 | 0.41 |
| | 100.00 | 100.00 |

BNY MELLON GLOBAL STRATEGIC BOND FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Standish Mellon Asset Management Company LLC |
| Fund size: | £35.35m |
| Fund launch: | 8 April 2009 |
| Comparative index: | Barclays Capital Global Aggregate TR GBP Hedged |
| Sector: | IMA £ Strategic Bond |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|-------------|
| Annual: | 31 August |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to maximise the total return from income and capital growth from a globally diversified multi-sector fixed income portfolio of bonds and other debt instruments issued by corporations, agencies and governments in developed and emerging market economies. The Fund may also invest in certain permitted deposits, approved money market instruments, permitted derivative instruments and forward transactions and units in collective investment schemes. At least 80% of the Fund's assets shall be invested in sterling-denominated assets or assets that are hedged back to sterling.

INVESTMENT POLICY

The Fund will seek to maximise the total return from income and capital growth by means of a globally diversified multi-sector portfolio of bonds and other debt instruments issued by corporations, governments, and government agencies of developed and emerging-market countries. The Fund may also invest in credit-linked notes and other structured notes, structured products, asset-backed securities, convertible bonds and preferred securities, total return swaps and credit default swaps, money market futures, time deposits and bank loans, exchange-traded interest rate, bond and currency futures, OTC options and futures, spot and forward currency contracts and collective investment schemes. At least 80% of the Fund's assets shall be invested in sterling-denominated assets or in assets that are hedged back to sterling.

RISK PROFILE

The Fund will invest in global fixed income securities that are subject to both interest rate risk and default risk. The Fund may also invest in securities that are denominated in a currency other than the base currency of the Fund, and this risk may not be fully hedged. The Fund invests in emerging markets and may invest in investments that are not traded regularly and are therefore subject to greater fluctuations in price. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 0.79% against 1.18% for the Barclays Capital Global Aggregate Bond Index (hedged to GBP).

Over the six-month period the Fund generated a positive return but underperformed its comparative index. The early part of this period was marked by continuing commitment to "accommodative" monetary policy – such as an additional interest rate cut from the European Central Bank and no tapering of the asset-purchasing programme in the US. By the end of the year, though, with growth looking stronger and the market environment improving, the US Federal Reserve announced the start of tapering of this programme.

In the third quarter, performance was hurt by currency positioning, notably limited euro, Czech krona, and New Zealand dollar positions. This was partially offset by positive returns from allocation to US corporate bonds both investment grade – rated above BBB by the rating agency Standard and

Poor's and high yield (lower-rated bonds). In the fourth quarter, performance rebounded as currency positioning paid off.

The Fund increased exposure to emerging markets with the addition of issues such as Pemex and Gazprom, which also added to returns.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income ¹ | -1.43 | 9.12 | 2.61 | 5.46 | N/A |
| Sterling Institutional (Net Inc.) ¹ | -0.87 | 9.73 | 3.18 | 6.04 | N/A |
| Sterling Institutional (Net Accum.) ¹ | -0.89 | 9.72 | 3.19 | 6.05 | N/A |
| Sterling Institutional W (Net Inc.) ¹ | -0.78 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | -0.76 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | -1.08 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | -1.04 | N/A | N/A | N/A | N/A |
| Barclays Capital Global Aggregate TR GBP Hedged | 0.04 | 5.93 | 5.80 | 4.82 | 5.31 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

The annual management charge is charged to capital.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.65 | 1.47 |
| Sterling Institutional (Net Inc.) | 1.08 | 0.90 |
| Sterling Institutional (Net Accum.) | 1.08 | 0.90 |
| Sterling Institutional W (Net Inc.) | 0.96 | 0.79 |
| Sterling Institutional W (Net Accum.) | 0.96 | 0.79 |
| Sterling Retail Adv B (Net Inc.) | 1.25 | 1.07 |
| Sterling Retail Adv B (Net Accum.) | 1.25 | 1.07 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 (from 8 April) | 112.09 | 99.51 | 3.1823 |
| 2010 | 115.85 | 109.29 | 4.0146 |
| 2011 | 113.12 | 109.51 | 2.9158 |
| 2012 | 119.81 | 110.95 | 2.6021 |
| 2013 | 121.40 | 112.72 | 3.3295 |
| Sterling Institutional (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 (from 8 April) | 112.58 | 99.53 | 3.1855 |
| 2010 | 116.83 | 109.77 | 4.0992 |
| 2011 | 114.49 | 110.82 | 3.0128 |
| 2012 | 122.19 | 112.57 | 2.7128 |
| 2013 | 124.03 | 115.35 | 3.4744 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 (from 8 April) | 113.11 | 99.53 | 3.2685 |
| 2010 | 122.73 | 112.97 | 4.2540 |
| 2011 | 124.15 | 119.37 | 3.2357 |
| 2012 | 135.43 | 123.40 | 2.9908 |
| 2013 | 139.08 | 131.35 | 3.9128 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 30 August) | 103.62 | 100.23 | 0.8524 |
| 2013 | 105.56 | 98.24 | 2.9280 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 30 August) | 103.62 | 100.23 | 0.8318 |
| 2013 | 106.46 | 100.59 | 2.9570 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 24 September) | 102.10 | 99.84 | 0.6563 |
| 2013 | 104.08 | 96.82 | 2.8139 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 24 September) | 102.10 | 99.84 | 0.6563 |
| 2013 | 104.79 | 98.91 | 2.9123 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 39,820 | 109.38 | 36,404,279 |
| 30/06/2012 | 55,604 | 113.43 | 49,020,930 |
| 30/06/2013 | 37,507 | 113.38 | 33,081,621 |
| 31/12/2013 | 8,452 | 113.01 | 7,479,082 |
| Sterling Institutional (Net Inc.) | | (pence) | |
| 30/06/2011 | 17,153 | 110.69 | 15,496,671 |
| 30/06/2012 | 18,218 | 115.36 | 15,792,487 |
| 30/06/2013 | 12,190 | 115.90 | 10,517,686 |
| 31/12/2013 | 4,501 | 115.81 | 3,886,751 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 44,525 | 120.03 | 37,095,861 |
| 30/06/2012 | 29,095 | 127.87 | 22,753,348 |
| 30/06/2013 | 23,887 | 132.00 | 18,097,144 |
| 31/12/2013 | 19,665 | 133.78 | 14,699,506 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 1,740 | 98.68 | 1,763,209 |
| 31/12/2013 | 1,439 | 98.67 | 1,457,965 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 1,669 | 101.07 | 1,651,808 |
| 31/12/2013 | 1,099 | 102.49 | 1,071,984 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 724 | 97.31 | 743,678 |
| 31/12/2013 | 191 | 97.18 | 196,362 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 5 | 97.94 | 5,000 |
| 31/12/2013 | 5 | 100.68 | 5,001 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|---|------------|------------|
| Buoni Poliennali Del Tes 3.50% Bonds 2018 | 4.09 | 2.46 |
| Buoni Poliennali Del Tes 5.50% Bonds 2022 | 2.13 | 1.82 |
| Slovakia 3.00% Bonds 2023 | 2.10 | 2.36 |
| Notas Do Tesouro Nacional 10.00% Bonds 2023 | 1.87 | 0.00 |
| Denmark Index Linked 0.10% Bonds 2023 | 1.79 | 2.02 |
| Portugal 5.65% Bonds 2024 | 1.69 | 0.00 |
| Iceland 4.875% Bonds 2016 | 1.59 | 0.99 |
| Slovakia 4.35% Bonds 2025 | 1.50 | 0.23 |
| Mexico 8.00% Bonds 2023 | 1.34 | 0.00 |
| Slovakia 4.375% Bonds 2022 | 1.31 | 1.78 |
| Bank of Ireland 4.00% Bonds 2015 | 1.26 | 1.63 |
| Chile 5.50% Bonds 2020 | 0.53 | 1.63 |
| Treasury 2.25% Stock 2014 | 0.00 | 3.56 |
| Sweden 0.25% Bonds 2022 | 0.00 | 3.17 |
| Buoni Poliennali Del Tes 6.50% Bonds 2027 | 0.00 | 2.12 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------|------------|------------|
| AAA | 6.91 | 7.26 |
| AA | 3.93 | 3.94 |
| A | 19.92 | 20.69 |
| BBB | 27.84 | 28.69 |
| BB | 6.10 | 7.84 |
| B | 3.15 | 3.32 |
| CCC | 0.38 | N/A |
| Not rated (by S&P) | 26.35 | 28.99 |
| Derivatives | 4.77 | (0.64) |
| Cash & Others | 0.65 | (0.09) |
| | 100.00 | 100.00 |

BNY MELLON LONG-TERM GLOBAL EQUITY FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Walter Scott and Partners Limited |
| Fund size: | £283.23m |
| Fund launch: | 24 August 2007 |
| Comparative index: | FTSE All World TR GBP |
| Sector: | IMA Global |
| Fund ratings: | Gold Rating by S&P Fund Manager Ratings |

DISTRIBUTION

Period end dates for distributions for all share classes:
Annual: 30 June

Distribution payment dates for all share classes:
Annual: 31 August

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve long-term capital appreciation through investments in predominantly equity securities of companies located throughout the world. The Fund may also invest in collective investment schemes and warrants.

INVESTMENT POLICY

The Fund will invest in equity securities from around the world that the Investment Manager believes to be capable of producing returns in excess of historic stock market averages. The Fund will emphasise long-term investments in profitable business rather than short-term speculative activity. This approach tends to result in relatively low portfolio turnover. It is anticipated that the Fund will maintain a portfolio of approximately 40 to 60 investments.

RISK PROFILE

The Fund is relatively concentrated, globally diversified and managed with no regard to its comparative index. It is exposed to foreign currency movements and it may also invest in companies from emerging markets. These factors may affect the absolute and relative performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 3.59% against 6.22% for the FTSE All World Index.

Over the period, the Fund registered a positive return but underperformed its comparative index. In relative terms, the Fund's European holdings lagged behind their regional index and were the primary detractors from performance. Emerging markets and Asia Pacific ex Japan holdings were the other notable relative detractors. Consumer discretionary companies were the stand-out performers from a sector perspective. Energy and technology holdings were also significant contributors. The Fund's two utilities positions both declined and were the only noteworthy detractors. The Fund's energy and consumer discretionary companies led their respective sector indices but were the only relative contributors of note. Relative to the comparative index, sector returns elsewhere were mostly negative with industrials and materials holdings the worst performers. Greater exposure to the technology sector contributed, but stock selection broadly offset these gains.

These comments should however be considered in the context of Walter Scott's long term approach. Investment decisions rest solely on the merits and long term prospects of individual companies. Those decisions are made without regard to sector or geographic weights, or benchmarks. The fund is instead structured around a small number of world-leading companies that meet Walter Scott's consistently applied investment criteria.

Three new holdings were added to the Fund over the period. These included Intuitive Surgical, which sells robotic surgery systems, service contracts, and instruments and accessories to facilitate robotic minimally invasive surgery. Stryker, a leading medical device company with products ranging from orthopaedic implants to operating room equipment and neurotechnology products was also added, along with W W Grainger, the largest industrial maintenance, repair and operations distributor in North America. The positions in Chugai Pharmaceutical and Intel were sold.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 15.23 | 12.24 | -3.59 | 14.09 | 22.13 |
| Sterling Institutional (Net Accum.) | 15.88 | 12.87 | -3.05 | 14.76 | 22.68 |
| Sterling Exempt 2 (Net Accum.) | 16.17 | 13.15 | -2.81 | 15.04 | 22.93 |
| Sterling X (Net Accum.) ¹ | 17.04 | 14.01 | -2.09 | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | 16.09 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 16.18 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 15.80 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 15.80 | N/A | N/A | N/A | N/A |
| FTSE All World TR GBP | 21.03 | 12.00 | -6.57 | 16.74 | 21.24 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.65 | 1.64 |
| Sterling Institutional (Net Accum.) | 1.08 | 1.06 |
| Sterling Exempt 2 (Net Accum.) | 0.83 | 0.81 |
| Sterling X (Net Accum.) | 0.08 | 0.06 |
| Sterling Institutional W (Net Inc.) | 0.83 | 0.82 |
| Sterling Institutional W (Net Accum.) | 0.83 | 0.83 |
| Sterling Retail Adv B (Net Inc.) | 1.15 | 1.13 |
| Sterling Retail Adv B (Net Accum.) | 1.15 | 1.13 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 114.79 | 82.39 | 0.5915 |
| 2010 | 129.61 | 109.15 | 0.2998 |
| 2011 | 132.07 | 110.82 | 0.2534 |
| 2012 | 139.58 | 123.42 | 0.4695 |
| 2013 | 165.14 | 138.90 | 0.5664 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 124.44 | 88.39 | 1.0447 |
| 2010 | 141.68 | 119.00 | 0.9304 |
| 2011 | 145.09 | 121.82 | 0.9950 |
| 2012 | 155.17 | 135.96 | 1.3238 |
| 2013 | 184.01 | 154.43 | 1.4910 |
| Sterling Exempt 2 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 125.01 | 88.68 | 1.2155 |
| 2010 | 142.69 | 119.70 | 1.2403 |
| 2011 | 146.31 | 122.88 | 1.3365 |
| 2012 | 157.05 | 137.27 | 1.6883 |
| 2013 | 186.42 | 156.31 | 1.9144 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2010 (from 17 December) | 102.21 | 99.99 | N/A |
| 2011 | 105.20 | 88.43 | 1.1189 |
| 2012 | 114.17 | 99.06 | 1.9737 |
| 2013 | 135.92 | 113.64 | 2.2722 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 30 August) | 104.72 | 98.67 | N/A |
| 2013 | 124.30 | 104.22 | 1.1644 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 30 August) | 104.72 | 98.67 | N/A |
| 2013 | 124.30 | 104.22 | 1.0960 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 25 September) | 103.92 | 98.25 | N/A |
| 2013 | 123.19 | 103.24 | 0.8045 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 25 September) | 103.92 | 98.25 | N/A |
| 2013 | 123.19 | 103.42 | 0.8104 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 1,400 | 128.08 | 1,092,867 |
| 30/06/2012 | 5,243 | 128.40 | 4,083,178 |
| 30/06/2013 | 27,370 | 153.15 | 17,870,832 |
| 31/12/2013 | 16,875 | 158.57 | 10,641,935 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 28,562 | 140.69 | 20,302,101 |
| 30/06/2012 | 68,803 | 142.34 | 48,335,714 |
| 30/06/2013 | 77,455 | 171.39 | 45,192,960 |
| 31/12/2013 | 70,715 | 177.96 | 39,737,227 |
| Sterling Exempt 2 (Net Accum.) | | (pence) | |
| 30/06/2011 | 40,022 | 141.86 | 28,212,088 |
| 30/06/2012 | 60,432 | 143.89 | 41,997,908 |
| 30/06/2013 | 84,608 | 173.69 | 48,711,934 |
| 31/12/2013 | 90,776 | 180.57 | 50,272,130 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 41,812 | 101.99 | 40,997,484 |
| 30/06/2012 | 53,954 | 104.22 | 51,766,962 |
| 30/06/2013 | 72,029 | 126.73 | 56,838,529 |
| 31/12/2013 | 77,479 | 132.26 | 58,579,290 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 315 | 114.68 | 274,991 |
| 31/12/2013 | 16,516 | 119.10 | 13,866,924 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 6,247 | 115.85 | 5,392,600 |
| 31/12/2013 | 10,780 | 120.41 | 8,953,153 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 6 | 111.52 | 5,044 |
| 31/12/2013 | 6 | 118.24 | 5,126 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 50 | 109.52 | 45,659 |
| 31/12/2013 | 79 | 119.10 | 66,137 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|---------------------|------------|------------|
| Adobe | 2.32 | 2.03 |
| MasterCard | 2.18 | 1.97 |
| Hennes & Mauritz | 2.12 | 2.03 |
| BG | 2.12 | 1.93 |
| Google | 2.10 | 2.22 |
| Qualcomm | 2.06 | 1.95 |
| Novo-Nordisk | 2.05 | 2.00 |
| Oracle | 2.05 | 1.89 |
| Inditex | 2.05 | 0.00 |
| Nike | 2.03 | 2.13 |
| Microsoft | 2.02 | 2.15 |
| Precision Castparts | 1.96 | 2.20 |
| L'Oreal | 1.93 | 2.07 |
| Cisco Systems | 1.93 | 2.13 |
| Komatsu | 1.82 | 2.08 |
| China Mobile | 1.81 | 2.11 |
| CSL | 1.72 | 2.10 |
| Denso | 1.43 | 2.24 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------------|------------|------------|
| United States of America | 41.26 | 38.83 |
| Japan | 10.84 | 12.43 |
| Hong Kong | 9.49 | 8.86 |
| United Kingdom | 9.17 | 9.69 |
| Switzerland | 8.01 | 7.54 |
| Australia | 3.43 | 3.91 |
| France | 2.97 | 3.26 |
| Sweden | 2.12 | 2.03 |
| Denmark | 2.05 | 2.00 |
| Spain | 2.05 | 1.77 |
| Singapore | 1.79 | 2.01 |
| Taiwan | 1.62 | 1.96 |
| Canada | 1.60 | 1.55 |
| Brazil | 0.99 | 1.14 |
| Cash & Others | 2.61 | 3.02 |
| | 100.00 | 100.00 |

INSIGHT EQUITY INCOME FUND

GENERAL INFORMATION

| | |
|---------------------|--|
| Investment adviser: | Insight Investment Management (Global) Limited |
| Fund size: | £232.10m |
| Fund launch: | 9 February 2013 |
| Sector: | IMA UK Equity Income |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------------------------------|
| Annual: | 30 June |
| Interim: | 31 December, 31 March, 30 September |

Distribution payment dates for all share classes:

| | |
|----------|----------------------------------|
| Annual: | 31 August |
| Interim: | 28 February, 31 May, 30 November |

INVESTMENT OBJECTIVE

The objective of the Fund is to provide an above average and increasing income, together with long term capital growth.

INVESTMENT POLICY

The Fund will invest primarily in the shares of UK listed companies. The Fund may also invest in other transferable securities, collective investment schemes, cash and near cash, deposits and money market instruments. Derivatives may be used for efficient portfolio management only (EPM).

RISK PROFILE

The Fund invests primarily in the UK, so a fall in the UK market may have a significant impact on the value of the Fund. A fall in the value of a single investment may have a significant impact on the value of the fund because it typically invests in a limited number of investments. Charges are deducted from the capital of the Fund which will affect its growth. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 13.16% against 11.35% for the FTSE All-Share TR.

Over the six month period, the Fund generated an attractive level of income and made a positive return, outperforming its comparative index. Strong stock selection was instrumental in delivering the portfolio's robust performance over the period. For example, International Consolidated Airlines continued to perform well as it benefited from an improved global growth outlook and stable outlook for oil prices. Rio Tinto also performed well as the market reacted positively towards moves by Sam Walsh, appointed as chief executive officer in early 2013, to run the business more efficiently and increase volume growth. Overall, the Fund also benefited from an underweight towards "defensive" – less economically sensitive – areas.

Activity over the period was relatively low. This is in keeping with the Fund's investment process; the manager prefers to focus on high-quality companies with attractive dividends – a share of company profits paid out to investors. Profits were taken in a number of good performers and used to top up favoured holdings; for example, later in the period the manager reduced a holding in ITV after strong performance. The Fund also bought a small position in Royal Mail on its flotation. The manager continues to see a number of attractive company-specific investment opportunities in equity markets.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Accumulation ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.63 | 1.62 |
| Sterling Accumulation | 1.63 | 1.62 |
| Sterling Institutional W (Net Inc.) | 0.81 | 0.80 |
| Sterling Institutional W (Net Accum.) | 0.81 | 0.80 |
| Sterling Retail Adv B (Net Inc.) | 1.13 | 1.10 |
| Sterling Retail Adv B (Net Accum.) | 1.13 | 1.10 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2013 | 163.95 | 142.03 | 5.7376 |
| Sterling Accumulation | (pence) | (pence) | (pence) |
| 2013 | 474.84 | 399.11 | 16.3538 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 141.94 | 122.07 | 4.9444 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 533.64 | 445.25 | 18.3015 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 115.66 | 100.00 | 4.0297 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 119.19 | 100.00 | 4.0844 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2013 | 37,614 | 145.52 | 25,848,465 |
| 31/12/2013 | 40,677 | 162.53 | 25,027,477 |
| Sterling Accumulation | | (pence) | |
| 30/06/2013 | 156,281 | 418.11 | 37,378,120 |
| 31/12/2013 | 168,629 | 474.24 | 35,557,420 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 50 | 125.46 | 39,550 |
| 31/12/2013 | 432 | 140.71 | 307,435 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 20,448 | 467.94 | 4,369,806 |
| 31/12/2013 | 22,348 | 532.96 | 4,193,150 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 5 | 102.40 | 5,000 |
| 31/12/2013 | 6 | 114.65 | 5,147 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 5 | 104.70 | 5,000 |
| 31/12/2013 | 6 | 119.04 | 5,000 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|------------------------------|------------|------------|
| Royal Dutch Shell 'B' shares | 7.17 | 7.41 |
| BP | 6.79 | 6.86 |
| Vodafone | 6.54 | 6.18 |
| Rio Tinto | 5.31 | 4.53 |
| GlaxoSmithKline | 4.86 | 5.74 |
| HSBC | 4.57 | 5.09 |
| AstraZeneca | 4.12 | 3.88 |
| Legal & General | 3.55 | 3.22 |
| BT | 3.10 | 2.88 |
| Compass | 2.75 | 2.80 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|---------------------------------|------------|------------|
| Oil & Gas Producers | 14.84 | 15.09 |
| Banks | 12.28 | 12.09 |
| Life Insurance | 9.21 | 8.20 |
| Pharmaceuticals & Biotechnology | 8.98 | 9.62 |
| Travel & Leisure | 7.50 | 6.99 |
| Media | 7.28 | 6.89 |
| Mobile Telecommunications | 6.54 | 6.18 |
| Mining | 5.31 | 4.53 |
| Gas, Water & Multiutilities | 4.86 | 5.21 |
| Tobacco | 4.37 | 4.79 |
| Financial Services | 3.96 | 5.41 |
| Fixed Line Telecommunications | 3.10 | 2.88 |
| Aerospace & Defence | 2.36 | 2.26 |
| Support Services | 2.22 | 2.09 |
| Food & Drug Retailers | 1.84 | 2.26 |
| General Retailers | 1.27 | 1.29 |
| Real Estate | 0.83 | 0.80 |
| Electricity | 0.68 | 0.82 |
| General Industrials | 0.66 | 0.58 |
| Basic Materials | 0.61 | 0.59 |
| Construction & Materials | 0.37 | 0.30 |
| Non-Life Insurance | 0.13 | 0.14 |
| Personal Goods | 0.04 | 0.03 |
| Others | 0.76 | 0.96 |
| | 100.00 | 100.00 |

INSIGHT EQUITY INCOME BOOSTER FUND

GENERAL INFORMATION

| | |
|---------------------|--|
| Investment adviser: | Insight Investment Management (Global) Limited |
| Fund size: | £76.45m |
| Fund launch: | 9 February 2013 |
| Sector: | IMA UK Equity Income |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------------------------------|
| Annual: | 30 June |
| Interim: | The last business day of each month |

Distribution payment dates for all share classes:

| | |
|----------|--|
| Annual: | 31 July |
| Interim: | The second last business day of each month |

INVESTMENT OBJECTIVE

The objective of the Fund is to provide an enhanced level of income with potential for capital growth.

INVESTMENT POLICY

The Fund will invest primarily in UK listed equity and equity related securities. In addition the Fund will employ derivatives strategies for efficient portfolio management purposes only. Specifically, the Fund will utilise a derivatives strategy designed to generate additional income. The Fund may also invest in other transferable securities (including those listed outside of the UK), collective investment schemes, cash and near cash, deposits and money market instruments.

RISK PROFILE

The Fund invests primarily in the UK, so a fall in the UK market may have a significant impact on the value of the Fund. A fall in the value of a single investment may have a significant impact on the value of the fund because it typically invests in a limited number of investments. Charges are deducted from the capital of the Fund which will affect its growth. These factors may affect the performance of the Fund. The fund may use derivatives to reduce costs and/or the overall risk of the fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 11.36% against 11.35% for the FTSE All-Share TR.

Over the six month period, the Fund met its monthly yield target and made a positive return, outperforming its comparative index. Strong stock selection was instrumental in delivering the portfolio's robust performance over the year. For example, International Consolidated Airlines continued to perform well as it benefited from an improved global growth outlook and stable outlook for oil prices. Rio Tinto also performed well as the market reacted positively towards moves by Sam Walsh, appointed as chief executive officer in early 2013, to run the business more efficiently and increase volume growth. Overall, the Fund also benefited from an underweight towards "defensive" – less economically sensitive – areas.

The manager of the Fund uses derivatives to boost income in the portfolio, in particular "call options". An equity call option is a type of derivative on a stock held by the Fund which gives the option buyer the right, but not the obligation, to buy a specific quantity of the stock at a specified price on an agreed date. By selling call options on stocks held within its portfolio, the Fund receives a premium (payment) from the buyer of the call option. The premium the buyer pays provides the Fund with an additional source of income, boosting the Fund's overall income; it can nevertheless reduce the Fund's capital growth potential in strongly rising markets. Over the longer term the strategy has proved helpful in boosting yield and reducing portfolio volatility without detracting from overall total returns.

Activity over the period was relatively low. This is in keeping with the Fund's investment process; the manager prefers to focus on high-quality companies with attractive dividends – a share of company profits paid out to investors. Profits were taken in a number of good performers and used to top up favoured

holdings. For example, the manager reduced an overweight position in BT after strong outperformance and reinvested the proceeds in BSKyB: since winning the rights to Champions League football BT had strongly outperformed BSKyB, and the manager believed the latter was offering good relative value. The manager continues to see a number of attractive company-specific investment opportunities in equity markets.

Statutory Performance Data (%)

| From To | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Accumulation ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling X (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.70 | 1.66 |
| Sterling Accumulation | 1.70 | 1.66 |
| Sterling X (Net Accum.) | 0.13 | 0.09 |
| Sterling Institutional W (Net Inc.) | 0.88 | 0.84 |
| Sterling Institutional W (Net Accum.) | 0.88 | 0.84 |
| Sterling Retail Adv B (Net Inc.) | 1.20 | 1.15 |
| Sterling Retail Adv B (Net Accum.) | 1.20 | 1.15 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2013 | 143.95 | 129.83 | 9.8320 |
| Sterling Accumulation | (pence) | (pence) | (pence) |
| 2013 | 208.96 | 181.77 | 13.8598 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 164.46 | 141.86 | 10.8404 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 147.91 | 133.10 | 10.0779 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 216.50 | 187.71 | 14.3160 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 107.99 | 97.26 | 7.3651 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 114.83 | 99.69 | 7.6010 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2013 | 41,016 | 132.14 | 31,040,662 |
| 31/12/2013 | 47,139 | 142.31 | 33,124,158 |
| Sterling Accumulation | | (pence) | |
| 30/06/2013 | 20,198 | 187.07 | 10,796,972 |
| 31/12/2013 | 20,567 | 208.76 | 9,851,983 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2013 | 6,430 | 146.30 | 4,394,711 |
| 31/12/2013 | 3,721 | 164.30 | 2,264,711 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 1,439 | 135.48 | 1,062,179 |
| 31/12/2013 | 3,683 | 146.39 | 2,515,725 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 201 | 193.20 | 104,126 |
| 31/12/2013 | 1,330 | 216.29 | 614,914 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 5 | 98.99 | 5,032 |
| 31/12/2013 | 6 | 106.83 | 5,299 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 5 | 102.60 | 5,000 |
| 31/12/2013 | 6 | 114.72 | 5,000 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|-----------------------|------------|------------|
| BP | 6.38 | 5.91 |
| Vodafone | 5.74 | 5.42 |
| Rio Tinto | 5.34 | 4.65 |
| Royal Dutch Shell 'A' | 4.30 | 4.61 |
| HSBC | 3.90 | 4.43 |
| AstraZeneca | 3.74 | 3.60 |
| GlaxoSmithKline | 3.37 | 6.42 |
| Legal & General | 2.91 | 3.20 |
| Barclays | 2.89 | 2.61 |
| Aviva | 2.65 | 0.00 |
| BT | 2.48 | 4.02 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|---------------------------------|------------|------------|
| Oil & Gas Producers | 14.74 | 14.63 |
| Banks | 10.73 | 10.80 |
| Life Insurance | 8.19 | 7.73 |
| Media | 7.76 | 6.13 |
| Pharmaceuticals & Biotechnology | 7.11 | 10.02 |
| Travel & Leisure | 6.78 | 6.67 |
| Mining | 6.16 | 4.65 |
| Mobile Telecommunications | 5.74 | 5.42 |
| Gas, Water & Multiutilities | 5.28 | 5.56 |
| Financial Services | 4.21 | 4.02 |
| General Industrials | 4.16 | 3.65 |
| Aerospace & Defence | 4.05 | 4.20 |
| Tobacco | 3.77 | 4.57 |
| Support Services | 2.64 | 2.64 |
| Fixed Line Telecommunications | 2.48 | 4.02 |
| General Retailers | 1.86 | 1.76 |
| Food & Drug Retailers | 1.19 | 1.91 |
| Real Estate | 1.00 | 0.87 |
| Industrial Engineering | 0.70 | 0.63 |
| Non-Life Insurance | 0.51 | 0.73 |
| Electricity | 0.21 | 0.26 |
| Others | 0.73 | (0.87) |
| | 100.00 | 100.00 |

INSIGHT GLOBAL ABSOLUTE RETURN FUND

GENERAL INFORMATION

| | |
|---------------------|--|
| Investment adviser: | Insight Investment Management (Global) Limited |
| Fund size: | £47.19m |
| Fund launch: | 9 February 2013 |
| Sector: | IMA Targeted Absolute Return |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|---------|---------|
| Annual: | 30 June |
|---------|---------|

Distribution payment dates for all share classes:

| | |
|---------|-----------|
| Annual: | 31 August |
|---------|-----------|

INVESTMENT OBJECTIVE

The objective of the Fund is to deliver positive returns on an annual basis with the prospect of attractive long-term capital growth.

INVESTMENT POLICY

The Fund will seek to gain exposure through a dynamic allocation to a range of asset classes including: fixed income, cash, near cash and deposits, equities, property, commodities and infrastructure. Exposure to these will be achieved through investment in collective investment schemes, transferable securities, money market instruments, deposits and derivatives. Investment in property, commodities and infrastructure will be indirect. The Fund may also use collective investment schemes to gain exposure to absolute return strategies and may use derivatives to obtain long and short exposures. Derivatives may be used for investment purposes as well as for efficient portfolio management (EPM).

RISK PROFILE

The Fund will use derivatives to generate returns and that can involve a higher level of risk. A small movement in the price of the underlying investment may result in a disproportionately large movement in the price of the derivative instrument. As the fund invests in collective investment schemes, it will be subject to the risks of these other funds. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Accumulation Share Class of the Sub-Fund returned 3.77% against 0.26% for LIBOR GBP 3 Months.

The Fund posted a positive return over the period. The Fund's equity (company share) allocations were the most significant contributors but all the major asset components of the portfolio made gains over the six months. Stronger economic trends, central bank policy and broader market stabilisation provided a healthy backdrop for riskier assets. This ensured that developed equity markets rallied for much of the six-month period, despite periodic bouts of market fluctuations. The Fund was able to benefit from these strong gains, which more than offset negative returns from some of its government bond exposure. Government bond yields came under pressure for much of the period as markets moved to price in the "tapering" of the Federal Reserve's asset-purchasing programme. Against this backdrop, the Fund's holdings in debt issued by those countries on the edge of the eurozone proved rewarding as these "peripheral" markets outperformed the "core" markets of Europe. The Fund's holdings in infrastructure assets generated positive returns, more than offsetting the weak performance of the Fund's commodity exposure, which came under pressure due to weaker prices.

As the global economic growth backdrop picked up over the six-month period, the manager opted to increase our pro-cyclical bias – adding exposure to more economically-sensitive areas – increasing the Fund's equity allocation and reducing its fixed income holdings. The main reductions occurred in investment grade credit – debt issued by companies that is rated BBB and above by the credit rating agency Standard & Poor's. The manager also cut back on the Fund's emerging market debt exposure – debt issued by emerging market governments and companies – removing exposures to local currency debt – much of emerging market debt is US dollar-denominated – due to the risk of currency movements having a negative impact. The manager is mindful that diverging monetary policy and macroeconomic trends around the globe may open up some interesting market opportunities.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Accumulation ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Income ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Accumulation | 1.87 | 1.78 |
| Sterling Institutional (Net Accum.) | 1.05 | 0.96 |
| Sterling Income | 1.87 | 1.78 |
| Sterling Institutional W (Net Inc.) | 0.93 | 0.84 |
| Sterling Institutional W (Net Accum.) | 0.93 | 0.84 |
| Sterling Retail Adv B (Net Inc.) | 1.22 | 1.10 |
| Sterling Retail Adv B (Net Accum.) | 1.22 | 1.10 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Accumulation | (pence) | (pence) | (pence) |
| 2013 (from 9 February) | 102.99 | 98.10 | 0.0117 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 (from 9 February) | 103.22 | 98.39 | 0.3276 |
| Sterling Income | (pence) | (pence) | (pence) |
| 2013 (from 11 February) | 102.90 | 98.01 | 0.0290 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 (from 11 February) | 103.15 | 98.29 | 0.3711 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 (from 11 February) | 103.15 | 98.32 | 0.3687 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 (from 11 February) | 103.08 | 98.24 | 0.2764 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 (from 11 February) | 103.08 | 98.24 | 0.2764 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Accumulation | | (pence) | |
| 30/06/2013 | 34,567 | 98.32 | 35,157,866 |
| 31/12/2013 | 30,465 | 101.91 | 29,893,641 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2013 | 16,376 | 98.63 | 16,603,638 |
| 31/12/2013 | 14,616 | 102.65 | 14,237,805 |
| Sterling Income | | (pence) | |
| 30/06/2013 | 7 | 98.21 | 7,577 |
| 31/12/2013 | 58 | 101.79 | 56,863 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 5 | 98.20 | 5,050 |
| 31/12/2013 | 35 | 102.28 | 34,466 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 316 | 98.57 | 320,752 |
| 31/12/2013 | 2,005 | 102.65 | 1,953,288 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 5 | 98.20 | 5,000 |
| 31/12/2013 | 5 | 102.11 | 5,014 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 5 | 98.48 | 5,000 |
| 31/12/2013 | 5 | 102.42 | 5,000 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|---|------------|------------|
| Insight Global Funds II (Insight Libor Plus Fund-S) | 6.86 | 6.11 |
| Cazenove UK Opportunities X Accumulation | 5.64 | 4.52 |
| SSGA-US Corporate Bond Index | 4.54 | 2.02 |
| Neuberger Berman Short Duration High Yield Bond Fund | 4.20 | 2.04 |
| UBS ETC Composite Fund | 3.99 | 1.05 |
| BNY Mellon Absolute Return Bond Fund | 3.16 | 0.00 |
| Spain 3.75% Bonds 2018 | 3.08 | 0.00 |
| Insight Discretionary UK Corporate All Maturities Bond Fund | 2.73 | 1.02 |
| Duet Real Estate Finance | 2.31 | 2.30 |
| HICL Infrastructure | 2.30 | 2.23 |
| Doric Nimrod Air Two | 2.08 | 2.16 |
| NB Distressed Debt Investment Fund | 2.08 | 2.02 |
| BlackRock Overseas Government Bond Tracker Fund | 0.00 | 3.83 |
| JP Morgan Macro Hedge | 0.00 | 2.12 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|-------------------------------|------------|------------|
| Collective Investment Schemes | 35.59 | 22.54 |
| Equity | 15.44 | 16.43 |
| Exchange Traded Funds | 6.11 | 3.11 |
| Overseas Government Bonds | 6.09 | 0.00 |
| Exchange Traded Notes | 3.99 | 1.05 |
| Others | 32.78 | 56.87 |
| | 100.00 | 100.00 |

INSIGHT GLOBAL MULTI-STRATEGY FUND

GENERAL INFORMATION

| | |
|---------------------|--|
| Investment adviser: | Insight Investment Management (Global) Limited |
| Fund size: | £143.38m |
| Fund launch: | 9 February 2013 |
| Sector: | IMA Mixed Investment 20-60% Shares |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------------------------------|
| Annual: | 30 June |
| Interim: | 30 September, 31 December, 31 March |

Distribution payment dates for all share classes:

| | |
|----------|----------------------------------|
| Annual: | 31 August |
| Interim: | 30 November, 28 February, 31 May |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve capital growth.

INVESTMENT POLICY

The Fund will gain exposure through a dynamic asset allocation to a range of asset classes including: fixed income, cash, near cash and deposits, equities, property, commodities and infrastructure. Exposure to these asset classes will be achieved through investment in collective investment schemes, transferable securities, money market instruments, deposits and derivatives. Investment in property, commodities and infrastructure will be indirect. The Fund may invest in any geographic or economic sectors of the world. The Fund may also use collective investment schemes to gain exposure to absolute return strategies and may use derivatives to obtain long and short exposures. Derivatives may be used for investment purposes as well as for efficient portfolio management (EPM).

RISK PROFILE

The Fund will use derivatives to generate returns and that can involve a higher level of risk. A small movement in the price of the underlying investment may result in a disproportionately large movement in the price of the derivative instrument. As the fund invests in collective investment schemes, it will be subject to the risks of these other funds. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Retail Adv B (Net Accum.) Share Class of the Sub-Fund returned 4.84% against 4.64% for IMA Mixed Investment 20-60% Shares.

The Fund posted a positive return and outperformed its comparative index. The Fund's equity (company share) allocations were the most significant contributors but all the major asset components of the portfolio made gains over the six months. Stronger economic trends, central bank policy and broader market stabilisation provided a healthy backdrop for riskier assets. This ensured that developed equity markets rallied for much of the six-month period, despite periodic bouts of market fluctuations. The Fund was able to benefit from these strong gains, which more than offset negative returns from some of its government bond exposure. Government bond yields came under pressure for much of the period as markets moved to price in the "tapering" of the Federal Reserve's asset-purchasing programme. Against this backdrop, the Fund's holdings in debt issued by those countries on the edge of the eurozone proved rewarding as these "peripheral" markets outperformed the "core" markets of Europe. The Fund's holdings in infrastructure assets generated positive returns, more than offsetting the weak performance of the Fund's commodity exposure, which came under pressure due to weaker prices.

As the global economic growth backdrop picked up over the six-month period, the manager opted to increase our pro-cyclical bias – adding exposure to more economically-sensitive areas – increasing the Fund's equity allocation and reducing its fixed income holdings. The main reductions occurred in investment grade credit – debt issued by companies that is rated BBB and above by the credit rating agency Standard & Poor's. The manager also cut back on the Fund's emerging market debt exposure – debt issued by emerging market

governments and companies – removing exposures to local currency debt – much of emerging market debt is US dollar-denominated – due to the risk of currency movements having a negative impact. The manager is mindful that diverging monetary policy and macroeconomic trends around the globe may open up some interesting market opportunities.

Statutory Performance Data (%)

| From To | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Accumulation ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional S (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional S (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.89 | 1.84 |
| Sterling Accumulation | 1.89 | 1.84 |
| Sterling Institutional (Net Inc.) | 1.07 | 1.02 |
| Sterling Institutional (Net Accum.) | 1.07 | 1.02 |
| Sterling Institutional S (Net Inc.) | 1.32 | 1.27 |
| Sterling Institutional S (Net Accum.) | 1.32 | 1.27 |
| Sterling Institutional W (Net Inc.) | 0.94 | 0.89 |
| Sterling Institutional W (Net Accum.) | 0.94 | 0.89 |
| Sterling Retail Adv B (Net Inc.) | 1.24 | 1.15 |
| Sterling Retail Adv B (Net Accum.) | 1.24 | 1.15 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2013 | 106.69 | 99.13 | 0.3669 |
| Sterling Accumulation | (pence) | (pence) | (pence) |
| 2013 | 106.89 | 99.31 | 0.3678 |
| Sterling Institutional (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 106.75 | 99.32 | 0.9239 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 107.08 | 99.56 | 0.8869 |
| Sterling Institutional S (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 106.76 | 99.24 | 0.7276 |
| Sterling Institutional S (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 107.02 | 99.48 | 0.7294 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 106.70 | 99.21 | 0.9509 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 107.01 | 99.49 | 0.9396 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 106.65 | 99.14 | 0.7997 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 106.93 | 99.41 | 0.8026 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2013 | 20,074 | 100.17 | 20,038,847 |
| 31/12/2013 | 18,873 | 104.20 | 18,111,828 |
| Sterling Accumulation | | (pence) | |
| 30/06/2013 | 39,680 | 100.36 | 39,538,143 |
| 31/12/2013 | 38,368 | 104.57 | 36,689,346 |
| Sterling Institutional (Net Inc.) | | (pence) | |
| 30/06/2013 | 0 | 100.00 | 50 |
| 31/12/2013 | 56 | 104.34 | 53,347 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2013 | 65,358 | 100.62 | 64,958,243 |
| 31/12/2013 | 62,817 | 105.30 | 59,653,686 |
| Sterling Institutional S (Net Inc.) | | (pence) | |
| 30/06/2013 | 1,116 | 100.29 | 1,112,933 |
| 31/12/2013 | 1,123 | 104.35 | 1,076,187 |
| Sterling Institutional S (Net Accum.) | | (pence) | |
| 30/06/2013 | 19,747 | 100.54 | 19,642,026 |
| 31/12/2013 | 19,815 | 105.09 | 18,855,246 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 25 | 100.27 | 24,760 |
| 31/12/2013 | 78 | 104.33 | 75,022 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 38 | 100.55 | 37,853 |
| 31/12/2013 | 2,237 | 105.26 | 2,125,106 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|---|--------------------------|-----------|-----------------|
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 5 | 100.20 | 5,000 |
| 31/12/2013 | 5 | 104.26 | 5,025 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 5 | 100.46 | 5,000 |
| 31/12/2013 | 5 | 105.08 | 5,000 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| Insight Discretionary UK Corporate All Maturities Bond Fund | 8.30 | 7.95 |
| Cazenove UK Opportunities Fund | 7.70 | 6.58 |
| Jupiter UK Special Situations Fund | 7.45 | 6.47 |
| Insight Discretionary UK Government All Maturities Bond Fund | 5.45 | 3.28 |
| UBS London ETC Note | 3.39 | 0.00 |
| Spain 3.75% Bonds 2018 | 3.00 | 0.00 |
| Insight Global II Ex-UK Bond Fund | 2.89 | 0.00 |
| BNY Mellon Global Funds – European Credit Fund | 2.54 | 0.00 |
| SSgA US Corporate Bond Index Fund | 2.46 | 0.00 |
| Liontrust Special Situations Fund | 2.38 | 2.12 |
| Pimco Global High Yield Bond Fund | 2.13 | 1.98 |
| NB Distressed Debt Investment Fund | 1.77 | 1.75 |
| Doric Nimrod Air Two | 1.24 | 1.34 |
| iShares Sterling Corporate Bond Fund | 0.00 | 1.99 |
| Insight Discretionary UK Corporate Long Maturities Bond Fund | 0.00 | 1.95 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|-------------------------------|------------|------------|
| Overseas Government Bonds | 5.95 | 0.00 |
| Collective Investment Schemes | 47.53 | 33.61 |
| Equity | 5.43 | 5.87 |
| Exchange Traded Funds | 4.37 | 1.99 |
| Others | 36.72 | 58.53 |
| | 100.00 | 100.00 |

INSIGHT INFLATION-LINKED CORPORATE BOND FUND

GENERAL INFORMATION

| | |
|---------------------|--|
| Investment adviser: | Insight Investment Management (Global) Limited |
| Fund size: | £29.27m |
| Fund launch: | 9 February 2013 |
| Sector: | IMA £ Strategic Bond |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|-------------|
| Annual: | 31 August |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to generate attractive returns relative to UK inflation levels over the medium to long term.

INVESTMENT POLICY

The Fund will invest primarily in inflation-linked corporate bonds and/or the following other assets which in combination provide the investment characteristics of inflation-linked corporate bonds: corporate bonds; government and public securities; other debt securities; and derivatives (including inflation and credit derivatives). The Fund may also invest in collective investment schemes, deposits, cash and near cash, other transferable securities, money market instruments and other derivatives. Derivatives may be used for investment purposes as well as for efficient portfolio management (EPM).

RISK PROFILE

The Fund invests in corporate Bonds and is therefore exposed to credit risk. However, all investments in currencies other than sterling are exposed to currency movements. The Fund is also exposed to changes in market interest rates, investing predominantly in fixed interest securities. The Fund will use derivatives to generate returns and that can involve a higher level of risk. A small movement in the price of the underlying investment may result in a disproportionately large movement in the price of the derivative instrument. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Accumulation Share Class of the Sub-Fund returned 3.09% against 3.11% for the IMA £ Strategic Bond.

The Fund made a positive return over the six months. The period saw fluctuations in global bond markets, as government bond yields rose on the belief that the US Federal Reserve would begin to "taper" its asset-purchasing programme. This was eventually confirmed in December. The corporate bond market – debt issued by companies – held up well against the rising yield environment. The Fund's preference for lower-rated securities and its position in high yield bonds – debt rated below BBB by the credit rating agency Standard and Poor's – was also positive. By sector, the Fund's exposure to financials had a positive impact on performance. Security selection was positive over the period.

The Fund's preferred sectors were utilities, commercial mortgage-backed securities, transport, banks and insurance. In terms of yield curve, early in the period the Fund favoured higher-yielding, longer-dated maturities, on the expectation that the curve would flatten – the spread between long-term and short-term interest rates decreases. The Fund held a long duration – interest rate risk – position. In October, the manager increased the Fund's inflation exposure by purchasing index-linked gilts as they were trading at the cheap end of the range. In credit, the Fund increased exposure to bank contingent convertible bonds, which the manager viewed as trading opportunities. The Fund moved out of some sterling-denominated bonds and into US dollar denominated bonds to pick up yield.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Accumulation ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling X (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.38 | 1.30 |
| Sterling Accumulation | 1.38 | 1.30 |
| Sterling Institutional (Net Inc.) | 0.71 | 0.63 |
| Sterling Institutional (Net Accum.) | 0.71 | 0.63 |
| Sterling Institutional W (Net Inc.) | 0.71 | 0.63 |
| Sterling Institutional W (Net Accum.) | 0.71 | 0.63 |
| Sterling Retail Adv B (Net Inc.) | 1.03 | 0.93 |
| Sterling Retail Adv B (Net Accum.) | 1.03 | 0.93 |
| Sterling X (Net Accum.) | 0.22 | N/A |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depository, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2013 | 104.20 | 97.85 | 2.1974 |
| Sterling Accumulation | (pence) | (pence) | (pence) |
| 2013 | 104.20 | 98.63 | 2.2095 |
| Sterling Institutional (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 104.34 | 97.85 | 2.6861 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 104.34 | 98.84 | 2.6998 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 104.39 | 97.89 | 2.6934 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 104.39 | 98.88 | 2.7092 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 104.33 | 97.89 | 2.4680 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 104.33 | 98.79 | 2.4838 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 100.50 | 99.26 | 0.5140 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2013 | 13,086 | 97.53 | 13,417,036 |
| 31/12/2013 | 12,602 | 99.55 | 12,659,129 |
| Sterling Accumulation | | (pence) | |
| 30/06/2013 | 15,274 | 98.47 | 15,511,011 |
| 31/12/2013 | 14,553 | 101.77 | 14,300,249 |
| Sterling Institutional (Net Inc.) | | (pence) | |
| 30/06/2013 | 12 | 97.52 | 11,957 |
| 31/12/2013 | 12 | 99.54 | 11,957 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2013 | 10 | 98.69 | 10,580 |
| 31/12/2013 | 11 | 102.26 | 10,611 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 24 | 97.56 | 25,076 |
| 31/12/2013 | 88 | 99.58 | 88,137 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 90 | 98.73 | 91,571 |
| 31/12/2013 | 206 | 102.31 | 201,528 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 5 | 97.58 | 5,000 |
| 31/12/2013 | 5 | 99.58 | 5,054 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 5 | 98.64 | 5,000 |
| 31/12/2013 | 5 | 102.08 | 5,000 |
| Sterling X (Net Accum.) | | (pence) | |
| 31/12/2013 | 1,785 | 98.98 | 1,803,158 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| Treasury 0.125% Index Linked Gilt 2019 | 3.15 | 0.00 |
| Virgin Media Secured Finance 7.00% Guaranteed Senior Notes 2018 | 2.22 | 2.28 |
| National Grid 2.983% Senior Index Linked Bonds 2018 | 2.15 | 2.19 |
| Severn Trent Utilities Finance 5.5894344% Floating Rate Notes 2028 | 2.12 | 2.20 |
| London Power Networks 3.125% Index Linked Notes 2032 | 2.09 | 2.16 |
| Anglian Water Service Financing 3.07% Index Linked Guaranteed Bond 2032 | 2.04 | 2.08 |
| Moyle Interconnector 2.9376% Guaranteed Index Linked Bonds 2033 | 2.02 | 2.11 |
| Southern Water Services Finance Index Linked Bond 2023 | 1.96 | 2.06 |
| Tesco Property 5 5.6611% Guaranteed Bonds 2041 | 1.92 | 1.96 |
| Yorkshire Water SVS Bradford Finance 2.718% Guaranteed Index Linked 2039 | 1.76 | 1.88 |
| Interstar 3.3292% Floating Rate Notes 2039 | 1.64 | 2.25 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------|------------|------------|
| AAA | 5.22 | 2.25 |
| AA | 2.36 | 2.45 |
| A | 24.14 | 30.19 |
| BBB | 39.08 | 38.60 |
| BB | 7.78 | 6.60 |
| B | 2.55 | 4.70 |
| Not rated (by S&P) | 13.95 | 12.87 |
| Derivatives | (0.54) | 0.19 |
| Others | 5.46 | 2.15 |
| | 100.00 | 100.00 |

INSIGHT STRATEGIC BOND FUND

GENERAL INFORMATION

| | |
|---------------------|--|
| Investment adviser: | Insight Investment Management (Global) Limited |
| Fund size: | £11.14m |
| Fund launch: | 9 February 2013 |
| Sector: | IMA £ Strategic Bond |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------------------------------|
| Annual: | 30 June |
| Interim: | 30 September, 31 December, 31 March |

Distribution payment dates for all share classes:

| | |
|----------|----------------------------------|
| Annual: | 31 August |
| Interim: | 30 November, 28 February, 31 May |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve a total return.

INVESTMENT POLICY

The Fund will invest principally in any one or a combination of the following: corporate bonds; government bonds; asset backed securities; other debt instruments; and derivatives relating to these securities. Investment may be in both fixed and variable rate debt instruments and investment may include sub-investment grade securities. The Fund may also invest in other transferable securities as well as collective investment schemes, deposits, cash and near cash, money market instruments and other derivatives. Derivatives may be used for investment purposes as well as for efficient portfolio management (EPM).

RISK PROFILE

The Fund invests in Bonds and is therefore exposed to credit risk. However, all investments in currencies other than sterling are exposed to changes in currency movements. The Fund is also exposed to changes in market interest rates, investing predominantly in fixed interest securities. The Fund will use derivatives to generate returns and that can involve a higher level of risk. A small movement in the price of the underlying investment may result in a disproportionately large movement in the price of the derivative instrument. The Fund may also invest in emerging markets. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Accumulation Share Class of the Sub-Fund returned 3.55% against 3.11% for the IMA £ Strategic Bond.

The Fund made a positive return over the six months. The period saw fluctuations in global bond markets, as government bond yields rose on the belief that the US Federal Reserve would begin to "taper" its asset-purchasing programme. This was eventually confirmed in December. The corporate bond market – debt issued by companies – held up well against the rising yield environment. The Fund's exposure to financials had a positive impact on performance. Security selection was also positive. Duration – interest rate risk – was a small positive and the exposure to emerging market debt a small negative.

The Fund traded duration tactically over the six months and was focused on intermediate maturities. Favoured sectors include asset-backed securities, transport, insurance and utilities. It was noted that US corporate bonds are significantly cheaper than European and UK bonds and so the manager looked for opportunities to switch into US bonds. The Fund held a position in high yield bonds – debt rated below BBB by the credit rating agency Standard and Poor's – which was reduced over the period. Towards the end of the year the manager took some profits. The Fund participated in many new issues at attractive prices over the six months. The Fund held significant exposure to the US dollar and limited exposure to the Japanese yen, Australian dollar and Swiss franc. The Fund held a small allocation to emerging markets.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Accumulation ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.48 | 1.39 |
| Sterling Accumulation | 1.48 | 1.39 |
| Sterling Institutional W (Net Inc.) | 0.94 | 0.83 |
| Sterling Institutional W (Net Accum.) | 0.94 | 0.83 |
| Sterling Retail Adv B (Net Inc.) | 1.23 | 1.11 |
| Sterling Retail Adv B (Net Accum.) | 1.23 | 1.11 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2013 | 103.30 | 98.56 | 2.5769 |
| Sterling Accumulation | (pence) | (pence) | (pence) |
| 2013 | 103.75 | 99.47 | 2.6022 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 103.28 | 98.51 | 2.9841 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 103.93 | 99.58 | 3.0220 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 | 103.25 | 98.50 | 2.7812 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 | 103.75 | 99.50 | 2.8110 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2013 | 8,615 | 98.29 | 8,764,781 |
| 31/12/2013 | 7,867 | 100.55 | 7,824,016 |
| Sterling Accumulation | | (pence) | |
| 30/06/2013 | 3,133 | 99.43 | 3,150,536 |
| 31/12/2013 | 2,964 | 103.17 | 2,872,959 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 21 | 98.23 | 21,227 |
| 31/12/2013 | 167 | 100.49 | 166,533 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 53 | 99.55 | 52,913 |
| 31/12/2013 | 132 | 103.53 | 126,910 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 5 | 98.25 | 5,023 |
| 31/12/2013 | 5 | 100.47 | 5,100 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 5 | 99.46 | 5,000 |
| 31/12/2013 | 5 | 103.32 | 5,000 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| Insight Emerging Markets Debt Fund Class S | 8.90 | 8.59 |
| Aviva 6.125% Guaranteed Perpetual Subordinated Bonds | 2.03 | 1.76 |
| White City Property Finance 5.1202% Guaranteed Bonds 2035 | 2.02 | 1.94 |
| Matterhorn Mobile 6.75% Guaranteed Senior Notes 2019 | 1.97 | 1.78 |
| AXA 6.772% Guaranteed Perpetual Subordinated Floating Rate EMTN | 1.90 | 0.00 |
| Talanx Finanz 8.3673% Guaranteed Floating Rate European Medium Term Bonds 2042 | 1.86 | 1.75 |
| Eileme 11.75% Guaranteed Notes 2020 | 1.80 | 2.48 |
| Credit Agricole 8.125% Variable Rate Bonds 2033 | 1.79 | 0.95 |
| Channel Link Enterprises Finance 3.8455% Guaranteed Floating Rate Bonds 2050 | 1.76 | 1.66 |
| Virgin Media Secured Finance 7% Guaranteed Senior Notes 2018 | 1.74 | 2.52 |
| Scottish Amicable Finance 8.5% Variable Rate Perpetual Bonds | 0.00 | 2.07 |
| Heathrow Funding 6% Guaranteed European Medium Term Notes 2020 | 0.00 | 1.86 |
| Sunrise Communications I 5.625% Guaranteed European Medium Term Notes 2017 | 0.00 | 1.78 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------|------------|------------|
| AAA | 2.77 | 1.41 |
| A | 8.50 | 13.94 |
| BBB | 33.55 | 30.14 |
| BB | 16.83 | 15.50 |
| B | 10.57 | 13.07 |
| CCC | 2.02 | 0.77 |
| Not rated (by S&P) | 23.22 | 22.25 |
| Derivatives | 0.70 | (0.48) |
| Others | 1.84 | 3.40 |
| | 100.00 | 100.00 |

NEWTON 50/50 GLOBAL EQUITY FUND

GENERAL INFORMATION

| | |
|---------------------|--|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £517.87m |
| Fund launch: | 15 February 1999 |
| Comparative index: | 50% FTSE All-Share, 50% (1/3 FTSE North America, 1/3 FTSE AW Europe ex UK, 1/3 FTSE AW Asia Pacific) |
| Sector: | IMA Global |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|--------------|
| Annual: | 30 September |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to invest in a broad spread of UK and international securities to achieve income and capital growth over the longer term. The Fund will be managed to a benchmark of approximately 50% UK equities and 50% international equities. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The Fund invests directly in International equities, aiming to outperform its comparative index over rolling 5 year periods.

RISK PROFILE

As a diversified global equity Fund, the risks associated with the Fund are consistent with International Equity Investing, these include Equity Market risk, Exchange Rate risk, Liquidity risk, Stock specific risk and Emerging Markets. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Exempt 1 (Net Accum.) Share Class of the Fund returned 5.86% against 8.90% for its composite benchmark, the LCI FTSE All-Share TR/International Equities (1:1).

The Fund delivered a positive return but underperformed its composite benchmark over the six-month period. The Fund's broadly "defensive" positioning – focused on less economically-sensitive areas – contributed to underperformance. Exposure to gold, via gold mining equities Barrick Gold, Newcrest Mining and Yamana Gold was negative amid rising real yields and anticipation that the US Federal Reserve would "taper" its asset-purchasing programme, which was announced in December. The other principal weakness towards the end of the period was those companies exposed to emerging markets, such as Standard Chartered, which were affected by adverse share price and currency movements as investors mulled the implications of "tapering" for the developing world. The position in Microsoft had been a notable negative over the first half of the period. On a more positive note, the Fund experienced impressive gains from a number of its positions within telecommunications. Sprint was the highlight, gaining nearly 70% as the benefits of its long-standing restructuring programme began to accrue amid hopes of participation in a further stage of consolidation in the US mobile market. The positions in Cable & Wireless Communications and Millicom International Cellular also proved beneficial.

In the consumer sphere, the manager sold the Fund's long-standing holding in US tobacco manufacturer, Altria Group. Although high valuation was the principal motivation for the decision, the manager had become incrementally concerned about the impact of e-cigarettes in developed markets. Meanwhile, Softbank was sold from the Fund. The manager took the opportunity to add to positions in Vodafone Group and Citigroup – the manager sees significant upside from the latter as the company refocuses upon its core business.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--------------------------------|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Exempt 1 (Net Accum.) | 18.51 | 12.75 | -7.61 | 13.28 | 24.84 |
| Sterling X (Net Accum.) | 19.10 | 13.30 | -7.15 | 13.84 | 25.40 |
| Sterling Exempt 2 (Net Accum.) | 18.39 | 12.63 | -7.70 | 13.16 | 24.73 |
| Index ¹ | 20.73 | 12.97 | -6.48 | 14.81 | 26.23 |

¹ 50% FTSE All Share, 16.67% FTSE AW North America, 16.67% FTSE AW Europe ex UK, 16.67% FTSE AW Asia Pacific. Prior to 31/03/10 – 60% FTSE All Share, 13.33% FTSE AW North America, 13.33% FTSE AW Europe ex UK, 13.33% FTSE AW Asia Pacific.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|--------------------------------|------------|------------|
| Sterling Exempt 1 (Net Accum.) | 0.56 | 0.56 |
| Sterling X (Net Accum.) | 0.06 | 0.06 |
| Sterling Exempt 2 (Net Accum.) | 0.66 | 0.66 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|---------------------------------------|---------------|--------------|------------------------|
| Sterling Exempt 1 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 175.88 | 118.79 | 4.3068 |
| 2010 | 198.13 | 164.56 | 4.1837 |
| 2011 | 204.92 | 165.23 | 4.5018 |
| 2012 | 207.02 | 180.61 | 4.8147 |
| 2013 | 245.76 | 207.52 | 5.0753 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 179.22 | 120.59 | 5.0573 |
| 2010 | 202.91 | 168.11 | 5.1902 |
| 2011 | 210.41 | 169.86 | 5.5949 |
| 2012 | 214.10 | 186.26 | 5.9709 |
| 2013 | 255.28 | 214.66 | 6.4726 |
| Sterling Exempt 2 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 130.80 | 88.41 | 3.1040 |
| 2010 | 147.20 | 122.32 | 2.9765 |
| 2011 | 152.17 | 122.67 | 3.2060 |
| 2012 | 153.50 | 133.99 | 3.4206 |
| 2013 | 182.07 | 153.87 | 3.5879 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|---------------------------------------|--------------------------|-----------|-----------------|
| Sterling Exempt 1 (Net Accum.) | | (pence) | |
| 30/06/2011 | 440,864 | 199.27 | 221,239,988 |
| 30/06/2012 | 344,784 | 189.03 | 182,396,418 |
| 30/06/2013 | 350,920 | 229.84 | 152,681,746 |
| 31/12/2013 | 360,895 | 243.46 | 148,234,713 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 222,627 | 204.58 | 108,819,530 |
| 30/06/2012 | 148,847 | 195.04 | 76,314,827 |
| 30/06/2013 | 118,410 | 238.33 | 49,682,798 |
| 31/12/2013 | 102,772 | 253.10 | 40,605,539 |
| Sterling Exempt 2 (Net Accum.) | | (pence) | |
| 30/06/2011 | 57,540 | 147.97 | 38,885,155 |
| 30/06/2012 | 45,733 | 140.23 | 32,613,768 |
| 30/06/2013 | 51,305 | 170.33 | 30,120,753 |
| 31/12/2013 | 54,205 | 180.34 | 30,058,105 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--------------------------|------------|------------|
| GlaxoSmithKline | 4.49 | 4.59 |
| Vodafone | 4.25 | 1.46 |
| BP | 3.15 | 3.12 |
| Royal Dutch Shell B | 3.08 | 2.76 |
| British American Tobacco | 2.49 | 2.38 |
| Bayer | 2.32 | 2.71 |
| Citigroup | 2.25 | 1.42 |
| Microsoft | 2.07 | 1.81 |
| Sanofi | 2.03 | 1.21 |
| Nestle | 1.93 | 1.10 |
| Syngenta | 1.86 | 2.03 |
| Standard Chartered | 1.85 | 2.05 |
| Roche | 1.75 | 1.81 |
| Sprint | 0.97 | 2.48 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|-------------------------------|------------|------------|
| United Kingdom | 42.10 | 39.16 |
| United States of America | 20.53 | 21.48 |
| Switzerland | 7.55 | 5.97 |
| Japan | 5.07 | 6.40 |
| France | 3.97 | 3.59 |
| Germany | 3.42 | 2.71 |
| Sweden | 2.46 | 2.08 |
| Canada | 1.85 | 2.41 |
| Hong Kong | 1.22 | 1.22 |
| China | 0.96 | 1.18 |
| Mexico | 0.87 | 0.88 |
| South Africa | 0.86 | 1.18 |
| India | 0.79 | 0.97 |
| Belgium | 0.76 | 0.73 |
| Norway | 0.69 | 0.64 |
| Brazil | 0.65 | 1.17 |
| Collective Investment Schemes | 0.64 | 0.57 |
| Netherlands | 0.53 | 0.00 |
| Ireland | 0.52 | 0.00 |
| Thailand | 0.49 | 0.72 |
| Philippines | 0.48 | 0.56 |
| Australia | 0.14 | 0.20 |
| Derivatives | 0.00 | (0.03) |
| Cash & Others | 3.45 | 6.21 |
| | 100.00 | 100.00 |

NEWTON ASIAN INCOME FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £4,143.02m |
| Fund launch: | 30 November 2005 |
| Comparative index: | FTSE AW Asia Pacific ex Japan TR GBP |
| Sector: | IMA Asia Pacific excluding Japan |
| Fund ratings: | Gold Rating by S&P Fund Manager Ratings |

DISTRIBUTION

| | |
|---|-------------------------------------|
| Period end dates for distributions for all share classes: | |
| Annual: | 30 June |
| Interim: | 31 December, 31 March, 30 September |

| | |
|---|----------------------------------|
| Distribution payment dates for all share classes: | |
| Annual: | 31 August |
| Interim: | 28 February, 31 May, 30 November |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve income together with long-term capital growth predominantly through investments in securities in the Asia Pacific ex Japan (including Australia & New Zealand) region. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The manager will invest in companies from around the Asia Pacific ex Japan region that will achieve a steady income stream along with capital growth.

RISK PROFILE

As a regional portfolio, the Fund will be exposed to changes in currencies and investments in less-developed markets. A fall in the value of a single investment may have a significant impact on the value of the Fund because it typically invests in a limited number of investments and Emerging Markets. These factors may affect the performance of the Fund. Charges are deducted from the capital of the Fund which will affect its growth. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned -5.93% against a positive return of 0.55% for the FTSE AW Pacific Ex Japan Index.

The Fund delivered a negative return and underperformed the FTSE AW Asia Pacific ex Japan Index over the six-month period. Stock selection was the main source of underperformance over the period, with industrials, telecoms, financials and technology all areas of weakness. The Fund also struggled on the back of unforeseen political instability in both New Zealand and Thailand. In the former, the share price of Chorus, New Zealand's largest telecoms infrastructure company, plummeted as the regulator came out with an unfavourable decision on the price it could charge for copper broadband, throwing into question the viability of its charge to roll out a fibre broadband network. Meanwhile, in Thailand, Advanced Info Service, the largest Thai telecoms company, was hurt by political grumblings, along with worries about increased competition and higher marketing costs. The same factors affected AIS' parent, Shin Corp. Meanwhile, Taiwan Mobile also struggled over the period. Nevertheless, there were some bright spots for the Fund, with the Macau gaming stocks Sands China and Wynn Macau being particular highlights. The constrained supply and increased demand for gaming in Macau has stood these companies in good stead, enhancing their profitability and cash flows.

The Fund took part in the initial public offering of New Zealand's largest renewable power generator, Meridian Energy. This was part of the government's Mixed Ownership Model programme, aimed at attracting international capital to the country and bolstering its fiscal position. Another new addition to the Fund was Suncorp, an Australian general insurer. The company is very well positioned to grow its dividend, given its duopoly position and strong cash flows. Elsewhere in Australia, the manager increased exposure to Sydney Airport, Woodside Petroleum and Wesfarmers following Australian dollar weakness. Meanwhile, the manager took profits from Sands China, which remains a core holding. PTT and Thai Beverage were notable sales.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | -1.27 | 21.46 | -1.45 | 31.98 | 49.81 |
| Sterling Institutional (Net Inc.) | -0.71 | 22.15 | -0.89 | 32.74 | 50.58 |
| Sterling Institutional (Net Accum.) | -0.69 | 22.18 | -0.91 | 32.66 | 50.59 |
| Sterling X (Net Inc.) ¹ | 0.30 | 23.37 | 0.11 | 34.17 | N/A |
| Euro Institutional (Net Accum.) ¹ | -0.26 | N/A | N/A | N/A | N/A |
| Euro Institutional (Net Inc.) ¹ | -0.27 | N/A | N/A | N/A | N/A |
| Euro Accumulation ¹ | -0.78 | N/A | N/A | N/A | N/A |
| Euro Income ¹ | -0.79 | N/A | N/A | N/A | N/A |
| USD Institutional (Net Inc.) ¹ | -0.39 | N/A | N/A | N/A | N/A |
| USD Institutional (Net Accum.) ¹ | -0.36 | N/A | N/A | N/A | N/A |
| USD Income ¹ | -0.94 | N/A | N/A | N/A | N/A |
| USD Accumulation ¹ | -0.92 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | -0.47 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | -0.45 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | -0.77 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | -0.74 | N/A | N/A | N/A | N/A |
| Sterling P (Net Inc.) ¹ | -0.72 | N/A | N/A | N/A | N/A |
| USD X (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| FTSE AW Asia Pacific ex Japan TR GBP | 1.32 | 17.47 | -14.84 | 23.88 | 55.54 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling P (Net Accum.) Share Class closed 26 July 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

The annual management charge is charged to capital.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.64 | 1.65 |
| Sterling Institutional (Net Inc.) | 1.07 | 1.08 |
| Sterling Institutional (Net Accum.) | 1.07 | 1.08 |
| Sterling X (Net Inc.) | 0.07 | 0.08 |
| Euro Institutional (Net Accum.) | 1.07 | 1.07 |
| Euro Institutional (Net Inc.) | 1.07 | 1.07 |
| Euro Accumulation | 1.64 | 1.64 |
| Euro Income | 1.64 | 1.64 |
| USD Institutional (Net Inc.) | 1.07 | 1.07 |
| USD Institutional (Net Accum.) | 1.07 | 1.07 |
| USD Income | 1.64 | 1.64 |
| USD Accumulation | 1.64 | 1.64 |
| Sterling Institutional W (Net Inc.) | 0.82 | 0.82 |
| Sterling Institutional W (Net Accum.) | 0.82 | 0.82 |
| Sterling Retail Adv B (Net Inc.) | 1.14 | 1.14 |
| Sterling Retail Adv B (Net Accum.) | 1.14 | 1.14 |
| Sterling P (Net Inc.) | 1.07 | 1.08 |
| USD X (Net Accum.) | 0.07 | N/A |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 135.26 | 83.87 | 6.1402 |
| 2010 | 168.26 | 126.82 | 8.2595 |
| 2011 | 167.98 | 143.52 | 8.3898 |
| 2012 | 181.69 | 155.55 | 8.3516 |
| 2013 | 208.40 | 168.88 | 8.4451 |
| Sterling Institutional (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 | 138.09 | 85.25 | 6.2765 |
| 2010 | 172.65 | 129.50 | 8.5536 |
| 2011 | 172.79 | 147.80 | 8.7425 |
| 2012 | 188.31 | 160.39 | 8.7531 |
| 2013 | 216.40 | 175.85 | 8.9450 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 166.54 | 98.11 | 7.3818 |
| 2010 | 219.73 | 157.46 | 10.5480 |
| 2011 | 228.48 | 198.68 | 11.4586 |
| 2012 | 266.60 | 217.59 | 12.0926 |
| 2013 | 312.08 | 260.77 | 12.9853 |
| Sterling X (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 (from 2 April) | 136.82 | 93.75 | 5.1291 |
| 2010 | 172.79 | 128.41 | 8.6236 |
| 2011 | 173.83 | 149.06 | 8.7853 |
| 2012 | 192.29 | 162.16 | 8.8748 |
| 2013 | 221.83 | 181.27 | 9.2904 |

Price and Revenue Record by Share Class (Calendar Year) – contd.

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Euro Institutional (Net Accum.) | (cents) | (cents) | (cents) |
| 2012 (from 30 January) | 120.69 | 100.00 | 5.4466 |
| 2013 | 135.06 | 113.48 | 5.6272 |
| Euro Institutional (Net Inc.) | (cents) | (cents) | (cents) |
| 2012 (from 5 March) | 110.16 | 96.61 | 4.2555 |
| 2013 | 121.02 | 98.89 | 5.0199 |
| Euro Accumulation | (cents) | (cents) | (cents) |
| 2012 (from 5 March) | 113.57 | 96.84 | 4.3057 |
| 2013 | 126.82 | 106.20 | 5.1854 |
| Euro Income | (cents) | (cents) | (cents) |
| 2012 (from 5 March) | 109.71 | 96.50 | 4.1918 |
| 2013 | 120.34 | 98.05 | 4.8974 |
| USD Institutional (Net Inc.) | (cents) | (cents) | (cents) |
| 2012 (from 2 April) | 108.63 | 92.05 | 3.7008 |
| 2013 | 119.23 | 101.36 | 5.0425 |
| USD Institutional (Net Accum.) | (cents) | (cents) | (cents) |
| 2012 (from 2 April) | 111.96 | 92.06 | 3.7875 |
| 2013 | 125.15 | 106.38 | 5.3057 |
| USD Income | (cents) | (cents) | (cents) |
| 2012 (from 2 April) | 108.22 | 91.95 | 3.7368 |
| 2013 | 118.58 | 100.72 | 4.9294 |
| USD Accumulation | (cents) | (cents) | (cents) |
| 2012 (from 2 April) | 111.54 | 91.95 | 3.7561 |
| 2013 | 124.44 | 105.69 | 5.1733 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 30 August) | 107.63 | 99.24 | 1.0399 |
| 2013 | 123.81 | 100.74 | 5.1316 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 30 August) | 108.02 | 99.24 | 1.0225 |
| 2013 | 126.57 | 105.91 | 5.2754 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 1 October) | 105.21 | 100.00 | 0.6655 |
| 2013 | 120.91 | 98.24 | 4.9452 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 1 October) | 105.21 | 100.00 | 0.6655 |
| 2013 | 123.16 | 102.87 | 5.0843 |
| Sterling P (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 20 September) | 105.97 | 99.73 | 0.6878 |
| 2013 | 121.78 | 98.97 | 5.0065 |
| Sterling P (Net Accum.)² | (pence) | (pence) | (pence) |
| 2012 (from 1 October) | 105.22 | 100.00 | 0.6834 |
| 2013 | 123.16 | 104.64 | 2.7612 |
| USD X (Net Accum.) | (cents) | (cents) | (cents) |
| 2013 (from 2 December) | 100.00 | 96.80 | 0.6872 |

* Distributions are shown in year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 493,586 | 162.97 | 302,868,975 |
| 30/06/2012 | 884,043 | 164.78 | 536,506,491 |
| 30/06/2013 | 1,217,470 | 183.65 | 662,920,727 |
| 31/12/2013 | 1,014,469 | 168.63 | 601,581,050 |
| Sterling Institutional (Net Inc.) | | (pence) | |
| 30/06/2011 | 349,398 | 167.61 | 208,453,195 |
| 30/06/2012 | 785,835 | 170.33 | 461,363,300 |
| 30/06/2013 | 914,987 | 190.79 | 479,574,156 |
| 31/12/2013 | 818,152 | 175.59 | 465,935,364 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 50,054 | 221.73 | 22,574,060 |
| 30/06/2012 | 319,625 | 236.75 | 135,002,535 |
| 30/06/2013 | 707,806 | 278.62 | 254,038,063 |
| 31/12/2013 | 989,148 | 262.18 | 377,283,866 |
| Sterling X (Net Inc.) | | (pence) | |
| 30/06/2011 | 31,979 | 168.59 | 18,968,673 |
| 30/06/2012 | 78,691 | 173.05 | 45,472,142 |
| 30/06/2013 | 28,239 | 195.79 | 14,422,979 |
| 31/12/2013 | 29,761 | 181.03 | 16,439,559 |
| Euro Institutional (Net Accum.) | | (cents) | |
| 30/06/2012 | 6,975 | 107.47 | 8,048,862 |
| 30/06/2013 | 62,548 | 119.05 | 61,305,931 |
| 31/12/2013 | 45,764 | 115.38* | 47,672,931 |
| Euro Institutional (Net Inc.) | | (cents) | |
| 30/06/2012 | 12 | 99.96 | 15,000 |
| 30/06/2013 | 3,109 | 105.34 | 3,443,968 |
| 31/12/2013 | 4,044 | 99.87* | 4,866,788 |
| Euro Accumulation | | (cents) | |
| 30/06/2012 | 59 | 101.38 | 72,755 |
| 30/06/2013 | 16,819 | 111.70 | 17,569,652 |
| 31/12/2013 | 17,339 | 107.96* | 19,304,589 |
| Euro Income | | (cents) | |
| 30/06/2012 | 12 | 99.79 | 15,000 |
| 30/06/2013 | 7,740 | 104.69 | 8,627,426 |
| 31/12/2013 | 7,654 | 99.02* | 9,290,730 |
| USD Institutional (Net Inc.) | | (cents) | |
| 30/06/2012 | 9 | 95.15 | 15,000 |
| 30/06/2013 | 11,719 | 103.62 | 17,153,636 |
| 31/12/2013 | 17,177 | 104.12** | 27,323,778 |
| USD Institutional (Net Accum.) | | (cents) | |
| 30/06/2012 | 3,268 | 96.29 | 5,294,867 |
| 30/06/2013 | 13,841 | 110.14 | 19,059,423 |
| 31/12/2013 | 18,601 | 113.17** | 27,223,964 |
| USD Income | | (cents) | |
| 30/06/2012 | 9 | 95.04 | 15,000 |
| 30/06/2013 | 4,987 | 102.98 | 7,344,705 |
| 31/12/2013 | 4,988 | 103.24** | 8,001,859 |
| USD Accumulation | | (cents) | |
| 30/06/2012 | 40 | 96.13 | 64,819 |
| 30/06/2013 | 21,444 | 109.40 | 29,728,773 |
| 31/12/2013 | 31,398 | 112.10** | 46,389,011 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 762,537 | 109.19 | 698,383,952 |
| 31/12/2013 | 922,040 | 100.60 | 916,501,710 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 88,959 | 113.03 | 78,706,131 |
| 31/12/2013 | 159,128 | 106.49 | 149,429,964 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 1,248 | 106.61 | 1,170,922 |
| 31/12/2013 | 1,660 | 98.11 | 1,692,078 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 852 | 109.94 | 774,781 |
| 31/12/2013 | 1,889 | 103.42 | 1,826,165 |
| Sterling P (Net Inc.) | | (pence) | |
| 30/06/2013 | 405 | 107.37 | 377,201 |
| 31/12/2013 | 31 | 98.84 | 31,791 |
| Sterling P (Net Accum.)² | | (pence) | |
| 30/06/2013 | 150 | 109.96 | 136,526 |
| USD X (Net Accum.) | | (cents) | |
| 31/12/2013 | 59,774 | 98.55** | 100,458,757 |

* Euro/Sterling exchange rate at midday 31 December 2013: 1.201967.

** US Dollar/Sterling exchange rate at midday 31 December 2013: 1.656250.

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|------------------------------------|------------|------------|
| Sands China | 3.58 | 3.21 |
| Wesfarmers | 3.45 | 1.85 |
| Telstra | 3.42 | 3.72 |
| HSBC | 3.16 | 3.57 |
| Taiwan Semiconductor Manufacturing | 3.08 | 3.76 |
| Australia & New Zealand Bank | 2.94 | 3.12 |
| Westfield Retail Trust | 2.69 | 2.17 |
| Transurban | 2.66 | 2.11 |
| Wynn Macau | 2.64 | 1.85 |
| Philippine Long Distance Telecom | 2.63 | 3.11 |
| China Mobile (Hong Kong) | 2.26 | 2.68 |
| Shin | 2.10 | 2.86 |
| Hutchison Port | 1.95 | 2.51 |
| Advanced Info Service | 1.77 | 3.10 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------|-------------------|-------------------|
| Australia | 31.54 | 26.29 |
| Hong Kong | 17.23 | 17.91 |
| Singapore | 14.50 | 12.50 |
| Thailand | 6.25 | 10.95 |
| China | 5.59 | 5.54 |
| Taiwan | 4.92 | 5.78 |
| New Zealand | 4.44 | 3.29 |
| United Kingdom | 4.22 | 3.16 |
| Malaysia | 3.71 | 4.93 |
| Philippines | 3.37 | 3.11 |
| South Korea | 1.26 | 1.53 |
| Indonesia | 1.23 | 2.10 |
| India | 0.00 | 0.14 |
| Cash & Others | 1.74 | 2.77 |
| | 100.00 | 100.00 |

NEWTON BALANCED FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £2,950.92m |
| Fund launch: | 4 November 1986 (managed by Newton since July 1997) |
| Comparative index: | IMA Mixed Investment 40-85% Shares |
| Sector: | IMA Mixed Investment 40-85% Shares |
| Fund ratings: | Silver Rating by S&P Fund Manager Ratings |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|-------------|
| Annual: | 31 August |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve a balance between capital growth and income predominantly from a portfolio of UK and international securities. The Fund may also invest in derivative instruments, forward transactions and collective investment schemes.

INVESTMENT POLICY

The Fund invests directly in a range of asset classes aiming to outperform its comparative index on rolling 5 year periods.

RISK PROFILE

The risks associated with the Fund will be risks that are consistent with a broad exposure to global capital markets. These include Equity Market risk, Currency Rate risk, Liquidity risk, Stock specific risk, Interest Rate risk and Credit risk. The resulting volatility is likely to be lower than that experienced by a 100% equity portfolio. Charges are deducted from the capital of the Fund, which will affect its growth. The Fund may invest in Emerging Markets. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Fund returned 3.33% against 6.62% for the IMA Mixed Investment 40-85% Shares.

The Fund delivered a positive return but underperformed the IMA Mixed Investment 40-85% Shares over the six-month period. The principal detractor was the Fund's gold exposure, as the commodity price fell. The most significant underperformance arose from the holdings in gold miners Newcrest Mining and Yamana Gold. A backdrop of rising bond yields and anticipation of the US Federal Reserve's "tapering" of its asset-purchasing programme, announced at the end of the quarter, were the principal causes of gold-price weakness during this period. In technology, Cisco Systems hurt performance as its quarterly results disappointed. Meanwhile, pharmaceutical groups GlaxoSmithKline and Sanofi were negatively affected by emerging market concerns. Positioning in fixed interest, in terms of preferring overseas sovereign exposure relative to UK Gilts – debt issued by the UK government – was negative. On the positive front, performance benefited from the Fund's telecoms holdings. A particular highlight was the sharp climb in the share price of US mobile operator Sprint, which was rewarded by investors for the ongoing progress made with its network transformation programme. An additional driver was speculation that the company could play a leading role in the next phase of US industry consolidation. Millicom International Cellular, Deutsche Telekom and TeliaSonera were other positive contributors in this area.

The manager trimmed the position in Bayer, which has been a major holding since 2011. Following strong performance, the valuation looks less attractive and thus merits a more modest weighting in the Fund. In the consumer sphere, the manager sold the long-standing holding in US tobacco manufacturer, Altria Group. The tobacco sector has enjoyed an impressive re-rating since the early 2000s; although valuation was the principal motivation for the decision, the manager has also become increasingly concerned about the impact of

e-cigarettes. In financials, the Fund's exposure to Citigroup was increased; there should be significant upside as it refocuses upon its core business. Finally, within fixed interest, the manager adjusted the positioning in Australian government bonds, switching out of 3.25% Australia 2025 and into 4.5% Australia 2033 in order to earn a higher yield. A new position was also added in a UK Gilt that matures in 2018.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 11.07 | 5.26 | -5.33 | 9.82 | 14.46 |
| Sterling Institutional (Net Accum.) | 11.72 | 5.87 | -4.77 | 10.45 | 15.04 |
| Sterling Institutional W (Net Inc.) ¹ | 11.99 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 11.99 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 11.63 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 11.64 | N/A | N/A | N/A | N/A |

| | | | | | |
|------------------------------------|-------|------|-------|-------|-------|
| IMA Mixed Investment 40-85% Shares | 14.40 | 9.87 | -5.57 | 12.34 | 19.97 |
|------------------------------------|-------|------|-------|-------|-------|

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

The annual management charge is charged to capital.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.61 | 1.61 |
| Sterling Institutional (Net Accum.) | 1.04 | 1.04 |
| Sterling Institutional W (Net Inc.) | 0.79 | 0.79 |
| Sterling Institutional W (Net Accum.) | 0.79 | 0.79 |
| Sterling Retail Adv B (Net Inc.) | 1.11 | 1.11 |
| Sterling Retail Adv B (Net Accum.) | 1.11 | 1.11 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 161.38 | 126.97 | 4.9298 |
| 2010 | 170.38 | 146.93 | 4.9022 |
| 2011 | 171.47 | 148.82 | 4.7051 |
| 2012 | 163.19 | 151.96 | 4.5095 |
| 2013 | 180.98 | 159.55 | 4.4065 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 182.99 | 140.27 | 5.4750 |
| 2010 | 200.87 | 172.70 | 5.8070 |
| 2011 | 205.19 | 181.15 | 5.7942 |
| 2012 | 205.61 | 187.76 | 5.7520 |
| 2013 | 231.45 | 203.60 | 5.9267 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 31 August) | 102.07 | 98.47 | 0.7358 |
| 2013 | 114.23 | 100.39 | 2.9503 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 31 August) | 102.07 | 98.47 | 0.7342 |
| 2013 | 115.07 | 101.14 | 2.9989 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 28 September) | 100.44 | 96.87 | 1.1239 |
| 2013 | 111.74 | 98.32 | 2.7977 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 28 September) | 100.44 | 96.87 | 1.1225 |
| 2013 | 113.03 | 99.45 | 2.8624 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 1,032,420 | 165.93 | 622,220,659 |
| 30/06/2012 | 1,193,486 | 153.89 | 775,545,628 |
| 30/06/2013 | 1,297,158 | 167.28 | 775,419,689 |
| 31/12/2013 | 1,271,880 | 171.09 | 743,411,799 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 1,500,969 | 201.68 | 744,219,516 |
| 30/06/2012 | 1,575,912 | 193.62 | 813,916,116 |
| 30/06/2013 | 1,662,897 | 217.58 | 764,276,168 |
| 31/12/2013 | 1,623,182 | 225.33 | 720,368,834 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 5,363 | 105.61 | 5,078,020 |
| 31/12/2013 | 19,808 | 108.36 | 18,280,233 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 3,196 | 108.20 | 2,953,642 |
| 31/12/2013 | 24,058 | 112.20 | 21,442,503 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 4,272 | 103.32 | 4,134,723 |
| 31/12/2013 | 11,927 | 105.89 | 11,263,692 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 9 | 106.25 | 8,027 |
| 31/12/2013 | 62 | 109.99 | 56,242 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|---|------------|------------|
| GlaxoSmithKline | 4.01 | 4.33 |
| Vodafone | 3.20 | 1.07 |
| Norway 3.75% Bonds 2021 | 2.76 | 3.06 |
| USA Treasury Bonds 4.375% 2039 | 2.43 | 2.60 |
| UK Treasury Gilt 1.25% 2018 | 2.05 | 0.00 |
| Royal Dutch Shell 'B' | 2.05 | 1.94 |
| British American Tobacco | 1.88 | 1.07 |
| BP | 1.85 | 1.71 |
| Bayer | 1.83 | 2.31 |
| Sanofi | 1.83 | 1.37 |
| Roche | 1.81 | 1.74 |
| Syngenta | 1.60 | 1.59 |
| ETFS Physical Gold 0.00% Secured Note (GBP) | 1.30 | 1.43 |
| Sprint | 0.78 | 2.18 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| United Kingdom | 28.70 | 27.43 |
| United States of America | 14.98 | 14.05 |
| Overseas Government Bonds | 9.57 | 10.71 |
| Switzerland | 7.30 | 6.18 |
| France | 4.14 | 4.10 |
| Germany | 3.36 | 2.80 |
| Non-Sterling Denominated Corporate Bonds | 2.95 | 3.58 |
| Sterling Denominated Corporate Bonds | 2.92 | 2.88 |
| Japan | 2.35 | 3.97 |
| Sweden | 2.30 | 1.86 |
| UK Government Bonds | 2.05 | 0.00 |
| Commodities | 1.81 | 1.98 |
| Canada | 1.70 | 1.85 |
| Netherlands | 1.59 | 0.98 |
| Collective Investment Schemes | 1.09 | 1.11 |
| Investment Trusts | 0.86 | 0.53 |
| Hong Kong | 0.81 | 0.88 |
| Norway | 0.75 | 0.66 |
| Australia | 0.69 | 0.97 |
| Belgium | 0.48 | 0.44 |
| Ireland | 0.44 | 0.00 |
| South Africa | 0.35 | 0.70 |
| China | 0.35 | 0.39 |
| Brazil | 0.00 | 0.36 |
| Derivatives | 0.47 | 0.51 |
| Cash & Others | 7.99 | 11.08 |
| | 100.00 | 100.00 |

NEWTON CONTINENTAL EUROPEAN FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £189.12m |
| Fund launch: | 1 June 1987 (managed by Newton since November 1994) |
| Comparative index: | FTSE Europe ex UK TR GBP |
| Sector: | IMA Europe excluding UK |

DISTRIBUTION

Period end dates for distributions for all share classes:

Annual: 30 June

Distribution payment dates for all share classes:

Annual: 31 October

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve capital growth from a portfolio of predominantly European securities. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

This Fund offers diversified exposure to blue chip corporate Europe through a concentrated portfolio of high conviction holdings. The Fund aims to optimise long-term capital growth.

RISK PROFILE

As the Fund invests in equities across Europe, it is exposed to currency fluctuations. Whilst being well diversified by sector and by country, the Fund tends to hold fewer than 60 stocks. The Fund may invest in small companies as well as companies in emerging markets. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 13.52% against 12.85% for the FTSE World Europe Ex UK Index.

The Fund posted a strong positive return and outperformed its comparative index. At the sector level, industrials, oil and gas, telecoms, consumer services and consumer goods were all positive, while financials and technology were areas of weakness. The Fund benefited from strong performances from holdings in the automotive parts sector: Valeo in France and Continental in Germany. Continued good results from both companies, combined with increasing evidence that the European car market may have bottomed out in 2013 and is beginning to recover, were beneficial. Danish shipping and oil giant A P Moeller-Maersk performed well for similar reasons: along with good results and an improving global macroeconomic backdrop was an unexpected proposal for the world's three biggest container shipping companies to merge assets into a new operating company. The Norwegian newspapers and online classifieds company Schibsted was a major contributor as awareness of its excellent positions in online classifieds in countries beyond Scandinavia increased. Its dominant position in France could potentially be as valuable as the whole of their Scandinavian businesses put together. On the negative front, not holding Santander was disadvantageous, while the holding in Nexans, a French manufacturer of copper and optical fibre cables, was weak.

In terms of activity, the Fund added a new position in Millicom International Cellular, a mobile telecoms operator based in Sweden, whose main operations are actually in Latin America and Africa. A position was also added in Nokia, after it sold its devices business to Microsoft. The price achieved was far higher than the manager expected, and it leaves the company looking less risky, with compelling long-term growth prospects. Meanwhile, the manager also added a new position in Swisscom. The position in Christian Dior was sold due to concerns about trends in the Chinese luxury goods market and difficulties at LVMH (its stake in LVMH accounts for the majority of its market value) due to Chinese government efforts to stem corruption and gifting. The manager also sold the holding in Danish enzymes company Novozymes. Finally, the position in Deutsche Bank was sold on concerns that regulatory and litigation risk will cap the upside to a greater degree than anticipated.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 24.65 | 18.47 | -17.19 | 2.32 | 15.09 |
| Euro Accumulation | 24.58 | 17.45 | -17.28 | 1.32 | 13.73 |
| Sterling Exempt 1 (Net Accum.) | 26.00 | 19.73 | -16.30 | 3.42 | 16.04 |
| Sterling Institutional W (Net Inc.) ¹ | 25.70 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 25.70 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 25.27 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 25.29 | N/A | N/A | N/A | N/A |
| FTSE Europe ex UK TR GBP | 25.18 | 17.82 | -14.71 | 5.75 | 20.09 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling P (Net Inc.) Share Class closed 23 September 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.64 | 1.64 |
| Euro Accumulation | 2.14 | 2.14 |
| Sterling Exempt 1 (Net Accum.) | 0.57 | 0.57 |
| Sterling Institutional W (Net Inc.) | 0.82 | 0.82 |
| Sterling Institutional W (Net Accum.) | 0.82 | 0.83 |
| Sterling Retail Adv B (Net Inc.) | 1.14 | 1.14 |
| Sterling Retail Adv B (Net Accum.) | 1.14 | 1.14 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 176.55 | 119.30 | 2.5335 |
| 2010 | 174.38 | 141.46 | 1.9553 |
| 2011 | 176.41 | 125.03 | 2.3903 |
| 2012 | 162.25 | 135.66 | 3.0310 |
| 2013 | 198.42 | 162.75 | 2.2286 |
| Euro Accumulation | (cents) | (cents) | (cents) |
| 2009 | 94.22 | 64.22 | 0.9950 |
| 2010 | 100.08 | 84.11 | 0.7392 |
| 2011 | 103.00 | 72.58 | 0.7584 |
| 2012 | 101.94 | 84.42 | 1.3424 |
| 2013 | 122.68 | 101.13 | 0.3084 |
| Sterling Exempt 1 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 158.26 | 104.59 | 3.2372 |
| 2010 | 157.09 | 129.56 | 3.3519 |
| 2011 | 163.03 | 117.65 | 3.8922 |
| 2012 | 157.99 | 129.06 | 4.3313 |
| 2013 | 197.46 | 158.50 | 3.9450 |
| Sterling P (Net Inc.)² | (pence) | (pence) | (pence) |
| 2012 (from 20 June) | 116.49 | 97.00 | 0.0458 |
| 2013 (to 23 September) | 136.16 | 116.86 | 2.3481 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 30 August) | 110.77 | 100.00 | N/A |
| 2013 | 135.17 | 111.13 | 2.6289 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 30 August) | 110.77 | 100.00 | N/A |
| 2013 | 138.18 | 111.13 | 2.6332 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 27 September) | 107.30 | 98.19 | N/A |
| 2013 | 130.82 | 107.64 | 2.3250 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 27 September) | 107.30 | 98.19 | N/A |
| 2013 | 133.48 | 107.64 | 2.1697 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling P (Net Inc.)² | | (pence) | |
| 30/06/2013 | 39 | 124.03 | 31,820 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 1,243 | 117.71 | 1,056,361 |
| 31/12/2013 | 3,543 | 134.48 | 2,634,570 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 212 | 120.33 | 175,869 |
| 31/12/2013 | 920 | 137.47 | 669,610 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 2,385 | 114.04 | 2,090,889 |
| 31/12/2013 | 2,450 | 130.08 | 1,883,308 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 6 | 116.34 | 5,001 |
| 31/12/2013 | 7 | 132.72 | 5,000 |

* Euro/Sterling exchange rate at midday 31 December 2013: 1.201967.

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|---------------------|------------|------------|
| Roche | 5.64 | 4.56 |
| Total | 4.54 | 2.10 |
| Novartis | 4.38 | 3.52 |
| Continental | 3.07 | 2.66 |
| A P Moller-Maersk | 3.05 | 2.43 |
| DNB | 3.04 | 2.74 |
| Reed Elsevier | 3.00 | 2.12 |
| Vinci | 2.95 | 3.09 |
| Bayer | 2.74 | 3.75 |
| Koninklijke Philips | 2.69 | 1.25 |
| AXA | 2.02 | 3.13 |
| Telefonica | 1.99 | 2.80 |
| Allianz | 1.93 | 3.55 |
| Nestle | 1.93 | 3.15 |
| ASML | 1.64 | 2.90 |
| UBS | 1.60 | 3.47 |

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|---------------------------------------|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 229,462 | 168.98 | 135,789,911 |
| 30/06/2012 | 154,806 | 140.14 | 110,466,430 |
| 30/06/2013 | 165,582 | 173.27 | 95,564,051 |
| 31/12/2013 | 178,700 | 197.13 | 90,651,127 |
| Euro Accumulation | | (cents) | |
| 30/06/2011 | 2,176 | 94.74 | 2,539,742 |
| 30/06/2012 | 1,399 | 89.57 | 1,937,381 |
| 30/06/2013 | 1,127 | 89.93 | 1,253,235 |
| 31/12/2013 | 1,716 | 122.66* | 1,680,983 |
| Sterling Exempt 1 (Net Accum.) | | (pence) | |
| 03/06/2011 | 7,465 | 158.63 | 4,706,063 |
| 30/06/2012 | 1,542 | 135.79 | 1,135,596 |
| 30/06/2013 | 1,768 | 171.81 | 1,029,317 |
| 31/12/2013 | 1,786 | 196.53 | 908,550 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|---------------|------------|------------|
| France | 22.92 | 24.82 |
| Switzerland | 17.96 | 18.97 |
| Germany | 14.98 | 22.62 |
| Netherlands | 13.10 | 9.92 |
| Sweden | 8.04 | 5.16 |
| Norway | 5.05 | 4.61 |
| Spain | 4.61 | 4.13 |
| Denmark | 3.05 | 4.23 |
| Finland | 2.43 | 0.00 |
| Ireland | 1.77 | 0.00 |
| Italy | 1.75 | 2.07 |
| Belgium | 0.63 | 1.57 |
| Cash & Others | 3.71 | 1.90 |
| | 100.00 | 100.00 |

NEWTON CORPORATE BOND FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £83.28m |
| Fund launch: | 3 November 1997 |
| Comparative index: | 75% BofA Merrill Lynch Non-Gilt / 25% Euro High Yield (100% hedged to Sterling) |
| Sector: | IMA £ Corporate Bond |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|------------------------|
| Annual: | 30 June |
| Interim: | Last day of each month |

Distribution payment dates for all share classes:

| | |
|----------|-------------------------------|
| Annual: | 31 July |
| Interim: | Second last day of each month |

INVESTMENT OBJECTIVE

The objective of the Fund is to provide a high yield through a flexible allocation between investment grade and sub-investment grade corporate bonds and other predominantly fixed interest-securities. The Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes.

INVESTMENT POLICY

Within the constraints of the income and capital preservation objective, the Fund is managed with reference to a hybrid index: 75% BofA Merrill Lynch Sterling Non-Gilts Index / 25% Merrill Lynch Euro High Yield Constrained Index (hedged* back to sterling).

RISK PROFILE

The Fund invests in Bonds denominated in European currencies, from issuers rated "investment grade" and below "investment grade", and is therefore exposed to credit risk. However, all investments in currencies other than sterling are hedged* back to sterling which may help to mitigate the effects of currency movements. The Fund is also exposed to changes in market interest rates, investing predominantly in fixed interest securities. The Fund may use derivatives to generate returns as well as invest in investments that are not traded regularly and are therefore subject to greater fluctuations in price. These factors may affect the performance of the Fund. Charges are deducted from the capital of the Fund, which will affect its growth. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 1.62% against 1.72% for the IMA £ Corporate Bond Sector.

Over the six months, the Fund generated a positive return. Over the first half of the period, strong demand for corporate debt globally was exemplified by the performance of the record-breaking US\$49bn issuance by Verizon (three times larger than the previous largest issuance). The longer the maturity and the lower the credit rating, the greater were the returns for corporate bonds as sub-investment grade bonds – debt issued by companies that are rated below BBB by the credit rating agency Standard and Poor's – outperformed higher rated bonds. Stronger economic data, political progress with the US avoiding its "fiscal cliff", and further improvements in the eurozone conspired to create a difficult environment for bonds over the second half of the period. Although the Fund delivered a positive return, its more "defensive" stance (owning more UK Gilts and fewer sub-investment-grade bonds) led to muted returns. The position in Chorus, a New Zealand telecoms company, performed poorly following an adverse regulatory review.

During the period, the manager built new exposure to several investment-grade issuers (including 4.875% Dong Energy 2032). A position was also initiated in 1.5% European Investment Bank 2019. In terms of UK Gilt exposure, the Fund exited from bonds maturing in 2049 and 2014 and added a position in 4.5% UK Treasury 2042.

* Currency hedging is a technique whereby the fund manager seeks to protect the Fund from adverse currency movements that may impact the share price.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 0.77 | 14.12 | 3.76 | 8.42 | 16.72 |
| Sterling Institutional W (Net Inc.) ¹ | 1.34 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 1.33 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 1.02 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 1.00 | N/A | N/A | N/A | N/A |
| Sterling P (Net Accum.) ¹ | 0.82 | N/A | N/A | N/A | N/A |

| | | | | | |
|---|------|-------|------|-------|-------|
| 75% BofA Merrill Lynch Non-Gilt / 25% Euro High Yield (100% hedged to Sterling) | 3.75 | 15.92 | 4.71 | 10.42 | 25.50 |
|---|------|-------|------|-------|-------|

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling X (Net Accum.) Share Class closed 3 February 2011.

³ The Sterling P (Net Inc.) Share Class closed 23 September 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

The annual management charge is charged to capital.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.16 | 1.17 |
| Sterling Institutional W (Net Inc.) | 0.59 | 0.59 |
| Sterling Institutional W (Net Accum.) | 0.59 | 0.59 |
| Sterling Retail Adv B (Net Inc.) | 0.91 | 0.93 |
| Sterling Retail Adv B (Net Accum.) | 0.91 | 0.93 |
| Sterling P (Net Accum.) | 1.09 | 1.11 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 75.55 | 60.26 | 3.7475 |
| 2010 | 81.00 | 74.66 | 3.3988 |
| 2011 | 79.20 | 75.55 | 3.3168 |
| 2012 | 84.54 | 76.93 | 3.3529 |
| 2013 | 86.65 | 81.49 | 2.7549 |
| Sterling X (Net Accum.)^{2,3} | (pence) | (pence) | (pence) |
| 2009 | 84.87 | 64.42 | 4.1373 |
| 2010 | 95.40 | 84.42 | 3.9923 |
| 2011 (to 3 February) | 92.56 | 91.70 | 0.3702 |
| Sterling P (Net Inc.)^{3,4} | (pence) | (pence) | (pence) |
| 2012 (from 20 June) | 106.40 | 99.98 | 2.2484 |
| 2013 (to 23 September) | 109.06 | 102.57 | 2.3541 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 3 September) | 103.05 | 99.66 | 1.3353 |
| 2013 | 105.80 | 99.67 | 3.4239 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 3 September) | 104.07 | 99.66 | 1.3419 |
| 2013 | 108.35 | 102.69 | 3.5227 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 4 October) | 101.92 | 99.85 | 0.9475 |
| 2013 | 104.55 | 98.41 | 3.3246 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 4 October) | 102.55 | 99.85 | 0.9506 |
| 2013 | 106.65 | 101.03 | 3.4083 |
| Sterling P (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 12 October) | 102.38 | 100.00 | 0.8774 |
| 2013 | 106.41 | 100.78 | 3.4565 |

*Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 61,503 | 77.65 | 79,209,935 |
| 30/06/2012 | 51,106 | 78.86 | 64,806,071 |
| 30/06/2013 | 80,668 | 81.64 | 98,811,501 |
| 31/12/2013 | 73,308 | 81.88 | 89,526,019 |
| Sterling P (Net Inc.)^{3,4} | | (pence) | |
| 30/06/2012 | 15 | 99.25 | 15,000 |
| 30/06/2013 | 325 | 102.75 | 316,182 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 400 | 99.75 | 400,898 |
| 31/12/2013 | 9,744 | 100.31 | 9,714,139 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 24 | 102.73 | 23,842 |
| 31/12/2013 | 173 | 105.10 | 164,403 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|---|--------------------------|-----------|-----------------|
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 5 | 98.54 | 5,118 |
| 31/12/2013 | 5 | 98.96 | 5,204 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 8 | 101.07 | 8,358 |
| 31/12/2013 | 3 | 103.23 | 3,367 |
| Sterling P (Net Accum.) | | (pence) | |
| 30/06/2013 | 85 | 100.82 | 84,420 |
| 31/12/2013 | 47 | 102.88 | 46,084 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| UK Treasury Stock 6.00% 2028 | 1.88 | 2.02 |
| SLM Student Loan Trust 5.15% EMTN 2015 | 1.59 | 1.65 |
| General Electric Capital 6.44% Bonds 2022 | 1.51 | 1.79 |
| F&C Commercial Property 5.23% FRN 2017 | 1.47 | 0.99 |
| QBE Insurance 10.00% Bonds 2014 | 1.47 | 0.78 |
| Annington Finance No.4 0.00% 2023 | 1.24 | 1.24 |
| Enterprise Inns 6.50% Bonds 2018 | 1.12 | 0.48 |
| HBOS Treasury Services 4.875% EMTN 2024 | 1.10 | 1.15 |
| Standard Chartered Bank 5.375% Perp 2049 | 1.07 | 1.07 |
| UK Treasury Stock 1.00% 2017 | 1.06 | 0.00 |
| UK Treasury Gilt 2.25% 2014 | 0.96 | 2.49 |
| Scottish Widows 5.50% Bonds 2023 | 0.60 | 1.20 |
| UK Treasury Stock 8.00% 2013 | 0.00 | 2.06 |
| UK Treasury Gilt 4.25% 2049 | 0.00 | 2.04 |
| Australia & New Zealand Bank 4.75% EMTN 2018 | 0.00 | 1.15 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------|------------|------------|
| AAA | 18.87 | 17.18 |
| AA | 9.94 | 10.98 |
| A | 23.78 | 25.14 |
| BBB | 23.75 | 27.99 |
| BB | 4.26 | 3.56 |
| B | 4.05 | 3.98 |
| CCC | 0.32 | 0.55 |
| CC | 0.23 | 0.00 |
| C | 0.00 | 0.34 |
| D | 0.46 | 0.16 |
| Not rated (by S&P) | 10.11 | 7.13 |
| Derivatives | 0.15 | (0.15) |
| Cash & Others | 4.08 | 3.14 |
| | 100.00 | 100.00 |

NEWTON EMERGING INCOME FUND

GENERAL INFORMATION

| | |
|---------------------|--------------------------------------|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £227.31m |
| Fund launch: | 4 October 2012 |
| Comparative index: | FTSE All World Emerging TR GBP |
| Sector: | IMA Global Emerging Markets |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------------------------------|
| Annual: | 30 June |
| Interim: | 31 December, 31 March, 30 September |

Distribution payment dates for all share classes:

| | |
|----------|----------------------------------|
| Annual: | 31 August |
| Interim: | 28 February, 31 May, 30 November |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve income together with long-term capital growth predominantly through investments in a diversified portfolio of securities in global emerging markets. The Fund may from time to time hold a concentrated portfolio because of its investments in a limited number of securities. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The manager will invest in global emerging market companies that will achieve a steady income stream along with capital growth.

RISK PROFILE

As a global portfolio investing in emerging markets, the Fund will be exposed to changes in currencies and investments in less-developed markets. These factors may affect the performance of the Fund. A fall in the value of a single investment may have a significant impact on the value of the fund because it typically invests in a limited number of investments. Charges are deducted from the capital of the Fund which will affect its growth. The fund may also invest in Emerging markets. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period, the Sterling Income Share Class of the Sub-Fund returned -7.50% against -2.86% for the FTSE All World Emerging TR GBP.

The Fund posted a negative return and underperformed its comparative index. At the sector level, industrials, telecoms, utilities, financials and technology proved to be areas of weakness, while consumer services was a positive. At the country level, the weakest market for the Fund was Thailand, which declined heavily in response to the political and social unrest in the country. This was evident in performance, with Bangkok Bank a notable weak performer. Its third-quarterly results showed lacklustre loan growth; however, the bank remains well-capitalised and conservatively managed. The Fund also did not share in the strong performance of a few key mobile internet and e-commerce companies, most notably Tencent. Stocks connected with the mobile internet rose in 2013, as investors have become increasingly aware of the potential for cheaper smartphones and consequent improved access to the internet to transform consumer behaviour. The best performing stocks over the period were the two Macau gaming companies, Sands China and Wynn Macau. Both companies have continued to report strong operational trends, reflecting the continued buoyancy of the Macau gaming sector, with the suggestion of increased dividend payments – a share of company profits paid to investors. The Polish insurance company PZU was also beneficial to performance after reporting strong results during the period in both life and non-life insurance businesses.

New additions to the Fund included British American Tobacco (BAT) and Fibra Shop. BAT provides exposure to “defensive” – less economically sensitive – consumer demand in Eastern Europe and Latin America, while Fibra Shop is a Mexican real estate investment trust with a portfolio of eight shopping centres targeting the mass market. The managers also added to the existing holding in Kimberly-Clark de México. The Mexican market performed sluggishly in the second half of 2013, as the market became concerned with slow government expenditure and reticent consumer sentiment. This provided an opportunity to increase exposure to favoured holdings. The managers remain

very upbeat regarding Mexico's future, now that key reforms in the labour, energy and fiscal areas, among others, have been passed. Sales included PTT, a Thai oil and gas company, and Advanced Info Service. The latter remains a very well-run company and is well positioned to benefit from increased smartphone penetration, and consequent increased consumption of mobile data, in Thailand. In the near-term however, the company faces elevated capital expenditure requirements to maintain both its network quality and market share, along with increased competition. These challenges are in addition to market volatility, given the highly sensitive political environment in Thailand.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income ¹ | -7.57 | N/A | N/A | N/A | N/A |
| Sterling Accumulation ¹ | -7.55 | N/A | N/A | N/A | N/A |
| Sterling X (Net Inc.) ¹ | -6.11 | N/A | N/A | N/A | N/A |
| Sterling X (Net Accum.) ¹ | -6.09 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | -6.80 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | -6.79 | N/A | N/A | N/A | N/A |
| Sterling Institutional (Net Inc.) ¹ | -6.99 | N/A | N/A | N/A | N/A |
| Sterling Institutional (Net Accum.) ¹ | -7.03 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | -7.10 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | -7.08 | N/A | N/A | N/A | N/A |
| FTSE All World Emerging TR GBP | -5.29 | 12.76 | -18.36 | 23.58 | 62.54 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.70 | 1.72 |
| Sterling Accumulation | 1.70 | 1.72 |
| Sterling X (Net Inc.) | 0.13 | 0.15 |
| Sterling X (Net Accum.) | 0.13 | 0.15 |
| Sterling Institutional W (Net Inc.) | 0.88 | 0.90 |
| Sterling Institutional W (Net Accum.) | 0.88 | 0.90 |
| Sterling Institutional (Net Inc.) | 1.13 | 1.15 |
| Sterling Institutional (Net Accum.) | 1.13 | 1.15 |
| Sterling Retail Adv B (Net Inc.) | 1.20 | 1.22 |
| Sterling Retail Adv B (Net Accum.) | 1.20 | 1.22 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2012 (from 4 October) | 107.21 | 99.39 | 0.9140 |
| 2013 | 119.32 | 94.07 | 4.2874 |
| Sterling Accumulation | (pence) | (pence) | (pence) |
| 2012 (from 4 October) | 107.21 | 99.39 | 0.9173 |
| 2013 | 120.66 | 98.18 | 4.3897 |
| Sterling X (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 4 October) | 107.60 | 99.43 | 0.9065 |
| 2013 | 120.14 | 95.90 | 4.3596 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 4 October) | 107.59 | 99.43 | 0.8969 |
| 2013 | 121.84 | 100.07 | 4.4641 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 4 October) | 107.42 | 99.41 | 0.9268 |
| 2013 | 119.74 | 95.02 | 4.3130 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 15 October) | 107.38 | 100.50 | 0.7577 |
| 2013 | 121.25 | 99.13 | 4.4133 |
| Sterling Institutional (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 15 October) | 107.32 | 100.50 | 0.7563 |
| 2013 | 119.76 | 94.83 | 4.4019 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 15 October) | 107.34 | 100.50 | 0.7860 |
| 2013 | 121.08 | 98.85 | 4.4168 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 23 October) | 105.60 | 98.92 | 0.6693 |
| 2013 | 117.90 | 93.32 | 4.2491 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 23 October) | 105.62 | 98.92 | 0.7005 |
| 2013 | 119.10 | 97.20 | 4.3294 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2013 | 50,781 | 104.75 | 48,477,499 |
| 31/12/2013 | 45,131 | 93.73 | 48,148,740 |
| Sterling Accumulation | | (pence) | |
| 30/06/2013 | 115,425 | 107.77 | 107,101,382 |
| 31/12/2013 | 97,196 | 98.59 | 98,583,910 |
| Sterling X (Net Inc.) | | (pence) | |
| 30/06/2013 | 12,043 | 105.96 | 11,365,597 |
| 31/12/2013 | 10,889 | 95.57 | 11,393,445 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2013 | 40,561 | 109.01 | 37,209,048 |
| 31/12/2013 | 33,271 | 100.51 | 33,100,915 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 26,737 | 105.38 | 25,373,131 |
| 31/12/2013 | 30,336 | 94.69 | 32,038,549 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 5,277 | 108.39 | 4,868,088 |
| 31/12/2013 | 9,902 | 99.56 | 9,946,020 |
| Sterling Institutional (Net Inc.) | | (pence) | |
| 30/06/2013 | 622 | 105.31 | 591,022 |
| 31/12/2013 | 239 | 94.46 | 253,055 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2013 | 195 | 108.21 | 180,544 |
| 31/12/2013 | 203 | 99.27 | 204,088 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 52 | 103.66 | 50,178 |
| 31/12/2013 | 46 | 92.99 | 49,080 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 70 | 106.44 | 65,838 |
| 31/12/2013 | 98 | 97.61 | 100,855 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|------------------------------------|------------|------------|
| Sands China | 3.90 | 2.22 |
| Fibra Uno Administracion | 3.40 | 3.24 |
| Taiwan Semiconductor Manufacturing | 3.37 | 3.09 |
| Kimberly-Clark de Mexico | 3.30 | 2.79 |
| Philippine Long Distance Telecom | 3.19 | 3.01 |
| Powszechny Zaklad Ubezpieczen | 3.16 | 2.66 |
| Life Healthcare | 2.97 | 2.76 |
| MTN | 2.75 | 2.41 |
| Ambev ADR | 2.63 | 0.00 |
| Wynn Macau | 2.59 | 1.56 |
| Bangkok Bank | 2.58 | 3.13 |
| Pico Far East | 2.50 | 2.39 |
| Souza Cruz | 0.00 | 2.93 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------------|------------|------------|
| South Africa | 15.01 | 13.24 |
| Hong Kong | 14.18 | 10.67 |
| Mexico | 10.16 | 7.89 |
| Brazil | 9.36 | 14.07 |
| Thailand | 8.12 | 12.72 |
| Taiwan | 7.13 | 4.85 |
| Malaysia | 7.04 | 6.88 |
| China | 6.90 | 6.65 |
| Philippines | 5.14 | 4.88 |
| Chile | 3.56 | 3.73 |
| Poland | 3.16 | 2.66 |
| Sweden | 1.99 | 1.50 |
| Indonesia | 1.97 | 2.72 |
| Czech Republic | 1.88 | 1.78 |
| United States of America | 1.68 | 1.52 |
| Turkey | 0.45 | 0.53 |
| Cash & Others | 2.27 | 3.71 |
| | 100.00 | 100.00 |

NEWTON EUROPEAN HIGHER INCOME FUND

GENERAL INFORMATION

| | |
|---------------------|--------------------------------------|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £0 |
| Fund launch: | 30 January 2007 |
| Comparative index: | FTSE Europe ex UK TR GBP |
| Sector: | IMA Europe excluding UK |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------------------------------|
| Annual: | 30 June |
| Interim: | 31 December, 31 March, 30 September |

Distribution payment dates for all share classes:

| | |
|----------|----------------------------------|
| Annual: | 31 August |
| Interim: | 28 February, 31 May, 30 November |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve income together with long-term capital growth predominantly through investments in European securities (excluding UK). The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The Fund invests predominantly in high-yielding European equities and tends to be focused around 40 to 60 high conviction holdings, to achieve a steady income stream along with capital growth. The Fund can invest in collective investment schemes and may also hold derivative investments to reduce risk.

RISK PROFILE

The Fund invests predominantly in high-yielding European equities and will therefore be exposed to changes in currency rates. The fund typically invests in a limited number of securities and may also invest in emerging markets. Charges are deducted from the capital of the Fund, which will affect its growth. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

The Fund closed on 13 December 2013.

Until its closure, over the period under review the Sterling Income Share Class of the Sub-Fund returned 7.34% against 8.36% for the FTSE World Europe Ex UK Index.

Up until its closure, the Fund has posted a positive return but underperformed its comparative index. The Fund's holding in Zurich Insurance dragged on performance, while not holding the Spanish bank Santander and Finnish handset manufacturer, Nokia, was also disadvantageous. Meanwhile, Orkla, a Norwegian conglomerate, was the weakest performer over the period. Unfortunately, these aspects detracted from very strong performances from stocks such as French automotive parts company Valeo, which contributed notably to performance on account of improving economic optimism for Europe and the rest of the world. Further significant contributors included the German post and express group Deutsche Post, which rallied for similar reasons. Leading German telecoms provider Deutsche Telekom also performed well following strong second quarter results and signs that its restructured US business is gaining traction. The position in the Swedish investment company, Kinnevik Investment, was another notable positive.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | N/A | 16.29 | -17.42 | 3.11 | 7.09 |
| Sterling Institutional (Net Inc.) | N/A | 16.94 | -16.95 | 3.71 | 7.66 |
| Sterling Institutional (Net Accum.) | N/A | 16.94 | -16.92 | 3.67 | 8.19 |
| Sterling X (Net Inc.) ^{1,2} | N/A | 18.10 | -16.11 | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| FTSE Europe ex UK TR GBP | N/A | 17.82 | -14.71 | 5.75 | 20.09 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling X (Net Inc.) Share Class was launched on 2 April 2009, closed on 28 April 2010, re-opened on 12 November 2010 and re-closed on 30 October 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

The annual management charge is charged to capital.

Ongoing Charges (%)

| Share Class | 31/12/2013* | 30/06/2013 |
|---------------------------------------|-------------|------------|
| Sterling Income | 1.72 | 1.75 |
| Sterling Institutional (Net Inc.) | 1.15 | 1.18 |
| Sterling Institutional (Net Accum.) | 1.15 | 1.17 |
| Sterling X (Net Inc.) | 0.15 | 0.18 |
| Sterling Institutional W (Net Inc.) | 0.90 | 0.93 |
| Sterling Institutional W (Net Accum.) | 0.90 | 0.92 |
| Sterling Retail Adv B (Net Inc.) | 1.22 | 1.25 |
| Sterling Retail Adv B (Net Accum.) | 1.22 | 1.25 |

* Calculated at 13/12/13

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 91.25 | 65.44 | 4.1824 |
| 2010 | 89.69 | 72.00 | 4.2414 |
| 2011 | 88.58 | 61.01 | 3.9560 |
| 2012 | 74.42 | 62.66 | 3.5356 |
| 2013 (to 13 December) | 88.87 | 74.18 | 3.3499 |
| Sterling Institutional (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 | 92.52 | 66.15 | 4.2661 |
| 2010 | 91.16 | 73.26 | 4.3781 |
| 2011 | 90.51 | 62.53 | 4.0974 |
| 2012 | 76.68 | 64.38 | 3.6715 |
| 2013 (to 13 December) | 91.96 | 76.44 | 3.4969 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 104.06 | 70.40 | 4.6083 |
| 2010 | 103.07 | 85.61 | 5.0399 |
| 2011 | 108.73 | 78.23 | 4.9618 |
| 2012 | 101.17 | 81.31 | 4.6613 |
| 2013 (to 13 December) | 126.94 | 101.08 | 4.6905 |
| Sterling X (Net Inc.)² | (pence) | (pence) | (pence) |
| 2009 (from 2 April) | 92.00 | 67.23 | 3.9333 |
| 2010 (to 28 April) | 91.06 | 80.04 | 0.4680 |
| 2010 (from 12 November) | 105.12 | 96.67 | 0.5762 |
| 2011 | 110.24 | 76.59 | 4.9842 |
| 2012 | 94.97 | 79.27 | 4.5148 |
| 2013 (to 30 October) | 114.85 | 94.70 | 4.3462 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 3 September) | 110.11 | 99.49 | 0.4911 |
| 2013 (to 13 December) | 132.32 | 109.76 | 4.9985 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 3 September) | 110.37 | 99.49 | 0.4916 |
| 2013 (to 13 December) | 138.74 | 110.28 | 5.1137 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 2 October) | 106.26 | 97.03 | 0.2224 |
| 2013 (to 13 December) | 127.44 | 105.94 | 4.8031 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 2 October) | 106.26 | 97.03 | 0.2224 |
| 2013 (to 13 December) | 133.20 | 106.16 | 4.8359 |
| Sterling P (Net Inc.)^{**} | (pence) | (pence) | (pence) |
| 2012 (from 20 September) | 106.04 | 96.82 | 0.4349 |
| 2013 (to 23 September) | 122.59 | 105.70 | 4.4963 |

* Distributions are shown in the year declared rather than paid.
 ** The Sterling P (Net Inc.) Share Class closed 23 September 2013.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 15,399 | 83.00 | 18,552,092 |
| 30/06/2012 | 8,879 | 64.77 | 13,707,993 |
| 30/06/2013 | 9,369 | 77.97 | 12,015,757 |
| 31/12/2013 | N/A | N/A | N/A |
| Sterling Institutional (Net Inc.) | | (pence) | |
| 30/06/2011 | 5,188 | 84.88 | 6,112,139 |
| 30/06/2012 | 3,532 | 66.57 | 5,306,426 |
| 30/06/2013 | 1,885 | 80.54 | 2,340,121 |
| 31/12/2013 | N/A | N/A | N/A |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 68 | 105.21 | 64,265 |
| 30/06/2012 | 53 | 87.40 | 61,196 |
| 30/06/2013 | 67 | 110.87 | 60,188 |
| 31/12/2013 | N/A | N/A | N/A |
| Sterling X (Net Inc.)² | | (pence) | |
| 30/06/2011 | 6,451 | 103.55 | 6,230,001 |
| 30/06/2012 | 3,126 | 82.04 | 3,810,001 |
| 30/06/2013 | 10,889 | 100.25 | 10,861,738 |
| 31/12/2013 | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 647 | 115.79 | 559,007 |
| 31/12/2013 | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 16 | 121.06 | 12,896 |
| 31/12/2013 | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 6 | 111.62 | 5,046 |
| 31/12/2013 | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 6 | 116.35 | 5,001 |
| 31/12/2013 | N/A | N/A | N/A |
| Sterling P (Net Inc.)^{**} | | (pence) | |
| 30/06/2013 | 37 | 111.37 | 33,167 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|------------------|------------|------------|
| Novartis | 0.00 | 4.91 |
| Deutsche Telekom | 0.00 | 4.73 |
| Roche | 0.00 | 4.51 |
| AXA | 0.00 | 3.96 |
| Total | 0.00 | 3.76 |
| Allianz | 0.00 | 3.62 |
| Nestle | 0.00 | 3.50 |
| Deutsche Post | 0.00 | 3.17 |
| Vinci | 0.00 | 3.14 |
| Vivendi | 0.00 | 3.03 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|---------------|------------|------------|
| France | 0.00 | 26.19 |
| Germany | 0.00 | 17.96 |
| Switzerland | 0.00 | 15.49 |
| Sweden | 0.00 | 9.32 |
| Netherlands | 0.00 | 7.81 |
| Belgium | 0.00 | 6.58 |
| Spain | 0.00 | 4.00 |
| Norway | 0.00 | 3.59 |
| Greece | 0.00 | 1.47 |
| Denmark | 0.00 | 1.15 |
| Poland | 0.00 | 1.07 |
| Italy | 0.00 | 0.99 |
| Cash & Others | 0.00 | 4.38 |
| | 100.00 | 100.00 |

NEWTON GLOBAL BALANCED FUND

GENERAL INFORMATION

| | |
|---------------------|--------------------------------------|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £525.70m |
| Fund launch: | 23 September 1998 |
| Comparative index: | CAPS Pooled Fund Median (Net) |
| Sector: | IMA Mixed Investment 40-85% Shares |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|--------------|
| Annual: | 30 September |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to maximize returns by investing predominantly in a worldwide portfolio of equities and fixed interest securities. The Fund may also invest in derivative instruments, forward transactions and collective investment schemes.

INVESTMENT POLICY

The Fund invests directly in a range of asset classes aiming to outperform its comparative index over rolling 5 year periods.

RISK PROFILE

The risks associated with the Fund will be risks that are consistent with a broad exposure to global capital markets. These include Equity Market risk, Currency Rate risk, Liquidity risk, Stock specific risk, Interest Rate risk and Credit risk. The resulting volatility is likely to be lower than that experienced by a 100% equity portfolio. The Fund may invest in Emerging Markets. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Exempt 1 (Net Accum.) Share Class of the Sub-Fund returned 5.57% against 6.90% for the CAPS Pooled Fund Median (Net).

The Fund delivered a positive return but underperformed the CAPS Pooled Fund Median (Net) over the six-month period. The Fund's gold exposure continued to be negative, as the commodity price fell against a backdrop of rising bond yields and anticipation of the US Federal Reserve's "tapering" of its asset-purchasing programme, announced at the end of the year. Holdings in gold miners Newcrest Mining and Yamana Gold were also negative. In technology, Cisco Systems hurt performance as its quarterly results disappointed. Meanwhile, pharmaceutical groups GlaxoSmithKline and Sanofi were negatively affected by emerging market concerns. Positioning in fixed interest, in terms of preferring overseas sovereign exposure relative to UK Gilts – debt issued by the UK government – was negative. On the positive front, performance benefited from the Fund's telecoms holdings. A particular highlight was the sharp climb in the share price of US mobile operator Sprint, which was rewarded by investors for the ongoing progress made with its network transformation programme. An additional driver was speculation that the company could play a leading role in the next phase of US industry consolidation. Softbank and Deutsche Telekom were other positive contributors in this area.

The manager trimmed the position in SSE on concern about future returns given the potential for heightened political interference in the energy industry. In the consumer sphere, the manager sold the long-standing holding in US tobacco manufacturer, Altria Group. The tobacco sector has enjoyed an impressive re-rating since the early 2000s; although valuation was the principal motivation for the decision, the manager has also become increasingly concerned about the impact of e-cigarettes. In financials, the Fund added exposure to Zurich Insurance and Intact Financial. Meanwhile, a new position was initiated in Walt Disney to take advantage of the company's strong brand profile. Holdings in fixed income were reduced.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--------------------------------|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Exempt 1 (Net Accum.) | 14.74 | 6.88 | -4.43 | 11.34 | 17.14 |
| Sterling Exempt 2 (Net Accum.) | 14.65 | 6.80 | -4.50 | 11.25 | 17.05 |
| Sterling X (Net Accum.) | 15.21 | 7.31 | -4.04 | 11.78 | 17.61 |
| CAPS Pooled Fund Median (Net) | 16.10 | 10.00 | -5.30 | 13.80 | 20.50 |

¹ The Sterling P (Net Inc.) Share Class closed 23 September 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|--------------------------------|------------|------------|
| Sterling Exempt 1 (Net Accum.) | 0.55 | 0.55 |
| Sterling Exempt 2 (Net Accum.) | 0.65 | 0.65 |
| Sterling X (Net Accum.) | 0.05 | 0.05 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depository, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Exempt 1 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 243.72 | 182.41 | 6.5629 |
| 2010 | 269.63 | 230.29 | 6.9568 |
| 2011 | 276.34 | 242.14 | 7.2416 |
| 2012 | 279.59 | 252.27 | 7.4019 |
| 2013 | 316.92 | 277.00 | 7.3967 |
| Sterling Exempt 2 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 165.49 | 123.94 | 4.3438 |
| 2010 | 182.94 | 156.31 | 4.5884 |
| 2011 | 187.42 | 164.19 | 4.7713 |
| 2012 | 189.44 | 170.98 | 4.8715 |
| 2013 | 214.55 | 187.64 | 4.8428 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 248.14 | 185.11 | 7.5241 |
| 2010 | 275.63 | 234.95 | 8.1062 |
| 2011 | 283.08 | 248.29 | 8.4993 |
| 2012 | 287.85 | 259.32 | 8.7136 |
| 2013 | 327.67 | 285.45 | 8.8874 |
| Sterling P (Net Inc.)¹ | (pence) | (pence) | (pence) |
| 2012 (from 21 June) | 106.66 | 98.45 | 0.8872 |
| 2013 (to 23 September) | 119.37 | 104.70 | 1.5957 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Exempt 1 (Net Accum.) | | (pence) | |
| 30/06/2011 | 526,443 | 271.24 | 194,088,790 |
| 30/06/2012 | 460,855 | 260.83 | 176,691,129 |
| 30/06/2013 | 479,960 | 298.07 | 161,022,273 |
| 31/12/2013 | 485,113 | 314.54 | 154,229,524 |
| Sterling Exempt 2 (Net Accum.) | | (pence) | |
| 30/06/2011 | 20,267 | 183.96 | 11,017,187 |
| 30/06/2012 | 18,713 | 176.76 | 10,586,487 |
| 30/06/2013 | 21,645 | 201.84 | 10,724,161 |
| 31/12/2013 | 22,384 | 212.90 | 10,513,778 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 21,396 | 277.83 | 7,701,130 |
| 30/06/2012 | 15,225 | 268.24 | 5,675,834 |
| 30/06/2013 | 17,232 | 307.77 | 5,599,068 |
| 31/12/2013 | 18,204 | 325.43 | 5,593,689 |
| Sterling P (Net Inc.)¹ | | (pence) | |
| 30/06/2012 | 15 | 99.63 | 15,000 |
| 30/06/2013 | 17 | 110.85 | 15,000 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| GlaxoSmithKline | 3.42 | 4.33 |
| Vodafone | 3.30 | 1.56 |
| Bayer | 2.77 | 2.32 |
| Royal Dutch Shell B | 2.76 | 1.88 |
| Norway 3.75% Bonds 2021 | 2.29 | 2.60 |
| Roche | 1.98 | 1.94 |
| BP | 1.89 | 1.79 |
| Source Physical Markets Secured Gold Linked Note (USD) | 1.80 | 2.02 |
| USA Treasury Bonds 4.375% 2039 | 1.67 | 2.01 |
| Novartis | 1.56 | 1.53 |
| Sprint | 0.63 | 1.85 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| United Kingdom | 28.25 | 28.17 |
| United States of America | 15.00 | 15.73 |
| Overseas Government Bonds | 7.05 | 8.39 |
| Switzerland | 6.78 | 6.29 |
| Germany | 5.75 | 3.83 |
| France | 5.20 | 4.58 |
| Sterling Denominated Corporate Bonds | 2.97 | 2.99 |
| Netherlands | 2.30 | 1.58 |
| Sweden | 1.98 | 1.73 |
| Non-Sterling Denominated Corporate Bonds | 1.93 | 3.43 |
| Commodities | 1.80 | 2.02 |
| Japan | 1.78 | 4.09 |
| Collective Investment Schemes | 1.56 | 1.66 |
| Hong Kong | 1.04 | 0.97 |
| Canada | 0.93 | 0.70 |
| Norway | 0.89 | 0.79 |
| Denmark | 0.87 | 0.80 |
| South Africa | 0.58 | 0.00 |
| Ireland | 0.55 | 0.00 |
| Belgium | 0.49 | 0.45 |
| China | 0.41 | 0.99 |
| Australia | 0.30 | 0.80 |
| Investment Trusts | 0.00 | 0.30 |
| Derivatives | 0.22 | 0.18 |
| Cash & Others | 11.37 | 9.53 |
| | 100.00 | 100.00 |

NEWTON GLOBAL DYNAMIC BOND FUND

GENERAL INFORMATION

| | |
|------------------------|--|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £960.86m |
| Fund launch: | 28 April 2006 |
| Performance reference: | LIBOR GBP 1-Month +2% |
| Sector: | IMA Targeted Absolute Return |
| Fund ratings: | Gold/V3 Rating by S&P Fund Manager Ratings |

DISTRIBUTION

| | |
|---|-------------------------------------|
| Period end dates for distributions for all share classes: | |
| Annual: | 30 June |
| Interim: | 31 December, 31 March, 30 September |

| | |
|---|----------------------------------|
| Distribution payment dates for all share classes: | |
| Annual: | 31 August |
| Interim: | 28 February, 31 May, 30 November |

INVESTMENT OBJECTIVE

The objective of the Fund is to maximise the total return from income and capital growth from a globally diversified portfolio of predominantly higher yielding corporate and government fixed interest securities. The Fund may also invest in deposits, derivative instruments, forward transactions, approved money market instruments and collective investment schemes.

INVESTMENT POLICY

The Fund invests in a broad range of bond markets around the world, with the aim of achieving an absolute return. A mixture of high and low quality bonds and currencies can be used to meet this objective.

RISK PROFILE

The Fund invests in Global Fixed Income securities from issuers above and below "investment grade" (BBB) and is therefore exposed to credit risk. It also invests in Emerging Markets. The Fund can also be exposed to changes in currency, interest and inflation rates. The Fund will use derivatives to generate returns that can involve a higher level of risk. These factors may affect the performance of the Fund. Charges are deducted from the capital of the Fund, which will affect its growth. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 1.45% against 1.23% for LIBOR GBP 1-Month +2%.

Over the period, the Fund generated a positive return. With investors moderating their expectations for interest rate rises, the Fund's increased bias towards sub-investment-grade credit – debt issued by companies rated below BBB by the credit rating agency Standard and Poor's – proved beneficial over the third quarter, as the developed world's improving growth prospects ensured high-yield credit was the best performing fixed income asset class. Meanwhile, investment-grade credit – rated BBB and above – and emerging-market sovereign bonds – debt issued by governments – made small positive contributions to returns while government bond holdings also aided performance. Over the second half of the period, the government bond market rallied initially before succumbing to fears of the US tapering its bond buying programme and stronger economic growth. Nevertheless, the Fund performed well, barring the modest negative effect of an temporary underweight position in sterling, which rallied towards the end of the year.

The two main changes to the Fund were the reduction in duration (interest rate risk) and the reduction in high-yield positions towards the end of the period. Both of these moves could be described as reducing risk in the face of uncertainty over US Federal Reserve policy.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 1.14 | 9.78 | -0.13 | 11.34 | 18.95 |
| Sterling Exempt 2 (Gross Accum.) | 2.76 | 11.78 | 1.86 | 13.89 | 21.70 |
| Sterling Institutional (Net Inc.) | 1.70 | 10.38 | 0.43 | 11.95 | 19.61 |
| Sterling X (Net Accum.) | 2.47 | 11.21 | 1.19 | 12.79 | 20.51 |
| Sterling X (Net Inc.) ¹ | 2.46 | 11.21 | 1.19 | N/A | N/A |
| Sterling X (Gross Accum.) ¹ | 3.17 | 12.23 | N/A | N/A | N/A |
| Sterling P (Net Inc.) ¹ | 1.45 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | 1.83 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 1.82 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 1.55 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 1.53 | N/A | N/A | N/A | N/A |
| Sterling Exempt 2 (Gross Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling P (Net Accum.) Share Class closed 18 December 2013.

Source: Lipper as at 31 December 2013 – All Share Classes except Sterling Exempt 2 (Gross Accum. and Inc.) and Sterling X (Gross Accum.) – Total return including revenue net of UK tax and annual charges, but excluding initial charge. Sterling Exempt 2 (Gross Accum. and Inc.) and Sterling X (Gross Accum.) – Total return including gross revenue and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

The annual management charge is charged to capital.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.38 | 1.38 |
| Sterling Exempt 2 (Gross Accum.) | 0.46 | 0.46 |
| Sterling Institutional (Net Inc.) | 0.81 | 0.81 |
| Sterling X (Net Accum.) | 0.06 | 0.06 |
| Sterling X (Net Inc.) | 0.06 | 0.06 |
| Sterling X (Gross Accum.) | 0.06 | 0.06 |
| Sterling P (Net Inc.) | 1.06 | 1.06 |
| Sterling Institutional W (Net Inc.) | 0.68 | 0.68 |
| Sterling Institutional W (Net Accum.) | 0.68 | 0.68 |
| Sterling Retail Adv B (Net Inc.) | 0.98 | 0.98 |
| Sterling Retail Adv B (Net Accum.) | 0.98 | 0.98 |
| Sterling Exempt 2 (Gross Inc.) | 0.46 | 0.46 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depository, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 105.30 | 86.15 | 5.2547 |
| 2010 | 112.15 | 103.17 | 5.8674 |
| 2011 | 109.48 | 103.75 | 4.4786 |
| 2012 | 111.36 | 104.15 | 3.8442 |
| 2013 | 112.62 | 108.30 | 2.9830 |
| Sterling Exempt 2 (Gross Accum.) | (pence) | (pence) | (pence) |
| 2009 | 134.42 | 104.15 | 8.2518 |
| 2010 | 154.99 | 134.22 | 9.9560 |
| 2011 | 156.79 | 152.78 | 8.1669 |
| 2012 | 173.86 | 155.53 | 7.4539 |
| 2013 | 180.11 | 173.09 | 6.1007 |
| Sterling Institutional (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 | 107.71 | 87.86 | 5.4224 |
| 2010 | 115.31 | 105.65 | 6.0852 |
| 2011 | 112.91 | 107.19 | 4.6822 |
| 2012 | 115.78 | 107.73 | 4.0490 |
| 2013 | 117.29 | 112.86 | 3.1720 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 118.07 | 92.07 | 5.8205 |
| 2010 | 134.73 | 117.65 | 6.9499 |
| 2011 | 135.71 | 131.98 | 5.6539 |
| 2012 | 149.21 | 134.15 | 5.1303 |
| 2013 | 154.31 | 148.56 | 4.1815 |
| Sterling X (Net Inc.) | (pence) | (pence) | (pence) |
| 2010 (from 11 October) | 100.34 | 97.79 | 1.0419 |
| 2011 | 98.84 | 94.11 | 4.1008 |
| 2012 | 102.58 | 94.74 | 3.5739 |
| 2013 | 104.20 | 100.37 | 2.8197 |
| Sterling X (Gross Accum.) | (pence) | (pence) | (pence) |
| 2011 (from 18 February) | 156.96 | 153.23 | 7.0124 |
| 2012 | 175.17 | 156.08 | 7.4948 |
| 2013 | 181.72 | 174.41 | 6.1574 |
| Sterling P (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 21 June) | 104.84 | 100.00 | 1.9058 |
| 2013 | 106.12 | 102.07 | 2.8692 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 3 September) | 103.13 | 100.00 | 1.1799 |
| 2013 | 104.52 | 100.59 | 2.8271 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 3 September) | 103.39 | 100.00 | 1.1711 |
| 2013 | 106.67 | 102.94 | 2.8889 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 2 October) | 102.31 | 100.00 | 0.8600 |
| 2013 | 103.66 | 99.74 | 2.7461 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 2 October) | 102.31 | 100.00 | 0.8600 |
| 2013 | 105.46 | 101.76 | 2.7977 |
| Sterling P (Net Accum.)² | (pence) | (pence) | (pence) |
| 2012 (from 3 October) | 102.14 | 100.00 | 0.8634 |
| 2013 (to 18 December) | 105.26 | 101.55 | 2.2431 |
| Sterling Exempt 2 (Gross Inc.) | (pence) | (pence) | (pence) |
| 2013 (from 11 June) | 100.57 | 98.48 | 2.3366 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 276,881 | 106.86 | 259,105,047 |
| 30/06/2012 | 292,226 | 106.19 | 275,189,620 |
| 30/06/2013 | 344,636 | 108.00 | 319,112,317 |
| 31/12/2013 | 309,143 | 108.42 | 285,125,389 |
| Sterling Exempt 2 (Gross Accum.) | | (pence) | |
| 30/06/2011 | 23,846 | 155.13 | 15,372,091 |
| 30/06/2012 | 108,592 | 162.91 | 66,658,502 |
| 30/06/2013 | 113,921 | 174.29 | 65,364,295 |
| 31/12/2013 | 106,609 | 178.32 | 59,784,919 |
| Sterling Institutional (Net Inc.) | | (pence) | |
| 30/06/2011 | 6,560 | 110.25 | 5,949,820 |
| 30/06/2012 | 14,275 | 110.11 | 12,964,819 |
| 30/06/2013 | 47,816 | 112.55 | 42,485,320 |
| 31/12/2013 | 45,507 | 113.28 | 40,173,307 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 55,398 | 134.18 | 41,286,615 |
| 30/06/2012 | 99,675 | 140.16 | 71,116,149 |
| 30/06/2013 | 150,352 | 149.29 | 100,714,330 |
| 31/12/2013 | 177,601 | 152.60 | 116,382,286 |
| Sterling X (Net Inc.) | | (pence) | |
| 30/06/2011 | 30,454 | 96.58 | 31,531,196 |
| 30/06/2012 | 60,696 | 97.19 | 62,448,912 |
| 30/06/2013 | 88,814 | 100.09 | 88,731,239 |
| 31/12/2013 | 75,002 | 101.12 | 74,167,655 |
| Sterling X (Gross Accum.) | | (pence) | |
| 30/06/2011 | 40,843 | 155.36 | 26,289,846 |
| 30/06/2012 | 43,064 | 163.80 | 26,289,846 |
| 30/06/2013 | 56,913 | 175.95 | 32,346,962 |
| 31/12/2013 | 58,348 | 180.38 | 32,346,961 |
| Sterling P (Net Inc.) | | (pence) | |
| 30/06/2012 | 15 | 99.84 | 15,000 |
| 30/06/2013 | 343 | 101.79 | 337,047 |
| 31/12/2013 | 325 | 102.32 | 317,700 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 58,361 | 100.31 | 58,177,426 |
| 31/12/2013 | 142,343 | 101.03 | 140,893,307 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 15,757 | 103.11 | 15,280,903 |
| 31/12/2013 | 26,592 | 105.07 | 25,308,437 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 16 | 99.46 | 16,074 |
| 31/12/2013 | 49 | 100.06 | 49,407 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 47 | 101.90 | 45,861 |
| 31/12/2013 | 156 | 103.68 | 150,226 |
| Sterling P (Net Accum.)² | | (pence) | |
| 30/06/2013 | 11 | 101.69 | 10,911 |
| Sterling Exempt 2 (Gross Inc.) | | (pence) | |
| 30/06/2013 | 17,060 | 98.20 | 17,372,492 |
| 31/12/2013 | 19,190 | 99.01 | 19,381,546 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|---|-------------------|-------------------|
| UK Treasury Gilt 1.25% Index-Linked 2017 | 3.88 | 1.91 |
| UK Treasury Stock 1.00% 2017 | 3.75 | 0.00 |
| USA Treasury Notes 1.50% 2016 | 3.51 | 4.13 |
| USA Treasury Notes 1.00% 2017 | 3.36 | 2.95 |
| Canada 1.25% Bonds 2018 | 2.73 | 0.00 |
| iShares Euro High Yield Corporate Bond UCIT | 2.49 | 0.00 |
| Canada Housing Trust No1 2.35% Bonds 2018 | 1.93 | 0.00 |
| UK Treasury Gilt 2.25% 2014 | 1.90 | 0.00 |
| Spain 3.75% Bonds 2018 | 1.88 | 0.00 |
| USA Treasury Notes 1.50% 2018 | 1.87 | 2.60 |
| UK Treasury Stock 8.00% 2013 | 0.00 | 4.96 |
| USA Treasury Notes 1.875% 2014 | 0.00 | 2.88 |
| Canada 2.00% Bonds 2016 | 0.00 | 2.59 |
| Canada Housing Trust 1.75% Bonds 2018 | 0.00 | 2.38 |
| Mexico 6.50% Bonds 2022 | 0.00 | 2.08 |
| UK Treasury Bill 0.00% 2013 | 0.00 | 1.98 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------|-------------------|-------------------|
| AAA | 30.37 | 36.17 |
| AA | 5.57 | 5.92 |
| A | 8.94 | 9.44 |
| BBB | 15.60 | 12.56 |
| BB | 7.57 | 5.97 |
| B | 7.17 | 12.10 |
| CCC | 0.27 | 0.99 |
| C | 0.29 | 0.00 |
| D | 0.13 | 0.15 |
| Not rated (by S&P) | 12.25 | 8.28 |
| Equities | 0.03 | 0.06 |
| Unit Trusts | 2.49 | 0.00 |
| Derivatives | 0.71 | (0.37) |
| Cash & Others | 8.61 | 8.73 |
| | 100.00 | 100.00 |

NEWTON GLOBAL EQUITY FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £1631.88m |
| Fund launch: | 1 June 1987 (managed by Newton since November 1994) |
| Comparative index: | MSCI World NR GBP |
| Sector: | IMA Global |

DISTRIBUTION

Period end dates for distributions for all share classes:

Annual: 30 June

Distribution payment dates for all share classes:

Annual: 31 October

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve capital growth from a portfolio of international securities. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The Fund invests in a broad range of companies from around the world and has no bias towards company size or region. It aims to generate capital growth by identifying those companies with the greatest potential.

RISK PROFILE

As an international Fund, the Fund will be exposed to changes in currency rates. The portfolio may contain some investments in less-developed markets as well as investments in small companies. These factors may affect the performance of the Fund. The fund may also invest in Emerging Markets. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Fund returned 4.43% against 6.04% for the MSCI AC World Index NR.

The Fund posted a positive return but underperformed its comparative index. At the sector level, materials, financials and technology proved to be areas of weakness over the six-month period, while the Fund's exposure to energy, consumer services and telecoms was positive. The Fund's Japanese holdings, including Toyota Motor and Japan Tobacco, were among the biggest detractors from performance, as the yen depreciated against sterling, in the face of Japan's quantitative easing programme – the printing of more money. Other notable negatives included the Asia-based conglomerate Jardine Matheson and Bangkok Bank, while not holding Apple was also disadvantageous. The German tyre-maker Continental performed well on the back of another solid earnings report, which highlighted evidence that the European car market may have bottomed out in 2013 and is slowly beginning to recover. The US dental company Align Technology was another positive contributor, along with Principal Financial Group. Elsewhere, Associated British Foods had a positive quarter following very strong third quarter results; the company's growth continues to be driven by its ownership of the discount clothing chain Primark.

In terms of activity, the manager initiated a holding in Vodafone Group. When Vodafone completes the sale of Verizon Wireless in the first quarter of 2014, it will have a strong balance sheet and the capacity to invest in order to differentiate its network at a time when several European peers are financially stretched. Importantly, the sale of Verizon Wireless creates a unique European and emerging-market business. A position was also added in Walt Disney, as the company's returns looks poised to increase significantly over the next five years, through growth at ESPN, lower capital expenditure requirements within its parks and resorts division, an increased focus on franchises in its studio division and better returns from its Star Wars acquisition. The manager also initiated a position in the US toy manufacturer Mattel; the opportunities in the developing world, allied to the company's scale, and focus on the convergence of toys, media and entertainment, should ensure that it will continue to deliver consistent growth. The manager sold the holding in Keycorp, realising profits in the American regional bank after a period of strong share price gains. Meanwhile, following the completion of the takeover of Sprint, the manager took the opportunity to realise profits in the Japanese telecoms company Softbank.

Statutory Performance Data (%)

| From To | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 23.43 | 11.46 | -10.43 | 14.27 | 21.05 |
| Euro Accumulation | 23.41 | 10.51 | -10.56 | 13.17 | 19.32 |
| Sterling Exempt 2 (Net Accum.) | 24.62 | 12.93 | -9.55 | 15.37 | 22.13 |
| Sterling Exempt 1 (Net Accum.) | 24.75 | 12.66 | -9.45 | 15.48 | 22.25 |
| Sterling X (Net Accum.) | 25.38 | 13.23 | -9.01 | 16.06 | 22.79 |
| Sterling Exempt 3 (Net Accum.) ¹ | 24.44 | 12.39 | -9.69 | 15.20 | N/A |
| Sterling Institutional W (Net Inc.) ¹ | 24.45 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 24.46 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 24.05 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 24.05 | N/A | N/A | N/A | N/A |
| MSCI World NR GBP | 20.52 | 11.03 | -6.66 | 16.21 | 19.86 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling P (Net Inc.) Share Class closed 23 September 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.62 | 1.62 |
| Euro Accumulation | 2.12 | 2.12 |
| Sterling Exempt 2 (Net Accum.) | 0.65 | 0.65 |
| Sterling Exempt 1 (Net Accum.) | 0.55 | 0.55 |
| Sterling X (Net Accum.) | 0.05 | 0.05 |
| Sterling Exempt 3 (Net Accum.) | 0.80 | 0.80 |
| Sterling Institutional W (Net Inc.) | 0.80 | 0.80 |
| Sterling Institutional W (Net Accum.) | 0.80 | 0.80 |
| Sterling Retail Adv B (Net Inc.) | 1.12 | 1.12 |
| Sterling Retail Adv B (Net Accum.) | 1.12 | 1.12 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 72.18 | 51.09 | 0.8758 |
| 2010 | 80.78 | 67.29 | 0.7011 |
| 2011 | 83.50 | 66.21 | 0.5086 |
| 2012 | 80.94 | 71.76 | 0.6422 |
| 2013 | 98.83 | 79.46 | 0.4976 |
| Euro Accumulation | (cents) | (cents) | (cents) |
| 2009 | 71.36 | 50.17 | 0.5615 |
| 2010 | 87.50 | 69.21 | 0.3936 |
| 2011 | 86.79 | 69.45 | 0.1182 |
| 2012 | 91.81 | 77.13 | 0.2925 |
| 2013 | 106.30 | 88.08 | 0.0491 |
| Sterling Exempt 2 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 146.80 | 101.65 | 2.7712 |
| 2010 | 167.58 | 137.94 | 2.7947 |
| 2011 | 175.18 | 139.22 | 2.6084 |
| 2012 | 173.41 | 151.26 | 2.8744 |
| 2013 | 215.80 | 171.14 | 2.5018 |
| Sterling Exempt 1 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 106.88 | 73.95 | 2.0881 |
| 2010 | 122.13 | 100.44 | 2.1358 |
| 2011 | 127.74 | 101.55 | 2.0264 |
| 2012 | 126.57 | 110.36 | 2.2106 |
| 2013 | 157.23 | 124.56 | 2.2026 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 107.91 | 74.39 | 2.4526 |
| 2010 | 123.92 | 101.46 | 2.6745 |
| 2011 | 129.94 | 103.42 | 2.6375 |
| 2012 | 129.56 | 112.53 | 2.8357 |
| 2013 | 161.83 | 127.65 | 2.9390 |
| Sterling Exempt 3 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 (from 2 February) | 106.63 | 73.93 | 1.3523 |
| 2010 | 121.54 | 100.18 | 1.8772 |
| 2011 | 126.95 | 100.86 | 1.7168 |
| 2012 | 125.39 | 109.54 | 1.9151 |
| 2013 | 155.33 | 123.34 | 1.8521 |
| Sterling P (Net Inc.)² | (pence) | (pence) | (pence) |
| 2012 (from 21 June) | 108.79 | 98.21 | 0.0630 |
| 2013 | 133.09 | 106.94 | 1.3261 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 3 September) | 103.25 | 98.17 | N/A |
| 2013 | 126.50 | 101.55 | 1.4255 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 3 September) | 103.25 | 98.17 | N/A |
| 2013 | 127.91 | 101.56 | 1.4261 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 8 October) | 99.86 | 95.05 | N/A |
| 2013 | 122.43 | 98.29 | 0.9554 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 8 October) | 99.86 | 95.05 | N/A |
| 2013 | 123.44 | 98.29 | 0.9543 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 515,101 | 81.36 | 633,151,377 |
| 30/06/2012 | 449,230 | 74.64 | 601,861,316 |
| 30/06/2013 | 527,970 | 92.90 | 568,342,561 |
| 31/12/2013 | 550,369 | 97.17 | 566,399,575 |
| Euro Accumulation | | (cents) | |
| 30/06/2011 | 14,140 | 81.02 | 19,298,296 |
| 30/06/2012 | 12,793 | 83.66 | 18,963,660 |
| 30/06/2013 | 12,643 | 98.00 | 15,053,503 |
| 31/12/2013 | 14,207 | 105.35 ** | 16,208,226 |
| Sterling Exempt 2 (Net Accum.) | | (pence) | |
| 30/06/2011 | 17,072 | 170.65 | 10,003,884 |
| 30/06/2012 | 18,709 | 159.45 | 11,733,694 |
| 30/06/2013 | 79 | 202.09 | 39,263 |
| 31/12/2013 | 83 | 212.42 | 39,263 |
| Sterling Exempt 1 (Net Accum.) | | (pence) | |
| 30/06/2011 | 140,990 | 124.44 | 113,299,834 |
| 30/06/2012 | 134,784 | 116.39 | 115,805,542 |
| 30/06/2013 | 106,995 | 147.18 | 72,697,866 |
| 31/12/2013 | 105,440 | 154.78 | 68,122,747 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 562,466 | 126.57 | 444,398,816 |
| 30/06/2012 | 475,758 | 118.97 | 399,888,301 |
| 30/06/2013 | 617,399 | 151.20 | 408,337,162 |
| 31/12/2013 | 936,243 | 159.41 | 587,320,351 |
| Sterling Exempt 3 (Net Accum.) | | (pence) | |
| 30/06/2011 | 13,428 | 123.67 | 10,857,927 |
| 30/06/2012 | 15,131 | 115.39 | 13,113,288 |
| 30/06/2013 | 19,458 | 145.55 | 13,369,182 |
| 31/12/2013 | 19,457 | 152.87 | 12,728,056 |
| Sterling P (Net Inc.)² | | (pence) | |
| 30/06/2012 | 15 | 100.17 | 15,000 |
| 30/06/2013 | 27 | 124.72 | 21,510 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 446 | 118.42 | 376,862 |
| 31/12/2013 | 2,114 | 124.39 | 1,699,737 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 484 | 119.86 | 403,808 |
| 31/12/2013 | 2,470 | 125.89 | 1,962,435 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 1,401 | 114.86 | 1,219,519 |
| 31/12/2013 | 1,486 | 120.45 | 1,233,707 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 6 | 115.81 | 5,001 |
| 31/12/2013 | 6 | 121.44 | 5,000 |

** Euro/Sterling exchange rate at close of business 31 December 2013: 1.201967.

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|---------------------|-------------------|-------------------|
| Microsoft | 2.76 | 2.68 |
| Bayer | 2.73 | 2.28 |
| Roche | 2.62 | 2.58 |
| Toyota Motor | 2.51 | 2.57 |
| Google | 2.49 | 2.01 |
| Novartis | 2.31 | 2.28 |
| Citigroup | 2.06 | 1.99 |
| Vodafone | 2.06 | 0.00 |
| Pfizer | 2.03 | 2.07 |
| Total | 2.02 | 1.58 |
| Altria | 1.91 | 1.93 |
| Principal Financial | 1.85 | 1.98 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------------|-------------------|-------------------|
| United States of America | 45.91 | 46.40 |
| United Kingdom | 9.06 | 6.70 |
| Switzerland | 8.59 | 8.70 |
| Germany | 7.51 | 6.39 |
| Japan | 6.21 | 7.52 |
| France | 5.09 | 5.56 |
| Netherlands | 3.05 | 2.47 |
| Canada | 2.50 | 1.90 |
| Hong Kong | 2.08 | 2.15 |
| China | 1.74 | 1.70 |
| Belgium | 1.34 | 1.25 |
| Thailand | 1.10 | 1.50 |
| Singapore | 1.05 | 1.34 |
| Sweden | 1.02 | 0.88 |
| Australia | 0.80 | 1.15 |
| Brazil | 0.79 | 1.15 |
| Israel | 0.64 | 0.00 |
| India | 0.31 | 0.50 |
| Derivatives | (0.05) | 0.04 |
| Cash & Others | 1.26 | 2.70 |
| | 100.00 | 100.00 |

NEWTON GLOBAL HIGH YIELD BOND FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £275.18m |
| Fund launch: | 2 October 2000 |
| Comparative index: | Bank of America Merrill Lynch Global High Yield excluding Bank Capital & Junior Subordinated GBP (Hedged) Index |
| Sector: | IMA £ High Yield |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|------------------------|
| Annual: | 30 June |
| Interim: | Last day of each month |

Distribution payment dates for all share classes:

| | |
|----------|-------------------------------|
| Annual: | 31 July |
| Interim: | Second last day of each month |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve a high yield from a globally diversified portfolio which may include but is not limited to fixed interest bonds and other debt instruments (such as floating rate notes and index-linked notes). The Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes. At least 80% of the Fund's assets should be in Sterling denominated assets or hedged* back to Sterling.

INVESTMENT POLICY

Within the constraints of the income and capital preservation objective, the Fund is managed with reference to a hybrid index: Bank of America Merrill Lynch Global High Yield excluding Bank Capital & Junior Subordinated GBP (Hedged) Index. Typically the Fund will be relatively diversified.

RISK PROFILE

The Fund invests in fixed income securities denominated in Global currencies, predominantly from issuers below "investment grade" (rated below BBB or equivalent), and is therefore exposed to credit risk. It also invests in Emerging Markets. The Fund can also be exposed to changes in currency rates and interest rates as well as emerging markets. The Fund will use derivatives to generate returns. These factors may affect the performance of the Fund. Charges are deducted from the capital of the Fund, which will affect its growth. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 4.40% against 5.94% for the Bank of America Merrill Lynch Global High Yield excluding Bank Capital & Junior Subordinated GBP (Hedged) Index.

Over the period, the Fund posted a positive return but underperformed its comparative index. Strong global demand for corporate debt was exemplified by the performance of the record-breaking US\$49bn issuance by Verizon (three times larger than the previous largest issuance). Sterling and euro issuance was also snapped up by investors searching for attractive yields. Increasing political risk (in the US and Italy) did little to deter investors. Almost all of the Fund's holdings performed well over the period. However, the Fund's relative underperformance can be attributed to a more cautious approach in terms of credit quality; the Fund is predominantly invested in sub-investment grade corporate bonds – debt rated below "BBB" by the credit rating agency Standard & Poor's – but had underweight exposure to riskier CCC-rated bonds. The Fund's short duration position was also a source of underperformance (duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates).

The Fund participated in a few primary issues, including that of Tullow Oil, an exploration and production company. Other notable purchases included 8% Ziggo Bond 2018, 6.625% Millicom International Cellular 2021. Sales included bonds issued by HeidelbergCement and Peugeot.

* Currency hedging is a technique whereby the fund manager seeks to protect the Fund from adverse currency movements that may impact the share price.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 5.29 | 21.79 | -8.67 | 15.40 | 50.18 |
| Sterling X (Net Accum.) | 6.41 | 23.12 | -7.71 | 16.66 | 51.84 |
| Sterling X (Net Inc.) ¹ | 6.41 | 23.09 | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | 5.88 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 5.89 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 5.56 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 5.56 | N/A | N/A | N/A | N/A |
| Sterling P (Net Accum.) ¹ | 5.36 | N/A | N/A | N/A | N/A |

| | | | | | |
|--|------|-------|-------|-------|-------|
| Bank of America Merrill Lynch Global High Yield excluding Bank Capital & Junior Subordinated GBP (Hedged) Index ² | 6.94 | 17.46 | 3.44 | 14.24 | 54.63 |
| IMA £ High Yield | 6.56 | 18.18 | -4.18 | 10.62 | 45.94 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Fund was in the IMA Global Bonds sector until October 2009. The performance figures for the IMA Global Bonds sector are available upon request.

³ The Sterling P (Net Inc.) Share Class closed 23 September 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

The annual management charge is charged to capital.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.14 | 1.15 |
| Sterling X (Net Accum.) | 0.07 | 0.08 |
| Sterling X (Net Inc.) | 0.07 | 0.08 |
| Sterling Institutional W (Net Inc.) | 0.57 | 0.57 |
| Sterling Institutional W (Net Accum.) | 0.57 | 0.57 |
| Sterling Retail Adv B (Net Inc.) | 0.89 | 0.89 |
| Sterling Retail Adv B (Net Accum.) | 0.89 | 0.90 |
| Sterling P (Net Accum.) | 1.07 | 1.08 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depository, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 64.35 | 42.63 | 4.3220 |
| 2010 | 69.00 | 63.73 | 4.6256 |
| 2011 | 69.22 | 55.83 | 4.2829 |
| 2012 | 66.77 | 58.34 | 3.9294 |
| 2013 | 68.14 | 64.78 | 3.5808 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 74.83 | 46.66 | 4.9248 |
| 2010 | 87.31 | 75.47 | 5.7323 |
| 2011 | 90.59 | 75.78 | 5.7367 |
| 2012 | 99.00 | 80.88 | 5.6873 |
| 2013 | 105.73 | 99.16 | 5.5554 |
| Sterling X (Net Inc.) | (pence) | (pence) | (pence) |
| 2011 (from 25 May) | 90.31 | 74.01 | 3.4252 |
| 2012 | 89.63 | 77.54 | 5.2954 |
| 2013 | 91.79 | 87.39 | 4.8800 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 3 September) | 105.23 | 100.00 | 1.9385 |
| 2013 | 107.57 | 102.34 | 5.7156 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 3 September) | 106.67 | 100.00 | 1.9525 |
| 2013 | 113.37 | 106.83 | 5.9714 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 4 October) | 102.63 | 99.47 | 1.3457 |
| 2013 | 104.82 | 99.70 | 5.5106 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 4 October) | 103.47 | 99.47 | 1.3518 |
| 2013 | 109.64 | 103.48 | 5.7240 |
| Sterling P (Net Inc.)³ | (pence) | (pence) | (pence) |
| 2012 (from 21 September) | 103.17 | 99.39 | 1.5771 |
| 2013 | 105.28 | 100.10 | 3.9539 |
| Sterling P (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 15 October) | 103.37 | 100.00 | 1.2069 |
| 2013 | 109.34 | 103.59 | 5.7733 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--------------------------------|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 56,823 | 66.30 | 85,709,757 |
| 30/06/2012 | 51,021 | 61.16 | 83,415,987 |
| 30/06/2013 | 80,864 | 64.75 | 124,895,340 |
| 31/12/2013 | 81,397 | 66.00 | 123,335,304 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 50,957 | 88.25 | 57,739,318 |
| 30/06/2012 | 27,032 | 87.97 | 30,730,287 |
| 30/06/2013 | 36,467 | 99.67 | 36,586,909 |
| 31/12/2013 | 116,109 | 104.91 | 110,672,053 |
| Sterling X (Net Inc.) | | (pence) | |
| 30/06/2011 | 3,910 | 88.16 | 4,434,987 |
| 30/06/2012 | 13,351 | 81.69 | 16,343,831 |
| 30/06/2013 | 36,110 | 87.34 | 41,343,205 |
| 31/12/2013 | 69,985 | 89.48 | 78,210,740 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 1,664 | 102.29 | 1,627,155 |
| 31/12/2013 | 5,610 | 104.53 | 5,367,191 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 543 | 107.12 | 507,046 |
| 31/12/2013 | 1,827 | 112.48 | 1,624,393 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 35 | 99.64 | 35,197 |
| 31/12/2013 | 175 | 101.69 | 171,978 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 5 | 103.74 | 5,008 |
| 31/12/2013 | 15 | 108.77 | 14,169 |
| Sterling P (Net Inc.)³ | | (pence) | |
| 30/06/2013 | 120 | 100.03 | 119,600 |
| Sterling P (Net Accum.) | | (pence) | |
| 30/06/2013 | 64 | 103.56 | 61,904 |
| 31/12/2013 | 67 | 108.46 | 61,903 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| UK Treasury Gilt 2.75% 2015 | 5.81 | 0.00 |
| Ziggo Bond 8.00% Bonds 2018 | 2.81 | 1.99 |
| Wind Acquisition Finance 11.75% Bonds 2017 | 2.52 | 2.94 |
| Jaguar Land Rover 8.125% Bonds 2018 | 1.28 | 1.36 |
| UK Treasury Gilt 2.25% 2014 | 1.24 | 0.00 |
| VimpelCom 7.5043% Bonds 2022 | 1.24 | 0.52 |
| Millicom International Cellular 6.625% Bonds 2021 | 1.21 | 0.00 |
| Boparan 9.875% Bonds 2018 | 1.12 | 1.11 |
| Crown Newco 7.00% Bonds 2018 | 1.08 | 0.79 |
| House of Fraser 8.875% Bonds 2018 | 1.06 | 0.66 |
| Pacific Drilling 7.25% Bonds 2017 | 0.73 | 1.26 |
| Cable & Wireless International Finance 8.625% Bonds 2019 | 0.70 | 1.19 |
| Nitrogenmuvек 7.875% Bonds 2020 | 0.64 | 1.26 |
| Conti-Gummi Finance 7.50% Bonds 2017 | 0.00 | 2.31 |
| Unitymedia 8.125% Bonds 2017 | 0.00 | 1.99 |
| HeidelbergCement 7.50% Bonds 2020 | 0.00 | 1.41 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|---------------|------------|------------|
| AAA | 7.05 | 0.00 |
| AA | 0.24 | 0.43 |
| A | 0.48 | 0.00 |
| BBB | 1.22 | 1.97 |
| BB | 30.86 | 31.14 |
| B | 38.38 | 48.35 |
| CCC | 5.82 | 6.34 |
| CC | 0.55 | 0.00 |
| C | 0.00 | 0.12 |
| D | 0.40 | 0.74 |
| Not rated | 4.13 | 3.25 |
| Derivatives | 1.35 | (1.11) |
| Cash & Others | 9.52 | 8.77 |
| | 100.00 | 100.00 |

NEWTON GLOBAL HIGHER INCOME FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £4,109.72m |
| Fund launch: | 30 November 2005 |
| Comparative index: | FTSE World TR GBP |
| Sector: | IMA Global Equity Income |
| Fund ratings: | Gold Rating by S&P Fund Manager Ratings |

DISTRIBUTION

| | |
|---|-------------------------------------|
| Period end dates for distributions for all share classes: | |
| Annual: | 30 June |
| Interim: | 31 December, 31 March, 30 September |

| | |
|---|----------------------------------|
| Distribution payment dates for all share classes: | |
| Annual: | 31 August |
| Interim: | 28 February, 31 May, 30 November |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve increasing annual distributions together with long-term capital growth from investing predominantly in global securities. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The Fund is actively managed investing in equities from around the world. The Fund has the ability to invest in derivative investments to reduce risk.

RISK PROFILE

The Fund invests in a portfolio of high yielding global equities and will therefore be exposed to fluctuations in currency rates. The Fund may invest in small companies as well as emerging markets. A fall in the value of a single investment may have a significant impact on the value of the fund because it typically invests in a limited number of investments. Charges are deducted from capital which will affect its growth. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Fund returned 2.50% against 6.55% for the FTSE World Index.

The Fund delivered a positive return over the six months but underperformed its comparative index. Over the period, cyclical – more economically sensitive – sectors, to which the Fund has underweight exposure, performed well, flattered by increasing market confidence. In particular, the financials sector was a prominent area of underperformance, not only on account of the Fund's limited exposure, but also because of holdings such as Annaly Capital Management which struggled over the period. Elsewhere, among other holdings with "defensive" – less economically sensitive – characteristics, utilities companies underperformed. The Fund's position in UK firm SSE was of further detriment to performance, amid negative political rhetoric surrounding energy prices. Other poor contributors included Sysco, Philip Morris, and Reynolds American, all of which exhibit stable, less economically-sensitive characteristics. Accordingly, holdings with greater economic sensitivity flourished: Deutsche Post, Lockheed Martin, and Deutsche Telekom were all beneficial to performance.

In terms of new additions, the manager initiated holdings in Vodafone Group and Dexus Property Group. When Vodafone completes the sale of Verizon Wireless in the first quarter of 2014, it will have a strong balance sheet and the capacity to invest in order to differentiate its network at a time when several European peers are financially stretched. Importantly, the sale of Verizon Wireless creates a unique European and emerging-market business. Meanwhile, Dexus provides exposure to the Australian prime-office market. Sales and reductions were focused upon holdings which have performed well. In the healthcare sector, the manager sold AbbVie, while in aerospace and defence the Fund reduced its position in the Lockheed Martin. The manager also introduced CA, an IT company perceived to be in terminal decline owing to its mainframe core business. However, the manager believes the business is more robust, that its clients are effectively locked in and that cash generation is very strong.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 14.19 | 10.19 | 2.54 | 13.31 | 17.71 |
| Sterling Institutional (Net Inc.) | 14.84 | 10.83 | 3.12 | 13.96 | 18.31 |
| Sterling Institutional (Net Accum.) | 14.85 | 10.84 | 3.13 | 13.95 | 18.35 |
| Sterling Exempt 2 (Net Inc.) | 15.14 | 11.10 | 3.38 | 14.24 | 18.57 |
| Sterling X (Net Accum.) | 16.00 | 11.92 | 4.12 | 15.09 | 19.39 |
| Sterling X (Net Inc.) ¹ | 15.99 | 11.91 | 4.12 | N/A | N/A |
| Sterling Accumulation ¹ | 14.20 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | 15.13 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 15.15 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 14.76 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 14.78 | N/A | N/A | N/A | N/A |
| Sterling Exempt 2 (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| FTSE World TR GBP | 22.36 | 11.83 | -5.79 | 16.28 | 19.64 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling P (Net Inc.) Share Class closed 23 September 2013.

³ The Sterling P (Net Accum.) Share Class closed 26 July 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

The annual management charge is charged to capital.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.62 | 1.62 |
| Sterling Institutional (Net Inc.) | 1.05 | 1.05 |
| Sterling Institutional (Net Accum.) | 1.05 | 1.05 |
| Sterling Exempt 2 (Net Inc.) | 0.80 | 0.80 |
| Sterling X (Net Accum.) | 0.05 | 0.05 |
| Sterling X (Net Inc.) | 0.05 | 0.05 |
| Sterling Accumulation | 1.62 | 1.62 |
| Sterling Institutional W (Net Inc.) | 0.80 | 0.80 |
| Sterling Institutional W (Net Accum.) | 0.80 | 0.80 |
| Sterling Retail Adv B (Net Inc.) | 1.12 | 1.12 |
| Sterling Retail Adv B (Net Accum.) | 1.12 | 1.12 |
| Sterling Exempt 2 (Net Accum.) | 0.80 | 0.80 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depository, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 119.65 | 85.30 | 5.3642 |
| 2010 | 127.41 | 108.53 | 6.0220 |
| 2011 | 130.42 | 111.11 | 5.8884 |
| 2012 | 133.20 | 121.74 | 5.7863 |
| 2013 | 152.74 | 130.17 | 5.8250 |
| Sterling Institutional (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 | 122.15 | 86.71 | 5.4790 |
| 2010 | 130.73 | 111.06 | 6.2497 |
| 2011 | 134.10 | 114.35 | 6.1414 |
| 2012 | 137.79 | 125.78 | 6.0721 |
| 2013 | 158.61 | 134.90 | 6.1578 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 144.06 | 97.88 | 6.3115 |
| 2010 | 162.55 | 136.38 | 7.5722 |
| 2011 | 171.03 | 147.58 | 7.8299 |
| 2012 | 188.12 | 166.52 | 8.1222 |
| 2013 | 220.34 | 185.70 | 8.6065 |
| Sterling Exempt 2 (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 | 123.16 | 87.23 | 5.4911 |
| 2010 | 132.14 | 112.12 | 6.2980 |
| 2011 | 135.68 | 115.76 | 6.2142 |
| 2012 | 139.87 | 127.58 | 6.1586 |
| 2013 | 161.29 | 137.05 | 6.2774 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 137.81 | 92.95 | 5.8785 |
| 2010 | 157.06 | 130.57 | 7.2592 |
| 2011 | 166.07 | 143.42 | 7.5326 |
| 2012 | 184.91 | 162.49 | 7.9258 |
| 2013 | 217.91 | 182.95 | 8.5142 |
| Sterling X (Net Inc.) | (pence) | (pence) | (pence) |
| 2010 (from 8 October) | 107.25 | 100.00 | 0.7396 |
| 2011 | 110.60 | 94.50 | 5.0324 |
| 2012 | 115.19 | 104.75 | 5.0315 |
| 2013 | 133.45 | 113.07 | 5.1905 |
| Sterling Accumulation | (pence) | (pence) | (pence) |
| 2012 (from 13 March) | 105.63 | 93.99 | 3.7931 |
| 2013 | 123.29 | 104.13 | 4.7296 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 4 September) | 102.20 | 97.81 | 1.0379 |
| 2013 | 117.85 | 100.14 | 4.5823 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 4 September) | 102.45 | 98.05 | 1.0419 |
| 2013 | 120.19 | 101.20 | 4.7065 |
| Sterling P (Net Inc.)² | (pence) | (pence) | (pence) |
| 2012 (from 21 September) | 101.24 | 96.86 | 0.8962 |
| 2013 (to 23 September) | 116.56 | 99.14 | 2.8287 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 1 October) | 101.42 | 97.03 | 0.7719 |
| 2013 | 116.74 | 99.31 | 4.4615 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 1 October) | 101.42 | 97.03 | 0.7719 |
| 2013 | 118.74 | 100.09 | 4.5657 |

Price and Revenue Record by Share Class (Calendar Year) – contd.

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling P (Net Accum.)³ | (pence) | (pence) | (pence) |
| 2012 (from 3 October) | 100.92 | 96.56 | 0.7321 |
| 2013 (to 26 July) | 118.21 | 99.62 | 2.8575 |
| Sterling Exempt 2 (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 (from 14 February) | 110.70 | 99.77 | 4.3201 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 1,301,747 | 126.20 | 1,031,506,129 |
| 30/06/2012 | 1,683,680 | 125.26 | 1,344,147,459 |
| 30/06/2013 | 1,896,307 | 140.78 | 1,346,975,201 |
| 31/12/2013 | 1,733,387 | 141.77 | 1,222,666,193 |
| Sterling Institutional (Net Inc.) | | (pence) | |
| 30/06/2011 | 405,822 | 129.79 | 312,669,245 |
| 30/06/2012 | 563,291 | 129.48 | 435,045,095 |
| 30/06/2013 | 494,376 | 146.25 | 338,027,982 |
| 31/12/2013 | 455,221 | 147.65 | 308,316,358 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 113,195 | 167.54 | 67,561,916 |
| 30/06/2012 | 173,599 | 175.05 | 99,172,471 |
| 30/06/2013 | 222,795 | 206.62 | 107,828,574 |
| 31/12/2013 | 205,162 | 211.92 | 96,812,686 |
| Sterling Exempt 2 (Net Inc.) | | (pence) | |
| 30/06/2011 | 21,669 | 131.36 | 16,496,177 |
| 30/06/2012 | 18,603 | 131.37 | 14,159,989 |
| 30/06/2013 | 25,545 | 148.77 | 17,170,787 |
| 31/12/2013 | 49,201 | 150.38 | 32,718,379 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 41,903 | 162.65 | 25,763,120 |
| 30/06/2012 | 78,328 | 171.60 | 45,646,830 |
| 30/06/2013 | 102,566 | 204.55 | 50,142,415 |
| 31/12/2013 | 74,856 | 210.84 | 35,503,415 |
| Sterling X (Net Inc.) | | (pence) | |
| 30/06/2011 | 122,272 | 107.15 | 114,110,762 |
| 30/06/2012 | 132,528 | 107.97 | 122,741,486 |
| 30/06/2013 | 181,681 | 123.19 | 147,483,560 |
| 31/12/2013 | 186,190 | 124.99 | 148,969,137 |
| Sterling Accumulation | | (pence) | |
| 30/06/2012 | 4,053 | 98.43 | 4,117,309 |
| 30/06/2013 | 114,408 | 115.54 | 99,016,827 |
| 31/12/2013 | 111,351 | 118.17 | 94,232,830 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 829,087 | 108.70 | 762,701,811 |
| 31/12/2013 | 1,066,904 | 109.88 | 970,999,975 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 75,650 | 112.74 | 67,099,215 |
| 31/12/2013 | 164,807 | 115.78 | 142,341,800 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling P (Net Inc.)² | | (pence) | |
| 30/06/2013 | 458 | 107.48 | 426,471 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 3,109 | 107.67 | 2,887,458 |
| 31/12/2013 | 3,576 | 108.70 | 3,289,462 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 702 | 111.34 | 630,180 |
| 31/12/2013 | 1,170 | 114.15 | 1,025,215 |
| Sterling P (Net Accum.)³ | | (pence) | |
| 30/06/2013 | 487 | 110.84 | 439,277 |
| Sterling Exempt 2 (Net Accum.) | | (pence) | |
| 30/06/2013 | 56,382 | 103.84 | 54,298,365 |
| 31/12/2013 | 57,900 | 106.63 | 54,298,365 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|-----------------------------|------------|------------|
| Philip Morris International | 4.81 | 4.78 |
| Microsoft | 4.40 | 3.54 |
| Reynolds American | 4.05 | 5.31 |
| Sysco | 3.29 | 3.26 |
| Novartis | 3.06 | 3.02 |
| GlaxoSmithKline | 3.00 | 3.16 |
| Roche | 3.00 | 3.19 |
| SSE | 2.30 | 3.04 |
| Orkla | 2.29 | 1.90 |
| TDC | 2.28 | 2.04 |
| Deutsche Post | 2.15 | 2.10 |
| Lockheed Martin | 1.27 | 2.31 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------------|------------|------------|
| United States of America | 36.98 | 35.58 |
| United Kingdom | 14.20 | 12.08 |
| Switzerland | 11.42 | 9.33 |
| Netherlands | 6.82 | 4.41 |
| France | 5.15 | 3.96 |
| Norway | 4.39 | 3.79 |
| Germany | 3.81 | 4.27 |
| Denmark | 2.28 | 2.04 |
| Canada | 2.10 | 2.74 |
| Sweden | 2.10 | 2.00 |
| China | 1.82 | 2.00 |
| Brazil | 1.30 | 2.63 |
| South Africa | 1.05 | 2.80 |
| Taiwan | 1.04 | 1.09 |
| Australia | 0.94 | 0.77 |
| Hong Kong | 0.92 | 1.74 |
| Singapore | 0.91 | 2.66 |
| Thailand | 0.87 | 0.98 |
| South Korea | 0.85 | 0.99 |
| Ireland | 0.54 | 0.00 |
| Preference Shares | 0.00 | 1.25 |
| Derivatives | (0.07) | 0.19 |
| Cash & Others | 0.58 | 2.70 |
| | 100.00 | 100.00 |

NEWTON GLOBAL OPPORTUNITIES FUND

GENERAL INFORMATION

| | |
|---------------------|--------------------------------------|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £467.89m |
| Fund launch: | 1 July 2005 |
| Comparative index: | FTSE All World TR GBP |
| Sector: | IMA Global |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|---------|---------|
| Annual: | 30 June |
|---------|---------|

Distribution payment dates for all share classes:

| | |
|---------|------------|
| Annual: | 31 October |
|---------|------------|

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve long-term capital growth from a concentrated portfolio predominately invested in the securities of companies located worldwide. The Fund does not have a bias towards any economic sector or company size. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The Fund invests in a broad range of companies from around the world and has no bias towards company size or region. It aims to generate capital growth by identifying those companies with the greatest potential.

RISK PROFILE

The Fund has a highly concentrated global portfolio and hence may be exposed to currency movements. The Fund may also invest in emerging markets as well as investments that are not traded regularly and may be subject to greater fluctuations in price. The Fund may also invest in small companies which may be riskier and less liquid than large companies. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Fund returned 3.69% against 6.22% for the FTSE All World Index.

The Fund generated a positive return but underperformed its comparative index. At the sector level, basic materials, industrials, technology and healthcare were areas of notable weakness, while oil and gas, financials and consumer services were positive for the Fund. Within the healthcare sector, the holdings in the dialysis provider Fresenius Medical Care and Laboratory Corp were disadvantageous. Further drags on performance came from the positions in Yamana Gold and Syngenta. Meanwhile, the Fund's relative performance was hurt by not holding Apple. On the positive front, the German tyre-maker Continental performed well on the back of another solid earnings report, which highlighted evidence that the European car market may have bottomed out in 2013 and is slowly beginning to recover. The publisher Reed Elsevier was another positive contributor, along with Principal Financial Group. Elsewhere, Associated British Foods had a positive quarter following very strong third quarter results; the company's growth continues to be driven by its ownership of the discount clothing chain Primark.

In terms of activity, the manager initiated a new position in the Israeli-based Teva Pharmaceutical, believing its potential to restructure its business and deliver an improved growth outlook is underappreciated. Vodafone Group was also added; when it completes the sale of Verizon Wireless in the first quarter of 2014, the company will have a strong balance sheet and the capacity to invest and differentiate its service. In addition, it makes an attractive acquisition target for several overseas groups that appear keen to enter European markets. Additionally, the manager initiated a position in eBay, which has the potential to grow both its auction business and PayPal. The holding in Keycorp was sold and the proceeds used to buy a position in the regional US bank, PNC Financial Services, where the new management team is reinvigorating the company's strategy. Finally, Xylem was sold; having bounced following the announcement of a major share buyback programme and the departure of its chief executive, the company appears fully valued, with some downside risk in the near term.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 20.16 | 10.47 | -9.19 | 20.24 | 22.75 |
| Sterling Exempt 2 (Net Accum.) | 21.15 | 11.38 | -8.43 | 21.21 | 23.64 |
| Sterling X (Net Accum.) | 22.05 | 12.23 | -7.75 | 22.13 | 24.47 |
| Sterling Institutional W (Net Inc.) ¹ | 21.15 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 21.13 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 20.77 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 20.75 | N/A | N/A | N/A | N/A |
| Sterling Exempt 2 (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| FTSE All World TR GBP | 21.03 | 12.00 | -6.57 | 16.74 | 21.24 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.63 | 1.63 |
| Sterling Exempt 2 (Net Accum.) | 0.81 | 0.81 |
| Sterling X (Net Accum.) | 0.06 | 0.06 |
| Sterling Institutional W (Net Inc.) | 0.81 | 0.81 |
| Sterling Institutional W (Net Accum.) | 0.81 | 0.81 |
| Sterling Retail Adv B (Net Inc.) | 1.13 | 1.13 |
| Sterling Retail Adv B (Net Accum.) | 1.13 | 1.13 |
| Sterling Exempt 2 (Net Inc.) | 0.81 | 0.81 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 132.17 | 95.10 | 2.0666 |
| 2010 | 154.79 | 124.63 | 1.4509 |
| 2011 | 157.54 | 128.34 | 1.3851 |
| 2012 | 154.42 | 139.40 | 1.2922 |
| 2013 | 184.76 | 152.66 | 0.9166 |
| Sterling Exempt 2 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 142.15 | 99.76 | 2.9612 |
| 2010 | 169.75 | 134.15 | 2.6939 |
| 2011 | 174.34 | 142.90 | 2.8276 |
| 2012 | 174.95 | 155.54 | 2.7386 |
| 2013 | 211.62 | 173.24 | 2.5484 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 144.97 | 101.16 | 3.7148 |
| 2010 | 174.42 | 136.92 | 3.7976 |
| 2011 | 179.82 | 147.66 | 4.1321 |
| 2012 | 182.16 | 161.02 | 4.0654 |
| 2013 | 221.83 | 180.69 | 4.1074 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 4 September) | 102.38 | 98.36 | N/A |
| 2013 | 123.13 | 101.41 | 1.4152 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 4 September) | 102.38 | 98.36 | N/A |
| 2013 | 123.86 | 101.41 | 1.4151 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 25 September) | 100.60 | 96.61 | N/A |
| 2013 | 120.75 | 99.57 | 1.0657 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 25 September) | 100.60 | 96.61 | N/A |
| 2013 | 121.40 | 99.57 | 1.0600 |
| Sterling Exempt 2 (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 (from 11 June) | 104.32 | 96.39 | 1.2739 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|---------------------------------------|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 6,253 | 152.60 | 4,097,622 |
| 30/06/2012 | 5,951 | 145.10 | 4,101,352 |
| 30/06/2013 | 6,301 | 175.07 | 3,599,021 |
| 31/12/2013 | 5,961 | 181.68 | 3,281,284 |
| Sterling Exempt 2 (Net Accum.) | | (pence) | |
| 30/06/2011 | 107,429 | 169.56 | 63,358,691 |
| 30/06/2012 | 74,547 | 164.00 | 45,454,203 |
| 30/06/2013 | 64,334 | 200.51 | 32,084,891 |
| 31/12/2013 | 65,840 | 208.94 | 31,511,309 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 334,101 | 174.86 | 191,068,759 |
| 30/06/2012 | 303,205 | 170.40 | 177,931,894 |
| 30/06/2013 | 351,251 | 209.91 | 167,330,383 |
| 31/12/2013 | 366,452 | 219.57 | 166,898,009 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 20 | 115.97 | 17,193 |
| 31/12/2013 | 99 | 120.84 | 81,847 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 56 | 117.36 | 47,803 |
| 31/12/2013 | 112 | 122.29 | 91,540 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 150 | 114.01 | 131,318 |
| 31/12/2013 | 120 | 118.61 | 101,114 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 6 | 115.08 | 5,000 |
| 31/12/2013 | 1,995 | 119.71 | 1,666,353 |
| Sterling Exempt 2 (Net Inc.) | | (pence) | |
| 30/06/2013 | 26,205 | 98.85 | 26,510,938 |
| 31/12/2013 | 27,307 | 103.00 | 26,510,936 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|-------------------------------------|------------|------------|
| USA Treasury Bills 0.00% 16/01/2014 | 4.07 | 0.00 |
| USA Treasury Bills 0.00% 20/03/2014 | 2.92 | 0.00 |
| United Technologies | 2.82 | 2.58 |
| Reed Elsevier | 2.79 | 2.80 |
| Microsoft | 2.72 | 2.81 |
| Roche | 2.64 | 2.88 |
| Novartis | 2.62 | 2.82 |
| Express Scripts | 2.61 | 2.29 |
| Accenture | 2.60 | 2.04 |
| Nestle | 2.45 | 2.38 |
| Bayer | 2.44 | 2.75 |
| GlaxoSmithKline | 2.42 | 2.64 |
| Intuit | 2.40 | 2.68 |
| USA Treasury Bills 0.00% 11/07/2013 | 0.00 | 4.70 |
| USA Treasury Bills 0.00% 19/09/2013 | 0.00 | 2.74 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|---------------------------|------------|------------|
| United States of America | 40.88 | 40.91 |
| United Kingdom | 13.08 | 10.27 |
| Switzerland | 9.93 | 10.39 |
| Germany | 7.93 | 8.42 |
| Overseas Government Bonds | 6.99 | 7.44 |
| Netherlands | 4.82 | 4.98 |
| Japan | 2.73 | 3.12 |
| Canada | 2.47 | 1.49 |
| Israel | 2.43 | 0.00 |
| Belgium | 2.34 | 2.34 |
| Hong Kong | 2.32 | 2.06 |
| France | 1.30 | 3.18 |
| Brazil | 0.18 | 1.25 |
| Australia | 0.00 | 0.96 |
| China | 0.00 | 0.62 |
| Derivatives | (0.02) | 0.08 |
| Cash & Others | 2.62 | 2.49 |
| | 100.00 | 100.00 |

NEWTON HIGHER INCOME FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £2,080.66m |
| Fund launch: | 1 June 1987 (managed by Newton since November 1994) |
| Comparative index: | FTSE All Share TR |
| Sector: | IMA UK Equity Income |
| Fund ratings: | Silver Rating by S&P Fund Manager Ratings |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------------------------------|
| Annual: | 30 June |
| Interim: | 31 December, 31 March, 30 September |

Distribution payment dates for all share classes:

| | |
|----------|----------------------------------|
| Annual: | 31 August |
| Interim: | 28 February, 31 May, 30 November |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve increasing distributions on a calendar year basis with long-term capital growth. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The Fund invests predominantly in high-yielding UK equities and has a concentrated portfolio of stocks. Companies in the portfolio may generate profits overseas and pay dividends in foreign currencies. The Fund has the ability to invest in derivative investments to reduce risk.

RISK PROFILE

The Fund invests predominantly in high-yielding UK equities and has a concentrated portfolio of stocks. Companies in the portfolio may generate profits overseas and pay dividends in foreign currencies. The Fund will therefore be exposed to changes in currency rates. The Fund has the ability to invest in derivative investments and may also invest in small companies which may be riskier and less liquid than large companies. These factors may affect the performance of the Fund. Charges are deducted from the capital of the Fund, which will affect its growth. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 8.27% against 11.35% for the FTSE All-Share Index.

In the second half of 2013 the Fund delivered a positive return but underperformed its comparative index, the FTSE All-Share. During the period the market moved up strongly as the outlook for economic growth in developed economies improved. Sector performance reflected this preference for economically sensitive businesses with consumer discretionary, industrials and IT outperforming the more "defensive" – less economically sensitive – services and utility sectors. The Fund benefited from an overweight position in business service stocks such as global advertising company WPP and industrial stocks like construction consultant WS Atkins. An overweight in IT, particularly with regard to the Fund's overseas position in Apple, helped the Fund perform well. However the underperformance of the more defensive sectors, where the Fund is overweight, was detrimental to performance. Political risk continued to weigh on some parts of the market such as utilities where the Fund's overweight position hampered performance. The share price of energy suppliers Centrica and SSE fell following Ed Milliband's proposed Labour policy for a "price freeze" post-election. Another contributor to the Fund's relative underperformance was not owning Vodafone Group as Verizon Communications paid a much higher premium than expected for Vodafone's stake in its wireless business. In terms of stock selection the Fund again benefited from good stock selection in financials with both Hargreaves Lansdown and Aberdeen Asset Management delivering strong share performance.

Only a few changes were made to the portfolio during the period. The Verizon deal transformed the Vodafone investment case as the slimmed down group can focus more on network investment and the company's dividend – a share of profits paid out to investors – is better covered, so the stock was added to the portfolio. Cable and Wireless Communications was also added; management continues to focus the business on countries with the best potential for profit growth. The weight of financials in the Fund was increased, particularly in insurance with the addition of Admiral Group and Zurich Insurance Group. While the manager remains cautious on the UK domestic banks a position in the Asian bank, Standard Chartered was added. The bank operates in markets with high economic growth and where credit markets are expanding rapidly. In order to fund these purchases the exposure to energy was reduced through the sale of Petrofac and a reduction in the weight of Royal Dutch Shell in the portfolio. The Fund also sold its position in Pearson, where fears over the US education budgets continue to weigh on the stock, and IG Group Holdings which had performed well in the first half of the year.

Statutory Performance Data (%)

| From To | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| Sterling Income | 18.94 | 8.54 | 0.05 | 8.21 | 14.08 |
| Sterling Exempt 1 (Net Accum.) | 20.26 | 9.71 | 1.15 | 9.38 | 15.36 |
| Sterling Exempt 2 (Net Accum.) | 20.00 | 9.44 | 0.90 | 9.09 | 15.07 |
| Sterling Institutional (Net Accum.) | 19.66 | 9.17 | 0.65 | 8.83 | 14.79 |
| Sterling Institutional (Net Inc.) | 19.62 | 9.15 | 0.61 | 8.84 | 14.73 |
| Sterling X (Net Accum.) | 20.86 | 10.20 | 1.66 | 9.91 | 15.93 |
| Sterling X (Net Inc.) ^{1,2} | 20.83 | 10.18 | 1.64 | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | 19.92 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 19.97 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 19.51 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 19.57 | N/A | N/A | N/A | N/A |
| FTSE All Share TR | 20.81 | 12.30 | -3.46 | 14.51 | 30.12 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling X (Net Inc.) Share Class was closed on 27 April 2010 and was re-opened on 8 October 2010 at £1.00.

³ The Sterling P (Net Inc.) Share Class closed 23 September 2013.

⁴ The Sterling P (Net Accum.) Share Class closed 26 July 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

The annual management charge is charged to capital.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.61 | 1.61 |
| Sterling Exempt 1 (Net Accum.) | 0.54 | 0.54 |
| Sterling Exempt 2 (Net Accum.) | 0.79 | 0.79 |
| Sterling Institutional (Net Accum.) | 1.04 | 1.04 |
| Sterling Institutional (Net Inc.) | 1.04 | 1.04 |
| Sterling X (Net Accum.) | 0.04 | 0.04 |
| Sterling X (Net Inc.) | 0.04 | 0.04 |
| Sterling Institutional W (Net Inc.) | 0.79 | 0.79 |
| Sterling Institutional W (Net Accum.) | 0.79 | 0.79 |
| Sterling Retail Adv B (Net Inc.) | 1.11 | 1.11 |
| Sterling Retail Adv B (Net Accum.) | 1.11 | 1.11 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depository, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 55.84 | 42.61 | 3.8238 |
| 2010 | 57.59 | 48.80 | 3.9736 |
| 2011 | 56.47 | 47.04 | 3.6283 |
| 2012 | 54.47 | 49.91 | 2.8548 |
| 2013 | 61.99 | 53.62 | 2.4990 |
| Sterling Exempt 1 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 206.92 | 146.98 | 13.9470 |
| 2010 | 227.55 | 192.30 | 15.5712 |
| 2011 | 236.72 | 201.76 | 15.4451 |
| 2012 | 252.69 | 224.69 | 13.1124 |
| 2013 | 300.96 | 253.27 | 12.2469 |
| Sterling Exempt 2 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 130.54 | 92.91 | 8.8029 |
| 2010 | 143.20 | 121.16 | 9.8113 |
| 2011 | 148.77 | 126.76 | 9.7080 |
| 2012 | 158.24 | 140.90 | 8.2284 |
| 2013 | 188.04 | 158.59 | 7.6610 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 125.32 | 89.38 | 8.4553 |
| 2010 | 137.14 | 116.17 | 9.4071 |
| 2011 | 142.28 | 121.20 | 9.2859 |
| 2012 | 150.80 | 134.46 | 7.8521 |
| 2013 | 178.67 | 151.11 | 7.2919 |
| Sterling Institutional (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 | 57.70 | 43.85 | 3.9751 |
| 2010 | 59.59 | 50.55 | 4.1552 |
| 2011 | 58.75 | 49.01 | 3.8153 |
| 2012 | 57.06 | 52.19 | 3.0243 |
| 2013 | 65.16 | 56.25 | 2.6701 |

Price and Revenue Record by Share Class (Calendar Year) – contd.

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 209.33 | 148.10 | 14.0817 |
| 2010 | 231.31 | 195.03 | 15.7912 |
| 2011 | 241.29 | 205.77 | 15.7381 |
| 2012 | 259.36 | 230.02 | 13.3067 |
| 2013 | 310.43 | 259.96 | 12.5976 |
| Sterling X (Net Inc.)² | (pence) | (pence) | (pence) |
| 2009 (from 2 April) | 199.37 | 157.33 | 9.8682 |
| 2010 (to 27 April) | 206.54 | 186.81 | 3.4741 |
| 2010 (from 8 October) | 105.17 | 98.84 | 1.4496 |
| 2011 | 105.84 | 88.53 | 6.8797 |
| 2012 | 104.19 | 95.00 | 5.4542 |
| 2013 | 119.80 | 103.01 | 4.9134 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 4 September) | 102.40 | 97.80 | 1.3406 |
| 2013 | 117.75 | 101.54 | 4.8275 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 4 September) | 102.68 | 98.07 | 1.3429 |
| 2013 | 121.97 | 102.90 | 4.9706 |
| Sterling P (Net Inc.)³ | (pence) | (pence) | (pence) |
| 2012 (from 21 September) | 100.87 | 96.36 | 1.1521 |
| 2013 (to 23 September) | 115.86 | 100.01 | 3.0293 |
| Sterling P (Net Accum.)⁴ | (pence) | (pence) | (pence) |
| 2012 (from 4 October) | 100.72 | 96.22 | 1.0384 |
| 2013 (to 26 July) | 118.34 | 100.92 | 3.0781 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 3 October) | 101.10 | 96.59 | 1.0256 |
| 2013 | 116.15 | 100.26 | 4.6609 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 3 October) | 101.10 | 96.58 | 1.0254 |
| 2013 | 119.69 | 101.30 | 4.8099 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|---------------------------------------|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 1,940,369 | 53.78 | 3,607,768,407 |
| 30/06/2012 | 1,646,723 | 51.71 | 3,184,671,082 |
| 30/06/2013 | 1,471,545 | 56.52 | 2,603,648,282 |
| 31/12/2013 | 1,483,511 | 60.36 | 2,457,819,564 |
| Sterling Exempt 1 (Net Accum.) | | (pence) | |
| 30/06/2011 | 146,652 | 230.39 | 63,652,682 |
| 30/06/2012 | 127,546 | 237.31 | 53,747,062 |
| 30/06/2013 | 97,635 | 275.98 | 35,377,635 |
| 31/12/2013 | 102,058 | 300.88 | 33,920,112 |
| Sterling Exempt 2 (Net Accum.) | | (pence) | |
| 30/06/2011 | 15,800 | 144.80 | 10,911,806 |
| 30/06/2012 | 9,293 | 148.77 | 6,246,652 |
| 30/06/2013 | 8,592 | 172.60 | 4,978,115 |
| 31/12/2013 | 1,459 | 187.98 | 776,133 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Institutional (Net Accum.) | | | (pence) |
| 30/06/2011 | 283,389 | 138.49 | 204,625,860 |
| 30/06/2012 | 272,720 | 141.93 | 192,145,175 |
| 30/06/2013 | 266,818 | 164.25 | 162,443,836 |
| 31/12/2013 | 192,887 | 178.62 | 107,987,758 |
| Sterling Institutional (Net Inc.) | | | (pence) |
| 30/06/2011 | 109,716 | 55.99 | 195,949,005 |
| 30/06/2012 | 54,104 | 54.11 | 99,996,972 |
| 30/06/2013 | 28,345 | 59.44 | 47,690,604 |
| 31/12/2013 | 26,716 | 63.63 | 41,983,725 |
| Sterling X (Net Accum.) | | | (pence) |
| 30/06/2011 | 79,776 | 234.81 | 33,974,464 |
| 30/06/2012 | 84,004 | 243.07 | 34,559,873 |
| 30/06/2013 | 118,953 | 283.95 | 41,891,715 |
| 31/12/2013 | 130,656 | 310.35 | 42,100,134 |
| Sterling X (Net Inc.)² | | | (pence) |
| 30/06/2011 | 51,661 | 101.00 | 51,147,861 |
| 30/06/2012 | 55,863 | 98.59 | 56,664,306 |
| 30/06/2013 | 81,464 | 109.39 | 74,468,767 |
| 31/12/2013 | 87,959 | 117.72 | 74,721,506 |
| Sterling Institutional W (Net Inc.) | | | (pence) |
| 30/06/2013 | 28,048 | 107.43 | 26,107,988 |
| 31/12/2013 | 52,590 | 115.16 | 45,665,838 |
| Sterling Institutional W (Net Accum.) | | | (pence) |
| 30/06/2013 | 775 | 111.99 | 692,144 |
| 31/12/2013 | 2,556 | 121.93 | 2,096,288 |
| Sterling P (Net Inc.)³ | | | (pence) |
| 30/06/2013 | 505 | 105.68 | 478,319 |
| Sterling P (Net Accum.)⁴ | | | (pence) |
| 30/06/2013 | 120 | 109.70 | 109,638 |
| Sterling Retail Adv B (Net Inc.) | | | (pence) |
| 30/06/2013 | 26 | 108.36 | 24,256 |
| 31/12/2013 | 142 | 113.44 | 125,446 |
| Sterling Retail Adv B (Net Accum.) | | | (pence) |
| 30/06/2013 | 36 | 108.32 | 33,304 |
| 31/12/2013 | 125 | 119.66 | 104,157 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| Gas, Water & Multiutilities | 11.32 | 11.07 |
| Mobile Telecommunications | 7.97 | 0.00 |
| Oil & Gas Producers | 7.06 | 8.19 |
| Switzerland | 6.24 | 5.29 |
| Media | 6.19 | 8.58 |
| Nonlife Insurance | 5.74 | 4.12 |
| United States of America | 5.54 | 6.49 |
| Pharmaceuticals & Biotechnology | 5.37 | 6.40 |
| Life Insurance | 5.35 | 4.49 |
| Support Services | 4.64 | 4.22 |
| Travel & Leisure | 4.43 | 4.22 |
| Tobacco | 3.83 | 4.48 |
| Aerospace & Defence | 3.56 | 3.88 |
| Beverages | 3.23 | 3.54 |
| Financial Services | 2.86 | 4.60 |
| Banks | 2.18 | 0.00 |
| Software & Computer Services | 2.09 | 1.55 |
| Food Producers | 1.97 | 2.74 |
| Electricity | 1.54 | 3.25 |
| Chemicals | 1.53 | 1.31 |
| Fixed Line Telecommunications | 1.35 | 0.00 |
| Industrial Engineering | 1.32 | 2.20 |
| Electronic & Electrical Equipment | 1.29 | 0.00 |
| Household Goods & Home Construction | 1.22 | 0.00 |
| General Retailers | 0.27 | 0.27 |
| Oil & Gas Equipment, Services & Distribution | 0.00 | 1.08 |
| Norway | 0.00 | 1.04 |
| Industrial Transportation | 0.00 | 0.89 |
| Cash & Others | 1.91 | 6.10 |
| | 100.00 | 100.00 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--------------------------|------------|------------|
| Vodafone | 7.97 | 0.00 |
| Royal Dutch Shell B | 7.06 | 8.19 |
| GlaxoSmithKline | 5.37 | 6.40 |
| Severn Trent | 4.47 | 3.87 |
| British American Tobacco | 3.83 | 4.48 |
| National Grid | 3.79 | 3.82 |
| Diageo | 3.23 | 3.54 |
| Centrica | 3.06 | 3.38 |
| Prudential | 2.91 | 2.49 |
| Standard Life | 2.44 | 2.00 |
| Reed Elsevier | 2.05 | 2.83 |
| Unilever | 1.97 | 2.74 |
| SSE | 1.54 | 3.25 |

NEWTON INDEX LINKED GILT FUND

GENERAL INFORMATION

| | |
|---------------------|--|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £95.74m |
| Fund launch: | 24 February 1998 |
| Comparative index: | FTSE A (Index Linked) British Govt (over 5 years) TR |
| Sector: | IMA UK Index Linked Gilts |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|-------------|
| Annual: | 31 August |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to maximise returns by investment in a portfolio of predominantly sterling index linked gilts. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The objective of the Fund is to exceed the total return of the FTSE A (Index Linked) British Government (over 5 years) Index over rolling 5 year periods.

RISK PROFILE

As a Fund consisting of sterling-based investments, the portfolio will be exposed to changes in inflation rates, bond yields and interest rates within the UK. The portfolio will contain investments with maturities predominantly in excess of 5 years spread over a range of UK Index Linked Gilt issues. These factors may affect the performance of the Fund. The fund may use derivatives to reduce costs and/or the overall risk of the fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Institutional (Net Accum.) Share Class of the Sub-Fund returned -1.62% against -0.41% for the FTSE Actuaries Government Securities Index-Linked (over 5 years) Index.

The Fund posted a negative return, underperforming its comparative index. During the first half of the period, the Fund's underweight position in very long-dated index-linked Gilts was unfavourable as they delivered strong returns. However, this was offset by positive contributions from corporate bonds – debt issued by companies – and US inflation-linked Treasuries. Stronger economic data, political progress with the US avoiding its “fiscal cliff”, and further improvements in the eurozone conspired to create a difficult environment for bonds over the second half of the period. Exposure to index-linked Australasian bonds was a minor positive while index-linked corporate bonds were positive contributors.

Notable purchases included 0.125% Index-Linked 2019 and 1.25% Index-Linked 2017. Meanwhile, the manager sold the New South Wales Treasury index-linked bonds and inflation-protected US Treasuries, but maintained the position in New Zealand index-linked government bonds.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Exempt 2 (Gross Accum.) | 0.07 | 0.51 | 22.77 | 8.99 | 6.08 |
| Sterling Institutional (Net Accum.) | -0.50 | -0.30 | 21.80 | 8.41 | 5.18 |
| Sterling X (Gross Accum.) | 0.27 | 0.72 | 23.01 | 9.21 | 6.29 |
| Sterling X (Net Inc.) ¹ | -0.10 | N/A | N/A | N/A | N/A |
| FTSE A (Index Linked) British Govt (over 5 years) TR | 0.58 | 0.49 | 23.32 | 9.05 | 5.57 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Sterling Institutional (Net Accum.) and Sterling X (Net Inc.) – Total return including revenue net of UK tax and annual charges, but excluding initial charge. Sterling Exempt 2 (Gross Accum.) and Sterling X (Gross Accum.) – Total return including gross revenue and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|-------------------------------------|------------|------------|
| Sterling Exempt 2 (Gross Accum.) | 0.26 | 0.26 |
| Sterling Institutional (Net Accum.) | 0.56 | 0.56 |
| Sterling X (Gross Accum.) | 0.06 | 0.06 |
| Sterling X (Net Inc.) | 0.06 | 0.06 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Exempt 2 (Gross Accum.) | (pence) | (pence) | (pence) |
| 2009 | 226.60 | 192.34 | 6.3066 |
| 2010 | 241.12 | 211.71 | 3.3205 |
| 2011 | 296.62 | 230.70 | 7.0889 |
| 2012 | 299.95 | 279.72 | 8.3937 |
| 2013 | 329.94 | 287.01 | 5.1022 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 219.14 | 187.19 | 4.4101 |
| 2010 | 232.12 | 204.52 | 1.9845 |
| 2011 | 282.97 | 221.77 | 4.8380 |
| 2012 | 286.03 | 265.37 | 5.7214 |
| 2013 | 311.64 | 271.54 | 3.1601 |
| Sterling X (Gross Accum.) | (pence) | (pence) | (pence) |
| 2009 | 227.71 | 192.99 | 6.7533 |
| 2010 | 242.72 | 212.84 | 3.7932 |
| 2011 | 299.32 | 232.36 | 7.6634 |
| 2012 | 302.70 | 282.38 | 9.0651 |
| 2013 | 333.79 | 290.21 | 5.7818 |
| Sterling X (Net Inc.) | (pence) | (pence) | (pence) |
| 2011 (from 25 May) | 297.44 | 250.62 | 4.1464 |
| 2012 (from 3 January to 14 March)** | 297.11 | 280.20 | N/A |
| 2012 (from 12 April to 31 May)** | 289.23 | 278.41 | N/A |
| 2012 (from 6 June)** | 282.67 | 265.20 | 3.7142 |
| 2013 | 308.59 | 268.49 | 4.2576 |

* Distributions are shown in the year declared rather than paid.
 ** The Sterling X (Net Inc.) Share Class closed and re-opened at the dates above.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Exempt 2 (Gross Accum.) | | (pence) | |
| 30/06/2011 | 92,096 | 252.02 | 36,543,545 |
| 30/06/2012 | 106,349 | 290.69 | 36,584,628 |
| 30/06/2013 | 93,966 | 297.52 | 31,582,813 |
| 31/12/2013 | 59,161 | 296.43 | 19,957,873 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 19,184 | 241.44 | 7,945,470 |
| 30/06/2012 | 15,117 | 276.11 | 5,474,907 |
| 30/06/2013 | 22,653 | 280.63 | 8,072,205 |
| 31/12/2013 | 18,440 | 278.88 | 6,611,986 |
| Sterling X (Gross Accum.) | | (pence) | |
| 30/06/2011 | 13,784 | 254.06 | 5,425,702 |
| 30/06/2012 | 19,349 | 293.63 | 6,589,585 |
| 30/06/2013 | 16,664 | 301.13 | 5,533,642 |
| 31/12/2013 | 16,606 | 300.33 | 5,529,129 |
| Sterling X (Net Inc.) | | (pence) | |
| 30/06/2011 | 1,122 | 253.29 | 442,971 |
| 30/06/2012 | 5 | 275.57 | 1,760 |
| 30/06/2013 | 5,029 | 275.59 | 1,824,815 |
| 31/12/2013 | 1,536 | 272.72 | 563,334 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|-----------------------------------|------------|------------|
| Treasury 0.75% Index-Linked 2047 | 6.42 | 4.76 |
| Treasury 1.25% Index-Linked 2055 | 6.18 | 5.03 |
| Treasury 1.875% Index-Linked 2022 | 6.02 | 6.83 |
| Treasury 1.25% Index-Linked 2027 | 6.01 | 6.78 |
| Treasury 2.50% Index-Linked 2024 | 5.97 | 6.36 |
| Treasury 1.25% Index-Linked 2032 | 5.54 | 3.78 |
| Treasury 0.625% Index-Linked 2042 | 5.28 | 3.79 |
| Treasury 0.50% Index-Linked 2050 | 5.01 | 5.55 |
| Treasury 1.125% Index-Linked 2037 | 4.99 | 6.09 |
| Treasury 2.00% Index-Linked 2035 | 4.98 | 5.04 |
| Treasury 0.375% Index-Linked 2062 | 4.77 | 5.24 |
| Treasury 4.125% Index-Linked 2030 | 4.73 | 6.08 |
| Treasury 2.50% Index-Linked 2020 | 4.66 | 7.92 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------|------------|------------|
| AAA | 92.14 | 94.92 |
| AA | 1.31 | 1.09 |
| A | 1.70 | 1.36 |
| BBB | 0.68 | 0.46 |
| Not rated (by S&P) | 3.22 | 0.00 |
| Derivatives | 0.18 | 0.13 |
| Cash & Others | 0.77 | 2.04 |
| | 100.00 | 100.00 |

NEWTON INTERNATIONAL BOND FUND

GENERAL INFORMATION

| | |
|---------------------|--|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £626.86m |
| Fund launch: | 1 February 1991 |
| Comparative index: | JP Morgan Global GBI Unhedged TR |
| Sector: | IMA Global Bonds |
| Fund ratings: | Gold/V4 Rating by S&P Fund Manager Ratings |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|-------------|
| Annual: | 31 August |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to maximise the total return from income and capital growth in the world bond markets through investment predominantly in Government and other public securities. The Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes.

INVESTMENT POLICY

Investments are made in securities that ensure diversification and liquidity whilst paying attention to the objective of the Fund. For comparison sake alone, the Fund is viewed against the JP Morgan Global Government Bond Index (GBI).

RISK PROFILE

As a global fund, the Fund will be exposed to changes in currency rates and bond yields around the world. The portfolio may contain some investments in less-developed markets, but most securities will be domiciled within the developed nations of North America, Europe and the Far East. The Fund will use derivatives to generate returns and that can involve a higher level of risk. These factors may affect the performance of the Fund. The fund may also invest in Emerging Markets. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned -7.42% against -7.16% for the JP Morgan Global GBI.

Over the period, the Fund posted a negative return and marginally underperformed its comparative index. Over the third quarter, with investors moderating their expectations for interest rate rises and the US Federal Reserve's (Fed's) change of heart over the "tapering" of its asset-purchasing programme, led government bond markets to rally. The Japanese bond market was strong through the quarter and the Fund's zero weighting in that market was the cause of most of its underperformance relative to the comparative index. The second half of the period saw government bond markets rally initially before succumbing to fears of the Fed reducing its bond buying programme amid stronger US economic growth. The Fund's duration (interest rate risk) was lower than that of the index, protecting the Fund partially as yields rose (prices fell). Another contributor to relative performance was the Fund's exposure to Spanish and Italian bonds. These were in demand because investors continue to be attracted by both the higher yields, and also signs of better than expected economic growth for these eurozone countries, which has the potential to raise the credit rating of each country. Finally, modest currency positions added some relative value, in particular an underweight position in the Japanese yen, which remained one of the world's weakest major currencies.

In addition to the purchase of Italian and Spanish government bonds maturing in 2022, the manager increased UK Gilt and Canadian sovereign debt holdings. Notable sales included 4.25% USA 2039. The Fund's currency allocation was run close to that of the comparative index, with a modest underweight Japanese yen position.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | -8.46 | -1.33 | 6.17 | 10.99 | -7.61 |
| Euro Accumulation | -8.43 | -2.07 | 6.14 | 10.02 | -8.82 |
| Sterling Institutional (Net Accum.) | -8.04 | -0.88 | 6.65 | 11.48 | -7.19 |
| Sterling Institutional (Net Inc.) | -8.03 | -0.88 | 6.65 | 11.49 | -7.19 |
| Sterling Exempt 2 (Gross Accum.) | -7.58 | -0.32 | 7.23 | 12.38 | -6.39 |
| Sterling Institutional W (Net Inc.) ¹ | -8.03 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | -8.04 | N/A | N/A | N/A | N/A |
| Sterling P (Net Accum.) ¹ | -8.41 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | -8.29 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | -8.27 | N/A | N/A | N/A | N/A |
| JP Morgan Global GBI Unhedged TR | -6.27 | -3.15 | 8.02 | 9.77 | -9.27 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling X (Net Accum.) Share Class closed 8 October 2009.

³ The Sterling P (Net Inc.) Share Class closed 23 September 2013.

Source: Lipper as at 31 December 2013 – For all share classes except Sterling Exempt 2 (Gross Accum.) – Total return including revenue net of UK tax and annual charges, but excluding initial charge. For Sterling Exempt 2 (Gross Accum.) – Total return including gross revenue and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.13 | 1.13 |
| Euro Accumulation | 1.63 | 1.63 |
| Sterling Institutional (Net Accum.) | 0.56 | 0.56 |
| Sterling Institutional (Net Inc.) | 0.56 | 0.56 |
| Sterling Exempt 2 (Gross Accum.) | 0.36 | 0.36 |
| Sterling Institutional W (Net Inc.) | 0.56 | 0.56 |
| Sterling Institutional W (Net Accum.) | 0.56 | 0.56 |
| Sterling Retail Adv B (Net Inc.) | 0.88 | 0.88 |
| Sterling Retail Adv B (Net Accum.) | 0.88 | 0.88 |
| Sterling P (Net Accum.) | 1.06 | 1.06 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 214.92 | 179.30 | 4.0467 |
| 2010 | 216.42 | 190.25 | 3.9288 |
| 2011 | 223.78 | 197.63 | 2.6010 |
| 2012 | 223.11 | 208.41 | 2.1343 |
| 2013 | 222.07 | 194.19 | 1.5204 |
| Euro Accumulation | (cents) | (cents) | (cents) |
| 2009 | 133.41 | 121.92 | 2.1829 |
| 2010 | 153.41 | 126.53 | 2.1971 |
| 2011 | 157.83 | 134.94 | 1.2124 |
| 2012 | 172.21 | 150.76 | 0.9468 |
| 2013 | 158.89 | 141.02 | 0.4897 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 240.72 | 201.73 | 5.5661 |
| 2010 | 252.13 | 218.69 | 5.6291 |
| 2011 | 266.01 | 232.68 | 4.2034 |
| 2012 | 267.48 | 249.68 | 3.7513 |
| 2013 | 269.81 | 237.81 | 3.0179 |
| Sterling Institutional (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 | 227.36 | 189.66 | 5.2213 |
| 2010 | 229.18 | 201.17 | 5.1490 |
| 2011 | 236.89 | 209.10 | 3.7612 |
| 2012 | 236.39 | 220.65 | 3.3033 |
| 2013 | 235.01 | 205.82 | 2.6209 |
| Sterling Exempt 2 (Gross Accum.) | (pence) | (pence) | (pence) |
| 2009 | 157.95 | 132.74 | 4.8745 |
| 2010 | 167.89 | 144.67 | 4.9928 |
| 2011 | 178.05 | 155.27 | 3.8422 |
| 2012 | 179.88 | 167.62 | 3.5015 |
| 2013 | 182.08 | 161.12 | 2.8945 |
| Sterling X (Net Accum.)² | (pence) | (pence) | (pence) |
| 2009 (from 29 June to 8 October) | 151.27 | 133.95 | 0.0037 |
| Sterling P (Net Inc.)³ | (pence) | (pence) | (pence) |
| 2012 (from 22 June) | 102.15 | 98.27 | 0.5702 |
| 2013 | 102.25 | 92.57 | 0.4213 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 4 September) | 100.81 | 97.72 | 0.7459 |
| 2013 | 101.54 | 88.93 | 1.1323 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 4 September) | 100.81 | 97.72 | 0.7460 |
| 2013 | 102.33 | 90.19 | 1.1445 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 3 October) | 101.06 | 97.93 | 0.5672 |
| 2013 | 101.90 | 89.15 | 0.8899 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 3 October) | 101.06 | 97.93 | 0.5674 |
| 2013 | 102.50 | 90.15 | 0.8973 |
| Sterling P (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 16 October) | 100.84 | 97.71 | 0.2195 |
| 2013 | 102.23 | 89.80 | 0.7554 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 610,186 | 208.09 | 293,237,158 |
| 30/06/2012 | 621,319 | 217.48 | 285,692,083 |
| 30/06/2013 | 508,257 | 209.80 | 242,256,803 |
| 31/12/2013 | 389,819 | 192.96 | 202,019,654 |
| Euro Accumulation | | (cents) | |
| 30/06/2011 | 873 | 138.68 | 696,017 |
| 30/06/2012 | 13,335 | 163.53 | 10,113,064 |
| 30/06/2013 | 688 | 149.21 | 538,303 |
| 31/12/2013 | 329 | 141.57** | 279,389 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 17,847 | 247.09 | 7,223,154 |
| 30/06/2012 | 47,536 | 262.03 | 18,141,324 |
| 30/06/2013 | 39,380 | 256.33 | 15,362,675 |
| 31/12/2013 | 36,791 | 237.12 | 15,516,069 |
| Sterling Institutional (Net Inc.) | | (pence) | |
| 30/06/2011 | 80,875 | 220.05 | 36,753,410 |
| 30/06/2012 | 138,579 | 229.99 | 60,253,561 |
| 30/06/2013 | 159,341 | 221.85 | 71,825,101 |
| 31/12/2013 | 169,857 | 204.01 | 83,257,317 |
| Sterling Exempt 2 (Gross Accum.) | | (pence) | |
| 30/06/2011 | 8,133 | 165.30 | 4,919,891 |
| 30/06/2012 | 224 | 176.14 | 127,197 |
| 30/06/2013 | 287 | 173.25 | 165,382 |
| 31/12/2013 | 287 | 160.65 | 178,417 |
| Sterling P (Net Inc.) | | (pence) | |
| 30/06/2012 | 15 | 100.13 | 15,000 |
| 30/06/2013 | 317 | 96.59 | 328,666 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 22,018 | 95.85 | 22,970,726 |
| 31/12/2013 | 26,376 | 88.15 | 29,923,211 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 1,645 | 97.22 | 1,692,113 |
| 31/12/2013 | 3,367 | 89.93 | 3,744,332 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 5 | 96.23 | 5,029 |
| 31/12/2013 | 4 | 88.48 | 5,054 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 16 | 97.29 | 16,412 |
| 31/12/2013 | 21 | 89.88 | 23,331 |
| Sterling P (Net Accum.) | | (pence) | |
| 30/06/2013 | 9 | 97.00 | 8,788 |
| 31/12/2013 | 8 | 89.55 | 8,787 |

** Euro/Sterling exchange rate at midday 31 December 2013: 1.201967.

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--|-------------------|-------------------|
| Italy 5.50% BTP 2022 | 7.39 | 0.00 |
| USA Treasury Notes 1.50% 2018 | 5.91 | 4.32 |
| USA Treasury Notes 1.00% 2017 | 5.60 | 6.68 |
| Belgium 3.00% Bonds 2019 | 4.16 | 2.43 |
| Italy 4.75% BTP 2017 | 4.13 | 2.26 |
| UK Treasury Gilt 1.25% Index-Linked 2017 | 3.09 | 1.03 |
| Canada 1.25% Bonds 2018 | 3.06 | 0.00 |
| USA Treasury Bonds 0.125% TII 2018 | 3.05 | 0.00 |
| USA Treasury Bonds 2.875% 2043 | 2.79 | 0.00 |
| Czech Republic 1.50% Bonds 2019 | 2.39 | 0.00 |
| USA Treasury Notes 2.125% 2021 | 0.00 | 3.49 |
| Canada 2.00% Bonds 2016 | 0.00 | 3.31 |
| UK Treasury Gilt 1.75% 2022 | 0.00 | 2.72 |
| USA Treasury Bonds 4.25% 2039 | 0.00 | 2.61 |
| Mexico 6.50% Bonds 2022 | 0.00 | 2.53 |
| USA Treasury Notes 1.00% 2016 | 0.00 | 2.40 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------|-------------------|-------------------|
| AAA | 52.15 | 69.38 |
| AA | 14.05 | 14.91 |
| A | 2.90 | 2.14 |
| BBB | 13.40 | 4.87 |
| Not rated | 15.10 | 0.00 |
| Derivatives | (0.44) | 0.53 |
| Cash & Others | 2.84 | 8.17 |
| | 100.00 | 100.00 |

NEWTON LONG CORPORATE BOND FUND

GENERAL INFORMATION

| | |
|---------------------|--|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £231.79m |
| Fund launch: | 29 June 2000 |
| Comparative index: | BofA Merrill Lynch Non-Gilt 10 yr+ Invest Grade TR |
| Sector: | IMA £ Corporate Bond |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|-------------|
| Annual: | 31 August |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to maximise returns through investment in predominantly sterling denominated fixed interest securities excluding gilts. The Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes.

INVESTMENT POLICY

The Fund aims to outperform the BofA Merrill Lynch Non-Gilt (over 10 years) Investment Grade Index (GBP) by up to 1% p.a. over rolling 5 year periods.

RISK PROFILE

The Fund invests in fixed rate predominantly sterling denominated bonds, excluding gilts, and is therefore exposed to changes in the level of sterling interest rates. The Fund is also exposed to credit risk, through investment grade corporate bonds issued by both UK domiciled and non-UK domiciled companies. The Fund may invest in investments that are not traded regularly and are therefore subject to greater fluctuations in price. These factors may affect the performance of the Fund. The Fund may use derivatives to generate returns and/or reduce costs and/or the overall risk of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Institutional (Net Accum.) Share Class of the Sub-Fund returned 1.89% against 2.43% for the BofA Merrill Lynch Non-Gilt (over 10 year) Investment Grade Index.

Over the six months, the Fund generated a positive return but underperformed its comparative index. Over the first half of the period, strong demand for corporate debt globally was exemplified by the performance of the record-breaking US\$49bn issuance by Verizon (three times larger than the previous largest issuance). The longer the maturity and the lower the credit rating, the greater were the returns for corporate bonds as sub-investment grade bonds – debt issued by companies that are rated below BBB by the credit rating agency Standard and Poor's – outperformed higher rated bonds. Stronger economic data, political progress with the US avoiding its "fiscal cliff", and further improvements in the eurozone conspired to create a difficult environment for bonds over the second half of the period. Although the Fund delivered a positive return, its more "defensive" stance (preferring higher-rated bonds to sub-investment-grade bonds) led to muted returns. Meanwhile, lower exposure to European corporate bonds (principally Italy and Spain) was a negative for relative performance as these generally performed strongly.

During the period, the manager built new exposure to several investment-grade issuers (including 4.875% Dong Energy 2032). Positions were also initiated in bonds issued by Experian Finance and National Westminster Bank. The Fund exited 5.5% Scottish Widows 2023 and 4.875% East Japan Railway 2034.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Exempt 1 (Gross Accum.) | 0.01 | 13.70 | 12.25 | 9.98 | 12.87 |
| Sterling Exempt 2 (Gross Accum.) | -0.08 | 13.58 | 12.13 | 9.88 | 12.75 |
| Sterling Institutional (Net Accum.) | -1.07 | 12.41 | 10.37 | 8.38 | 11.30 |
| Sterling X (Gross Accum.) | 0.22 | 13.93 | 12.47 | 10.20 | 13.10 |
| Sterling X (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| BofA Merrill Lynch Non-Gilt 10 yr+ Invest Grade TR | -0.66 | 14.57 | 11.26 | 9.92 | 13.03 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Sterling Institutional (Net Accum.) and Sterling X (Net Inc.) – Total return including revenue net of UK tax and annual charges, but excluding initial charge. Sterling Exempt 1 (Gross Accum.), Sterling Exempt 2 (Gross Accum.) and Sterling X (Gross Accum.) – Total return including gross revenue and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|-------------------------------------|------------|------------|
| Sterling Exempt 1 (Gross Accum.) | 0.26 | 0.26 |
| Sterling Exempt 2 (Gross Accum.) | 0.36 | 0.36 |
| Sterling Institutional (Net Accum.) | 0.56 | 0.56 |
| Sterling X (Gross Accum.) | 0.06 | 0.06 |
| Sterling X (Net Inc.) | 0.06 | N/A |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depository, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Exempt 1 (Gross Accum.) | (pence) | (pence) | (pence) |
| 2009 | 173.41 | 139.03 | 8.9788 |
| 2010 | 195.31 | 168.15 | 9.1059 |
| 2011 | 208.61 | 181.24 | 9.3719 |
| 2012 | 238.12 | 206.58 | 9.9184 |
| 2013 | 249.87 | 228.79 | 10.0907 |
| Sterling Exempt 2 (Gross Accum.) | (pence) | (pence) | (pence) |
| 2009 | 117.13 | 93.98 | 5.9612 |
| 2010 | 131.79 | 113.53 | 6.0237 |
| 2011 | 140.60 | 122.25 | 6.1882 |
| 2012 | 160.31 | 139.20 | 6.5316 |
| 2013 | 168.16 | 153.97 | 6.6301 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 103.75 | 83.92 | 4.0911 |
| 2010 | 115.60 | 100.13 | 4.0581 |
| 2011 | 120.78 | 106.41 | 4.0955 |
| 2012 | 136.21 | 119.23 | 4.2546 |
| 2013 | 142.31 | 130.10 | 4.2650 |
| Sterling X (Gross Accum.) | (pence) | (pence) | (pence) |
| 2009 | 174.18 | 139.46 | 9.3258 |
| 2010 | 196.52 | 169.02 | 9.5240 |
| 2011 | 210.42 | 182.53 | 9.8374 |
| 2012 | 240.67 | 208.48 | 10.4641 |
| 2013 | 252.77 | 231.52 | 10.6924 |
| Sterling X (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 (from 18 November) | 100.39 | 98.26 | 1.8530 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Exempt 1 (Gross Accum.) | | (pence) | |
| 30/06/2011 | 69,648 | 189.72 | 36,711,620 |
| 30/06/2012 | 64,966 | 216.64 | 29,987,495 |
| 30/06/2013 | 69,321 | 230.07 | 30,130,121 |
| 31/12/2013 | 47,165 | 235.62 | 20,017,950 |
| Sterling Exempt 2 (Gross Accum.) | | (pence) | |
| 30/06/2011 | 1,356 | 127.92 | 1,060,195 |
| 30/06/2012 | 12,757 | 145.93 | 8,742,086 |
| 30/06/2013 | 14,399 | 154.82 | 9,300,822 |
| 31/12/2013 | 26,693 | 158.47 | 16,844,221 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 5,214 | 110.86 | 4,703,263 |
| 30/06/2012 | 9,324 | 124.52 | 7,488,118 |
| 30/06/2013 | 3,934 | 130.81 | 3,007,191 |
| 31/12/2013 | 116 | 133.21 | 87,190 |
| Sterling X (Gross Accum.) | | (pence) | |
| 30/06/2011 | 120,192 | 191.22 | 62,856,752 |
| 30/06/2012 | 147,996 | 218.79 | 67,642,140 |
| 30/06/2013 | 160,971 | 232.82 | 69,140,963 |
| 31/12/2013 | 156,347 | 238.67 | 65,508,663 |
| Sterling X (Net Inc.) | | (pence) | |
| 31/12/2013 | 1,471 | 98.05 | 1,500,000 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|---|------------|------------|
| Network Rail Infra Finance 4.75% Bonds 2035 | 2.89 | 2.74 |
| Electricite de France 6.125% Bonds 2034 | 2.21 | 1.96 |
| Temasek Financial 5.125% Bonds 2040 | 2.01 | 2.39 |
| Citigroup 5.15% Bonds 2026 | 1.61 | 1.53 |
| Tesco Property Finance 5.744% Bonds 2040 | 1.57 | 1.43 |
| Kreditanstalt Fur Wiederaufbau 5.00% Bonds 2036 | 1.55 | 1.48 |
| European Investment Bank 0.00% Bonds 2028 | 1.53 | 1.16 |
| Kreditanstalt Fur Wiederaufbau 5.50% Bonds 2025 | 1.49 | 1.46 |
| HSBC Bank 5.375% Bonds 2030 | 1.49 | 1.35 |
| Heathrow Funding 5.875% Bonds 2041/43 | 1.40 | 1.26 |
| Southern Gas Network 4.875% EMTN 2029 | 1.39 | 1.31 |
| HBOS Treasury Services 4.875% EMTN 2024 | 1.38 | 1.31 |
| Juturna 5.0636% Bonds 2033 | 1.35 | 1.28 |
| Sunderland (SHG) Finance 6.38% Bonds 2042 | 1.34 | 1.29 |
| GlaxoSmithKline Capital 6.375% Bonds 2039 | 1.22 | 1.52 |
| European Investment Bank 4.50% Bonds 2044 | 1.00 | 0.91 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------|------------|------------|
| AAA | 19.49 | 20.24 |
| AA | 16.36 | 15.56 |
| A | 31.16 | 30.35 |
| BBB | 22.82 | 25.64 |
| Not rated (by S&P) | 5.34 | 5.62 |
| Cash & Others | 4.83 | 2.59 |
| | 100.00 | 100.00 |

NEWTON LONG GILT FUND

GENERAL INFORMATION

| | |
|---------------------|--------------------------------------|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £55.49m |
| Fund launch: | 1 March 1979 |
| Comparative index: | FTSE A British Govt Over 15 Years TR |
| Sector: | IMA UK Gilt |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------------------------------|
| Annual: | 30 June |
| Interim: | 31 December, 31 March, 30 September |

Distribution payment dates for all share classes:

| | |
|----------|----------------------------------|
| Annual: | 31 August |
| Interim: | 28 February, 31 May, 30 November |

INVESTMENT OBJECTIVE

The objective of the Fund is to maximise returns through investment in securities issued or guaranteed by the UK Government or the Governments of foreign countries or corporate bodies. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The objective of the Fund is to marginally outperform the FTSE A British Government (over 15 years) Index over rolling 5 year periods.

RISK PROFILE

As a UK gilt Fund, the portfolio will be predominantly exposed to changes in bond yields and interest rates and inflation within the UK. The portfolio will contain investments with maturities predominantly in excess of 15 years, spread over a range of individual government and corporate bond issues. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Institutional (Net Accum.) Share Class of the Sub-Fund returned -0.89% against -0.48% for the FTSE Actuaries British Government over 15 years Index.

Over the period, the Fund posted a negative return and underperformed its comparative index. This was principally due to being shorter duration – a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates – than the comparative index in September when the market rallied. Subsequently the Fund benefited from holding shorter-dated UK Gilts as yields rose (prices fell). Briefly-held positions in US Treasuries were also helpful. Stronger economic data, political progress with the US avoiding its “fiscal cliff”, and further improvements in the eurozone conspired to create a difficult environment for bonds over the second half of the period. Relative performance was helped by the Fund’s exposure to corporate bonds – debt issued by companies.

Towards the end of the period, attracted by the yields on offer, the manager bought Gilts maturing in 2023, 2036, 2040 and 2044, then in mid-December added Gilts maturing between 2030 and 2055. Meanwhile, the Fund’s corporate bond exposure was reduced following a period of strong performance.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--------------------------------------|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Exempt 2 (Gross Accum.) | -5.48 | 3.30 | 25.33 | 8.91 | -4.03 |
| Sterling Institutional (Net Accum.) | -6.26 | 2.45 | 24.14 | 7.77 | -5.03 |
| Sterling X (Gross Accum.) | -5.28 | 3.52 | 25.58 | 9.13 | -3.83 |
| Sterling X (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| FTSE A British Govt Over 15 Years TR | -5.93 | 2.91 | 26.26 | 8.78 | -4.84 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Sterling Institutional (Net Accum.) and Sterling X (Net Inc.) – Total return including revenue net of UK tax and annual charges, but excluding initial charge. Sterling Exempt 2 (Gross Accum.) and Sterling X (Gross Accum.) – Total return including gross revenue and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|-------------------------------------|------------|------------|
| Sterling Exempt 2 (Gross Accum.) | 0.27 | 0.26 |
| Sterling Institutional (Net Accum.) | 0.57 | 0.56 |
| Sterling X (Gross Accum.) | 0.07 | 0.06 |
| Sterling X (Net Inc.) | 0.07 | N/A |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depository, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Exempt 2 (Gross Accum.) | (pence) | (pence) | (pence) |
| 2009 | 299.20 | 258.91 | 11.3964 |
| 2010 | 322.70 | 273.26 | 11.6324 |
| 2011 | 386.04 | 292.49 | 11.6240 |
| 2012 | 406.31 | 361.90 | 11.3858 |
| 2013 | 410.68 | 369.21 | 11.3767 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 286.98 | 250.16 | 8.1223 |
| 2010 | 306.56 | 261.05 | 8.1821 |
| 2011 | 362.05 | 276.63 | 8.0234 |
| 2012 | 379.24 | 338.79 | 7.6343 |
| 2013 | 380.94 | 341.45 | 7.5751 |
| Sterling X (Gross Accum.) | (pence) | (pence) | (pence) |
| 2009 | 300.71 | 259.85 | 12.0116 |
| 2010 | 324.92 | 274.84 | 12.3038 |
| 2011 | 389.72 | 294.77 | 12.3852 |
| 2012 | 410.68 | 365.54 | 12.2925 |
| 2013 | 415.76 | 374.05 | 12.3018 |
| Sterling X (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 (from 18 November) | 100.65 | 97.84 | 0.6570 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Exempt 2 (Gross Accum.) | | (pence) | |
| 30/06/2011 | 80,800 | 311.96 | 25,900,632 |
| 30/06/2012 | 84,522 | 392.85 | 21,515,092 |
| 30/06/2013 | 53,569 | 377.37 | 14,195,414 |
| 31/12/2013 | 38,534 | 376.47 | 10,235,667 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 8,039 | 293.90 | 2,735,202 |
| 30/06/2012 | 11,033 | 366.87 | 3,007,364 |
| 30/06/2013 | 2,690 | 349.59 | 769,350 |
| 31/12/2013 | 3,265 | 347.26 | 940,185 |
| Sterling X (Gross Accum.) | | (pence) | |
| 30/06/2011 | 16,514 | 314.63 | 5,248,792 |
| 30/06/2012 | 14,629 | 397.03 | 3,684,513 |
| 30/06/2013 | 23,761 | 382.16 | 6,217,590 |
| 31/12/2013 | 10,748 | 381.65 | 2,816,219 |
| Sterling X (Net Inc.) | | (pence) | |
| 31/12/2013 | 2,939 | 97.82 | 3,004,816 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|---------------------------|------------|------------|
| Treasury 4.75% Stock 2030 | 8.83 | 9.13 |
| Treasury 4.25% Stock 2032 | 8.67 | 9.00 |
| Treasury 4.50% Stock 2042 | 7.72 | 7.28 |
| Treasury 4.25% Stock 2036 | 7.70 | 5.27 |
| Treasury 4.25% Stock 2040 | 7.16 | 6.15 |
| Treasury 4.75% Stock 2038 | 6.86 | 6.42 |
| Treasury 4.25% Stock 2055 | 6.47 | 5.97 |
| Treasury 3.25% Stock 2044 | 6.13 | 2.43 |
| Treasury 4.25% Stock 2046 | 6.02 | 5.22 |
| Treasury 4.50% Stock 2034 | 5.87 | 7.19 |
| Treasury 4.25% Stock 2039 | 5.34 | 5.67 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|---------------|------------|------------|
| AAA | 96.62 | 91.39 |
| AA | 0.68 | 0.83 |
| A | 1.11 | 1.11 |
| BBB | 0.00 | 0.45 |
| Cash & Others | 1.59 | 6.22 |
| | 100.00 | 100.00 |

* The assets which are not rated by S&P comprise entirely of UK Treasuries. While these are not individually rated, the UK Government has a AAA rating from S&P.

NEWTON MANAGED FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £1,406.33m |
| Fund launch: | 2 April 1990 |
| Comparative index: | IMA Flexible Investment Sector |
| Sector: | IMA Flexible Investment |
| Fund ratings: | Silver Rating by S&P Fund Manager Ratings |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|--------------|
| Annual: | 30 September |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve capital growth and income from a portfolio of UK, EC and international securities. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The Fund is actively managed, investing predominantly in equities on a global basis with the aim of providing a balance between capital growth and income.

RISK PROFILE

As a global Fund, the Fund will be exposed to changes in currency rates. The portfolio may contain some investments in less-developed markets. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 7.50% against 6.95% for the IMA Flexible Investment Sector.

The Fund posted a strong positive return and outperformed the IMA Flexible Investment Sector. The Fund benefited from good stock selection within the consumer services area, particularly its media holdings. Daily Mail & General Trust was boosted by strong full-year 2013 results, while Pearson and Wolters Kluwer also performed strongly. Meanwhile, the holding in the retailer Next was another positive. The holding in Vodafone Group was beneficial: Vodafone continues to be buoyed by speculation that it could be a potential target for acquisition, as well as by its improved balance sheet and capacity to invest following the sale of Verizon Wireless, which will be completed in the first quarter of 2014. On the negative front, not holding Apple was negative for relative performance, while the positions in Hewlett-Packard and EMC Corp, a US multinational, also detracted from performance.

Overall, the manager reduced some of the holdings which have done well for the Fund, such as Standard Life, taking profits in the process. The manager has become incrementally negative on the growth outlook for developing markets; as such, some equities with large exposure to those areas, such as Unilever, were sold. In terms of new additions to the Fund, Swisscom, a Swiss telecoms provider, was added. The manager also initiated a position in Wolters Kluwer, a Dutch publisher. The company has four main divisions and seems attractively valued, based on the sum of its parts. The manager believes the Fund is well positioned to perform in the low economic growth environment that prevails.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 20.72 | 11.38 | -8.77 | 13.39 | 17.09 |
| Sterling Institutional (Net Accum.) | 21.42 | 12.02 | -8.24 | 14.04 | 17.70 |
| Sterling Institutional W (Net Inc.) ¹ | 21.71 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 21.73 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 21.32 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 21.34 | N/A | N/A | N/A | N/A |
| IMA Flexible Investment | 15.43 | 10.19 | -8.45 | 14.59 | 23.81 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling P (Net Inc.) Share Class closed 23 September 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.61 | 1.62 |
| Sterling Institutional (Net Accum.) | 1.04 | 1.05 |
| Sterling Institutional W (Net Inc.) | 0.79 | 0.80 |
| Sterling Institutional W (Net Accum.) | 0.79 | 0.80 |
| Sterling Retail Adv B (Net Inc.) | 1.11 | 1.12 |
| Sterling Retail Adv B (Net Accum.) | 1.11 | 1.12 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 455.45 | 341.32 | 8.0467 |
| 2010 | 504.99 | 416.22 | 6.9122 |
| 2011 | 508.58 | 426.43 | 6.0588 |
| 2012 | 501.38 | 449.80 | 7.6218 |
| 2013 | 591.72 | 498.92 | 7.5904 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 487.28 | 358.32 | 10.6716 |
| 2010 | 553.32 | 454.77 | 10.3184 |
| 2011 | 561.48 | 474.70 | 9.6985 |
| 2012 | 570.58 | 504.55 | 11.6608 |
| 2013 | 688.47 | 570.65 | 12.3891 |
| Sterling P (Net Inc.)² | (pence) | (pence) | (pence) |
| 2012 (from 22 June) | 109.36 | 99.32 | 0.8273 |
| 2013 (to 23 September) | 129.02 | 108.55 | 1.7238 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 31 August) | 102.64 | 99.10 | 0.4691 |
| 2013 | 121.69 | 102.19 | 2.4974 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 31 August) | 102.64 | 99.10 | 0.4682 |
| 2013 | 124.16 | 102.67 | 2.5208 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 5 October) | 100.28 | 96.85 | 0.5875 |
| 2013 | 118.53 | 99.70 | 2.0777 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 5 October) | 100.28 | 96.85 | 0.5876 |
| 2013 | 120.92 | 100.29 | 1.6685 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 1,345,190 | 492.67 | 273,041,863 |
| 30/06/2012 | 1,165,659 | 465.35 | 250,492,334 |
| 30/06/2013 | 1,248,033 | 548.84 | 227,394,960 |
| 31/12/2013 | 1,300,846 | 589.25 | 220,762,210 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 80,317 | 547.64 | 14,666,070 |
| 30/06/2012 | 73,169 | 528.25 | 13,851,112 |
| 30/06/2013 | 81,419 | 636.79 | 12,785,837 |
| 31/12/2013 | 84,915 | 687.07 | 12,359,058 |
| Sterling P (Net Inc.)² | | (pence) | |
| 30/06/2012 | 15 | 101.25 | 15,000 |
| 30/06/2013 | 24 | 119.41 | 19,932 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 3,089 | 112.42 | 2,747,563 |
| 31/12/2013 | 9,850 | 120.71 | 8,159,918 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 1,585 | 114.70 | 1,382,300 |
| 31/12/2013 | 4,097 | 123.91 | 3,306,479 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|---|--------------------------|-----------|-----------------|
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 5,217 | 109.67 | 4,756,690 |
| 31/12/2013 | 6,570 | 117.76 | 5,579,012 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 34 | 111.89 | 30,803 |
| 31/12/2013 | 53 | 120.67 | 44,064 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|----------------------------|------------|------------|
| Vodafone | 3.13 | 1.82 |
| Reed Elsevier | 3.07 | 2.68 |
| Sage | 2.76 | 2.17 |
| Smith & Nephew | 2.73 | 2.39 |
| Smiths | 2.73 | 2.40 |
| Bayer | 2.54 | 2.52 |
| Daily Mail & General Trust | 2.53 | 2.29 |
| Wolters Kluwer | 2.49 | 0.83 |
| Roche | 2.32 | 2.35 |
| Novartis | 2.30 | 2.33 |
| BP | 2.24 | 2.72 |
| Sanofi | 2.03 | 2.27 |
| Microsoft | 1.61 | 2.38 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| United Kingdom | 39.38 | 43.73 |
| United States of America | 24.46 | 21.07 |
| Switzerland | 7.39 | 6.50 |
| Sterling Denominated Corporate Bonds | 3.63 | 2.79 |
| France | 3.23 | 4.66 |
| Germany | 3.22 | 2.52 |
| Investment Trusts | 3.14 | 2.54 |
| Sweden | 2.87 | 0.81 |
| Netherlands | 2.49 | 0.83 |
| Norway | 1.50 | 0.89 |
| Denmark | 1.44 | 0.56 |
| Overseas Government Bonds | 0.77 | 2.25 |
| Japan | 0.62 | 1.59 |
| Ireland | 0.50 | 0.00 |
| Hong Kong | 0.45 | 0.72 |
| South Africa | 0.27 | 0.00 |
| Thailand | 0.00 | 0.93 |
| Non-Sterling Denominated Corporate Bonds | 0.00 | 0.41 |
| Brazil | 0.00 | 0.41 |
| China | 0.00 | 0.37 |
| Canada | 0.00 | 0.28 |
| Cash & Others | 4.64 | 6.14 |
| | 100.00 | 100.00 |

NEWTON ORIENTAL FUND

GENERAL INFORMATION

| | |
|---------------------|--|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £490.88m |
| Fund launch: | 30 November 1990 (managed by Newton since November 1994) |
| Comparative index: | FTSE AW Asia Pacific ex Japan |
| Sector: | IMA Asia Pacific Excluding Japan |
| Fund ratings: | Gold Rating by S&P Fund Manager Ratings |

DISTRIBUTION

Period end dates for distributions for all share classes:

Annual: 30 June

Distribution payment dates for all share classes:

Annual: 31 October

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve capital growth by investing in securities predominantly in Asian and Pacific markets including Australia and New Zealand but excluding Japan. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The manager will invest in companies from around the Asia Pacific ex Japan region that will help meet the Fund's objective – to increase the capital return over the long-term.

RISK PROFILE

As a regional portfolio, the Fund will be exposed to changes in currencies and investments in less-developed markets. The Fund may also invest in small companies which may be riskier and less liquid than large companies. A fall in the value of a single investment may have a significant impact on the value of the Fund because it typically invests in a limited number of investments. These factors may affect the performance of the Fund. The fund may also invest in Emerging Markets. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned -7.65% against a positive return of 0.55% for the FTSE AW Pacific Ex Japan Index.

The Fund delivered a negative return and underperformed the comparative index over the six-month period. Stock selection was the main source of underperformance over the period, with telecoms, technology, healthcare and consumer goods all areas of weakness. Apollo Hospitals in India was the biggest detractor from performance. The stock had a strong run in the first half of the year but fell back over the second half. The Indonesian food company Indofood suffered from wider market concerns in Indonesia, as well as rising input costs due to the weaker rupiah. Other disappointments included LT Group. Meanwhile, in Thailand, Advanced Info Service, the largest Thai telecoms company, was hurt by political grumblings, along with worries about increased competition and higher marketing costs. Taiwan Mobile also struggled over the period. Nevertheless, there were some bright spots for the Fund, with the Macau gaming stock Sands China a particular highlight. The constrained supply and increased demand for gaming in Macau has stood the company in good stead, enhancing its profitability and cash flow. The global supply chain manager Noble Group also did well.

New additions to the Fund over the period included Australia and New Zealand Bank. This is the manager's favoured bank in Australia due to strong management and a regional presence. The manager felt that the risk versus reward profile of holding an Australian bank was attractive given the market and currency weakness. Meanwhile, the Fund took part in the initial public offering of New Zealand's largest renewable power generator, Meridian Energy. This was part of the government's Mixed Ownership Model programme, aimed at attracting international capital to the country and bolstering its fiscal position. In Thailand, Siam Commercial Bank was sold due to its valuation and exposure to the overstretched auto finance market. The manager remains positive on the outlook

for Thailand, although certain areas of the economy appear stretched, and so felt it right to sell of the holding in what is one of the country's most expensive banks. The position in the Indian company, Larsen & Toubro, was sold due to the weak macroeconomic backdrop and concerns that it would have to compete for lower margin projects as capital expenditure levels fall.

Statutory Performance Data (%)

| From To | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| Sterling Income | -3.81 | 10.06 | -18.34 | 30.93 | 48.04 |
| Euro Accumulation | -3.86 | 9.13 | -18.44 | 29.64 | 46.06 |
| Sterling Exempt 1 (Net Accum.) | -2.79 | 11.25 | -17.46 | 32.33 | 49.47 |
| Sterling Institutional (Net Accum.) | -3.26 | 10.69 | -17.87 | 31.65 | 48.81 |
| Sterling X (Net Accum.) | -2.31 | 11.81 | -17.05 | 32.99 | 50.15 |
| Sterling P (Net Inc.) ¹ | -3.27 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | -3.07 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | -3.06 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | -3.38 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | -3.39 | N/A | N/A | N/A | N/A |
| FTSE AW Asia Pacific ex Japan TR GBP | 1.32 | 17.47 | -14.84 | 23.88 | 55.54 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling P (Net Accum.) Share Class closed 26 July 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.66 | 1.66 |
| Euro Accumulation | 2.16 | 2.16 |
| Sterling Exempt 1 (Net Accum.) | 0.59 | 0.59 |
| Sterling Institutional (Net Accum.) | 1.09 | 1.09 |
| Sterling X (Net Accum.) | 0.09 | 0.09 |
| Sterling P (Net Inc.) | 1.09 | 1.09 |
| Sterling Institutional W (Net Inc.) | 0.84 | 0.84 |
| Sterling Institutional W (Net Accum.) | 0.84 | 0.84 |
| Sterling Retail Adv B (Net Inc.) | 1.16 | 1.16 |
| Sterling Retail Adv B (Net Accum.) | 1.16 | 1.16 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 446.56 | 270.54 | 5.1053 |
| 2010 | 577.02 | 408.27 | 3.1483 |
| 2011 | 579.42 | 434.11 | 3.6320 |
| 2012 | 531.36 | 453.48 | 2.0344 |
| 2013 | 588.27 | 479.56 | 3.7479 |
| Euro Accumulation | (cents) | (cents) | (cents) |
| 2009 | 183.14 | 110.03 | 1.6478 |
| 2010 | 247.46 | 171.79 | 0.4619 |
| 2011 | 253.58 | 186.94 | 0.3556 |
| 2012 | 238.32 | 208.56 | 0.0000 |
| 2013 | 255.21 | 210.20 | 0.4773 |
| Sterling Exempt 1 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 305.74 | 181.07 | 5.1979 |
| 2010 | 402.07 | 279.83 | 5.2950 |
| 2011 | 404.76 | 306.97 | 6.5205 |
| 2012 | 377.52 | 323.18 | 5.2261 |
| 2013 | 425.08 | 351.15 | 6.6860 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 145.28 | 86.36 | 2.0827 |
| 2010 | 190.07 | 132.90 | 1.8225 |
| 2011 | 191.05 | 144.57 | 2.1768 |
| 2012 | 177.40 | 151.64 | 1.6389 |
| 2013 | 198.58 | 163.57 | 2.2580 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 308.94 | 182.26 | 6.0665 |
| 2010 | 408.30 | 282.90 | 6.8667 |
| 2011 | 411.66 | 312.92 | 8.5000 |
| 2012 | 385.68 | 330.63 | 7.1188 |
| 2013 | 436.87 | 361.92 | 8.7925 |
| Sterling P (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 22 June) | 113.07 | 98.44 | 0.0000 |
| 2013 | 128.84 | 104.89 | 1.3797 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 4 September) | 107.12 | 98.74 | N/A |
| 2013 | 122.22 | 99.45 | 1.4736 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 4 September) | 107.13 | 98.74 | N/A |
| 2013 | 122.22 | 100.81 | 1.4790 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 26 September) | 102.96 | 98.89 | N/A |
| 2013 | 117.28 | 95.61 | 1.0220 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 26 September) | 102.96 | 98.89 | N/A |
| 2013 | 117.28 | 96.53 | 1.0194 |
| Sterling P (Net Accum.)² | (pence) | (pence) | (pence) |
| 2012 (from 5 October) | 100.35 | 96.39 | N/A |
| 2013 (to 26 July) | 114.35 | 97.97 | 0.3326 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 543,818 | 553.97 | 98,167,762 |
| 30/06/2012 | 403,800 | 467.22 | 86,426,494 |
| 30/06/2013 | 333,847 | 529.43 | 63,058,177 |
| 31/12/2013 | 259,883 | 487.29 | 53,332,100 |
| Euro Accumulation | | (cents) | |
| 30/06/2011 | 23,155 | 226.45 | 11,306,831 |
| 30/06/2012 | 13,363 | 214.05 | 7,742,217 |
| 30/06/2013 | 11,130 | 228.69 | 5,678,627 |
| 31/12/2013 | 6,802 | 216.29 ** | 3,779,804 |
| Sterling Exempt 1 (Net Accum.) | | (pence) | |
| 30/06/2011 | 9,694 | 390.62 | 2,481,601 |
| 30/06/2012 | 5,607 | 334.45 | 1,676,357 |
| 30/06/2013 | 4,903 | 385.71 | 1,271,048 |
| 31/12/2013 | 4,407 | 356.93 | 1,234,777 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 430,069 | 184.20 | 233,484,941 |
| 30/06/2012 | 193,623 | 156.93 | 123,379,597 |
| 30/06/2013 | 147,574 | 180.10 | 81,941,809 |
| 31/12/2013 | 122,092 | 166.24 | 73,442,820 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 7,073 | 397.66 | 1,778,664 |
| 30/06/2012 | 6,075 | 342.18 | 1,775,213 |
| 30/06/2013 | 7,027 | 396.60 | 1,771,758 |
| 31/12/2013 | 6,513 | 367.94 | 1,770,040 |
| Sterling P (Net Inc.) | | (pence) | |
| 30/06/2012 | 15 | 101.86 | 15,000 |
| 30/06/2013 | 386 | 115.43 | 334,808 |
| 31/12/2013 | 12 | 106.60 | 11,449 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 48,889 | 109.37 | 44,701,491 |
| 31/12/2013 | 59,867 | 101.08 | 59,225,444 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 20,503 | 110.84 | 18,497,581 |
| 31/12/2013 | 11,827 | 102.47 | 11,542,387 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 22,434 | 105.30 | 21,305,044 |
| 31/12/2013 | 19,471 | 97.17 | 20,039,503 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 8 | 106.32 | 7,694 |
| 31/12/2013 | 8 | 98.10 | 7,693 |
| Sterling P (Net Accum.)² | | (pence) | |
| 30/06/2013 | 102 | 103.67 | 98,380 |

** Euro/Sterling exchange rate at midday 31 December 2013: 1.201967.

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|------------------------------------|-------------------|-------------------|
| BHP Billiton | 6.46 | 4.79 |
| Noble | 6.12 | 5.03 |
| Taiwan Semiconductor Manufacturing | 6.07 | 6.89 |
| Apollo Hospitals | 6.01 | 6.53 |
| Sands China | 5.64 | 3.64 |
| Standard Chartered | 5.54 | 4.78 |
| Santos | 4.82 | 3.80 |
| AIA | 4.62 | 3.73 |
| Oil Search | 4.46 | 3.91 |
| Australia & New Zealand Bank | 3.54 | 0.00 |
| IHH Healthcare | 2.90 | 3.14 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------|-------------------|-------------------|
| Australia | 19.20 | 14.40 |
| Hong Kong | 16.67 | 13.27 |
| United Kingdom | 12.00 | 9.57 |
| Singapore | 10.04 | 8.82 |
| India | 9.42 | 11.07 |
| Taiwan | 8.06 | 9.95 |
| Philippines | 6.67 | 6.14 |
| China | 6.17 | 6.00 |
| Thailand | 3.81 | 7.45 |
| Indonesia | 2.90 | 3.71 |
| Malaysia | 2.90 | 3.14 |
| New Zealand | 1.53 | 0.58 |
| Cash & Others | 0.63 | 5.90 |
| | 100.00 | 100.00 |

NEWTON OVERSEAS EQUITY FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £246.26m |
| Fund launch: | 31 March 1996 |
| Comparative index: | 1/3 FTSE AW North America, 1/3 FTSE AW Europe ex UK, 1/3 FTSE AW Asia Pacific |
| Sector: | IMA Global |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|--------------|
| Annual: | 30 September |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve long-term growth by investing in stocks and shares quoted on major stock markets of the world, excluding the UK. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The Fund aims to outperform its comparative index (1/3 FTSE All World North America Index / 1/3 FTSE All World Europe ex UK Index / 1/3 FTSE All World Asia Pacific Index) by over 2% p.a. over rolling 5 year periods.

RISK PROFILE

The Fund is a portfolio of equities with exposure to many currencies around the globe. Investors in the Fund are therefore exposed to foreign currency fluctuations and the stock specific risk of the underlying equity holdings. From time to time, if the fund manager deems it appropriate, the portfolio may invest in forward currency contracts (to hedge* currency exposure), options, futures, convertibles, warrants and bonds. These factors may affect the performance of the Fund. The fund may invest in Emerging Markets and may also use Derivatives to reduce cost and/or the overall risk of the fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Exempt 1 (Net Accum.) Share Class of the Sub-Fund returned 4.09% against 6.47% for the comparative index (33.3% FTSE AW North America / 33.33% FTSE AW Europe ex UK / 33.33% FTSE AW Asia Pacific).

The Fund delivered a positive return but underperformed its comparative index over the six-month period. Positioning in technology exerted a beneficial influence. This was partially attributable to the performance of Google, the dominant company in internet search, which posted strong third quarter results. The Chinese internet search provider Baidu also performed strongly. The German tyre-maker Continental performed well on the back of another solid earnings report, which highlighted evidence that the European car market may have bottomed out in 2013 and is slowly beginning to recover. The US dental company Align Technology was another positive contributor. Notable negatives included the Asia-based conglomerate Jardine Matheson and Bangkok Bank. The Chinese retailer, Belle International, also struggled due to rising costs and weak domestic demand. However, the manager believes that the long-term growth story remains intact.

In terms of activity, the manager added Naspers, a media company, to take advantage of the growing use of internet commerce in emerging markets. A position was also added in Walt Disney, as the company's returns looks poised to increase significantly over the next five years, through growth at ESPN, lower capital expenditure requirements within its parks and resorts division, an increased focus on franchises in its studio division and better returns from its Star Wars acquisition. The manager also initiated a position in the US toy manufacturer Mattel; the opportunities in the developing world, allied to the company's scale, and focus on the convergence of toys, media and entertainment, should ensure that it will continue to deliver consistent growth.

The manager sold the holding in Keycorp, realising profits in the American regional bank after a period of strong share price gains. Meanwhile, following its completion of the takeover of Sprint, the manager took the opportunity to realise profits in the Japanese telecoms company Softbank.

* Currency hedging is a technique whereby the fund manager seeks to protect the Fund from adverse currency movements that may impact the share price.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|---|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Exempt 1 (Net Accum.) | 20.84 | 12.32 | -16.73 | 19.08 | 24.84 |
| Sterling Exempt 2 (Net Accum.) | 20.74 | 12.21 | -16.81 | 18.96 | 24.73 |
| Sterling Exempt 3 (Net Accum.) ¹ | 20.54 | 12.04 | -16.94 | 18.79 | N/A |
| Sterling X (Net Accum.) | 21.45 | 12.88 | -16.31 | 19.68 | 25.40 |
| Index ² | 20.59 | 13.59 | -9.46 | 15.65 | 20.53 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² Index – 1/3 FTSE AW North America, 1/3 FTSE AW Europe ex UK, 1/3 FTSE AW Asia Pacific.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|--------------------------------|------------|------------|
| Sterling Exempt 1 (Net Accum.) | 0.57 | 0.57 |
| Sterling Exempt 2 (Net Accum.) | 0.67 | 0.67 |
| Sterling Exempt 3 (Net Accum.) | 0.82 | 0.82 |
| Sterling X (Net Accum.) | 0.07 | 0.07 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|---------------------------------------|---------------|--------------|------------------------|
| Sterling Exempt 1 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 312.87 | 216.05 | 4.5197 |
| 2010 | 366.89 | 291.08 | 4.0605 |
| 2011 | 374.12 | 287.03 | 4.3215 |
| 2012 | 350.24 | 306.29 | 4.9823 |
| 2013 | 423.05 | 344.55 | 5.1260 |
| Sterling Exempt 2 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 148.12 | 102.36 | 2.0275 |
| 2010 | 173.52 | 137.79 | 1.7695 |
| 2011 | 176.85 | 135.65 | 1.8816 |
| 2012 | 165.35 | 144.72 | 2.1984 |
| 2013 | 199.56 | 162.63 | 2.2035 |
| Sterling Exempt 3 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 (from 22 September) | 148.06 | 132.29 | 0.2613 |
| 2010 | 173.19 | 137.71 | 1.5416 |
| 2011 | 176.38 | 135.24 | 1.6496 |
| 2012 | 164.61 | 144.23 | 1.9538 |
| 2013 | 198.30 | 161.84 | 1.9384 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 316.39 | 217.67 | 5.7540 |
| 2010 | 372.89 | 294.50 | 5.7747 |
| 2011 | 381.22 | 292.83 | 6.1394 |
| 2012 | 359.14 | 312.87 | 6.8051 |
| 2013 | 436.11 | 353.71 | 7.3315 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|---------------------------------------|--------------------------|-----------|-----------------|
| Sterling Exempt 1 (Net Accum.) | | (pence) | |
| 30/06/2011 | 215,802 | 364.12 | 59,267,107 |
| 30/06/2012 | 179,227 | 320.26 | 55,962,234 |
| 30/06/2013 | 181,032 | 398.27 | 45,454,003 |
| 31/12/2013 | 147,308 | 414.78 | 35,515,058 |
| Sterling Exempt 2 (Net Accum.) | | (pence) | |
| 30/06/2011 | 18,118 | 172.12 | 10,525,882 |
| 30/06/2012 | 15,254 | 151.24 | 10,085,811 |
| 30/06/2013 | 9,970 | 187.89 | 5,305,955 |
| 31/12/2013 | 2,566 | 195.62 | 1,311,703 |
| Sterling Exempt 3 (Net Accum.) | | (pence) | |
| 30/06/2011 | 4,446 | 171.67 | 2,589,820 |
| 30/06/2012 | 15,857 | 150.62 | 10,527,833 |
| 30/06/2013 | 19,129 | 186.85 | 10,237,625 |
| 31/12/2013 | 19,906 | 194.34 | 10,242,609 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 96,611 | 370.99 | 26,041,552 |
| 30/06/2012 | 73,844 | 327.95 | 22,516,892 |
| 30/06/2013 | 92,112 | 409.87 | 22,473,530 |
| 31/12/2013 | 76,481 | 427.94 | 17,871,957 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|---------------------|------------|------------|
| Roche | 3.08 | 2.98 |
| Toyota Motor | 2.89 | 2.92 |
| Microsoft | 2.84 | 2.87 |
| Bayer | 2.77 | 2.50 |
| Novartis | 2.52 | 2.45 |
| Google | 2.50 | 2.15 |
| Nestle | 2.19 | 2.15 |
| United Technologies | 2.15 | 1.93 |
| Japan Tobacco | 2.01 | 2.39 |
| Air Liquide | 1.83 | 1.75 |
| Principal Financial | 1.51 | 2.00 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--------------------------|------------|------------|
| United States of America | 39.81 | 39.69 |
| Switzerland | 10.52 | 10.37 |
| Germany | 9.81 | 9.32 |
| Japan | 9.38 | 11.04 |
| France | 4.55 | 4.27 |
| India | 3.47 | 3.47 |
| Hong Kong | 3.01 | 3.17 |
| Singapore | 2.23 | 2.77 |
| China | 2.17 | 1.92 |
| Canada | 2.05 | 1.64 |
| Belgium | 1.67 | 1.54 |
| Netherlands | 1.53 | 1.32 |
| Denmark | 1.28 | 1.19 |
| Thailand | 1.19 | 1.60 |
| Brazil | 0.77 | 1.32 |
| South Africa | 0.73 | 0.00 |
| Australia | 0.70 | 1.27 |
| Israel | 0.65 | 0.00 |
| South Korea | 0.59 | 0.51 |
| Mexico | 0.47 | 0.54 |
| Cash & Others | 3.42 | 3.05 |
| | 100.00 | 100.00 |

NEWTON PHOENIX MULTI-ASSET FUND

GENERAL INFORMATION

| | |
|------------------------|--------------------------------------|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £110.64m |
| Fund launch: | 27 November 2006 |
| Performance reference: | LIBOR GBP 1-Month +2% |
| Sector: | IMA Mixed Investment 20-60% Shares |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|-------------|
| Annual: | 31 August |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve long-term capital growth in excess of cash* returns from a balanced portfolio diversified across a range of assets. The Fund may invest in equities, fixed interest securities, collective investment schemes, warrants, derivative instruments, deposits and money market instruments. The ACD does not intend to have an interest in any immovable property or tangible movable property.

INVESTMENT POLICY

The Fund invests in a wide range of assets in order to generate a return above cash with significantly less volatility than an equity portfolio.

RISK PROFILE

The Fund attempts to limit risk through diversification, but may invest overseas, thus exposing performance to currency risk, although part of this risk is hedged. In addition, the investments in quoted Funds of hedge Funds, property investment trusts and structured products may offer less transparency and liquidity than equities or bonds. Sub investment grade bonds also carry more default risk than investment grade bonds. The Fund may also invest in small companies which may be riskier and less liquid than large companies as well as companies in the emerging markets. The Fund may use derivatives to generate returns. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 2.78% against 1.23% for LIBOR GBP 1 Month + 2%.

Over the period, the Fund generated a positive return. The key driver of performance was the equity – company share – portion of the Fund, as equity markets in the developed world continued to perform well. This was offset somewhat by holdings in the developing world. At the stock level, notable contributors included Arcam, a Swedish additive manufacturing company, the leading internet search company, Google, and the heart device manufacturer Heartware International. The holding in Voxeljet, a leading manufacturer of industrial 3D printing systems, was also positive. The performance of the fixed income portion of the Fund was more muted as government bonds – debt issued by governments – declined, while corporate bonds – debt issued by companies – and high-yield bonds – debt rated below BBB by the credit rating agency Standard and Poor's – performed better.

In terms of activity, exposure to infrastructure was increased with the addition of positions in the Bluefield Solar Income Fund and The Renewables Infrastructure Group, both of which operate solar assets that benefit from government subsidies. A position was also added in airplane financing company Doric Nimrod Air Three. Notable sales included a UK Gilt that matures in 2030.

* "cash" being LIBOR.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 5.22 | 7.60 | -1.82 | 11.58 | 18.44 |
| Sterling Accumulation | 5.22 | 7.61 | -1.82 | 11.58 | 18.44 |
| Sterling Exempt 2 (Net Accum.) | 5.91 | 8.28 | -1.18 | 12.32 | 19.23 |
| Sterling Institutional W (Net Inc.) ¹ | 6.01 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 6.02 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 5.76 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 5.76 | N/A | N/A | N/A | N/A |
| Sterling X (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| LIBOR GBP 1-Month +2% | 2.49 | 2.63 | 2.64 | 2.56 | 2.91 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.65 | 1.66 |
| Sterling Accumulation | 1.65 | 1.66 |
| Sterling Exempt 2 (Net Accum.) | 0.83 | 0.84 |
| Sterling Institutional W (Net Inc.) | 0.71 | 0.71 |
| Sterling Institutional W (Net Accum.) | 0.71 | 0.71 |
| Sterling Retail Adv B (Net Inc.) | 1.00 | 1.01 |
| Sterling Retail Adv B (Net Accum.) | 1.00 | 1.01 |
| Sterling X (Net Accum.) | 0.08 | 0.09 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|-----------------|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 115.42 | 95.42 | 1.7651 |
| 2010 | 126.31 | 113.46 | 1.5934 |
| 2011 | 129.23 | 118.29 | 1.7219 |
| 2012 | 130.79 | 122.09 | 1.8454 |
| 2013 | 139.79 | 129.60 | 2.0708 |

Price and Revenue Record by Share Class (Calendar Year) – contd.

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Accumulation | (pence) | (pence) | (pence) |
| 2009 | 129.17 | 105.63 | 1.9619 |
| 2010 | 143.47 | 127.70 | 1.7986 |
| 2011 | 148.23 | 136.02 | 1.9704 |
| 2012 | 152.52 | 141.19 | 2.1420 |
| 2013 | 164.03 | 152.11 | 2.4395 |
| Sterling Exempt 2 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 132.59 | 107.84 | 2.7878 |
| 2010 | 148.24 | 131.17 | 2.7652 |
| 2011 | 153.69 | 141.25 | 3.0157 |
| 2012 | 159.42 | 146.86 | 3.2452 |
| 2013 | 172.10 | 159.19 | 3.6660 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 5 September) | 102.44 | 100.19 | 0.6158 |
| 2013 | 109.98 | 101.66 | 2.4300 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 5 September) | 102.44 | 100.19 | 0.6156 |
| 2013 | 110.66 | 102.30 | 2.4556 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 27 September) | 101.15 | 99.16 | 0.7489 |
| 2013 | 108.32 | 100.22 | 2.1447 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 27 September) | 101.15 | 99.16 | 0.7488 |
| 2013 | 109.12 | 100.99 | 2.1708 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2013 (from 21 May) | 100.23 | 93.53 | 2.4842 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 22,764 | 126.62 | 17,978,926 |
| 30/06/2012 | 19,359 | 124.16 | 15,591,071 |
| 30/06/2013 | 17,184 | 130.81 | 13,137,078 |
| 31/12/2013 | 14,647 | 133.49 | 10,971,833 |
| Sterling Accumulation | | (pence) | |
| 30/06/2011 | 106,716 | 145.60 | 73,292,559 |
| 30/06/2012 | 91,866 | 144.80 | 63,442,649 |
| 30/06/2013 | 85,030 | 154.77 | 54,939,525 |
| 31/12/2013 | 76,900 | 159.10 | 48,332,821 |
| Sterling Exempt 2 (Net Accum.) | | (pence) | |
| 30/06/2011 | 32,108 | 150.94 | 21,272,128 |
| 30/06/2012 | 46,918 | 151.10 | 31,051,811 |
| 30/06/2013 | 2,871 | 162.51 | 1,766,463 |
| 31/12/2013 | 2,966 | 167.61 | 1,769,830 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 239 | 102.59 | 233,147 |
| 31/12/2013 | 975 | 104.70 | 931,006 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 932 | 104.49 | 891,863 |
| 31/12/2013 | 3,998 | 107.82 | 3,707,623 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 5 | 101.15 | 5,036 |
| 31/12/2013 | 5 | 103.20 | 5,091 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|---|--------------------------|-----------|-----------------|
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 12 | 103.02 | 11,728 |
| 31/12/2013 | 31 | 106.18 | 28,736 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2013 | 10,753 | 94.70 | 11,355,346 |
| 31/12/2013 | 11,124 | 97.97 | 11,355,346 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|---|------------|------------|
| Source Physical Markets Secured Gold Linked Note (USD) | 2.45 | 3.31 |
| Bluefield Solar Income Fund | 2.16 | 0.00 |
| BH Macro | 2.15 | 2.16 |
| BH Global | 2.10 | 2.45 |
| Bluecrest Allblue Fund | 2.06 | 1.94 |
| John Laing Infrastructure Fund | 1.87 | 1.91 |
| HICL Infrastructure | 1.80 | 1.68 |
| Bilfinger Berger Global Infrastructure | 1.79 | 0.58 |
| New Zealand Government 5.50% Bonds 2023 | 1.66 | 1.69 |
| International Public Partnership | 1.57 | 1.01 |
| Anglian Water Services Finance 4.125% Index-Linked Notes 2020 | 1.51 | 1.46 |
| ICG-Longbow UK Property Debt Investment | 1.06 | 1.54 |
| Starwood European Real Estate Finance | 0.88 | 1.49 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| Investment Trusts | 18.23 | 10.87 |
| Non-Sterling Denominated Corporate Bonds | 11.62 | 13.13 |
| Sterling Denominated Corporate Bonds | 10.38 | 12.99 |
| United Kingdom | 10.12 | 13.31 |
| United States of America | 8.61 | 9.53 |
| Hedge Funds | 6.31 | 6.55 |
| Overseas Government Bonds | 3.00 | 3.12 |
| Commodities | 2.95 | 3.81 |
| Switzerland | 2.81 | 2.81 |
| France | 2.25 | 1.68 |
| UK Government Stocks | 2.21 | 4.03 |
| Germany | 1.97 | 2.35 |
| Japan | 1.92 | 1.38 |
| Thailand | 1.59 | 1.44 |
| India | 1.57 | 1.40 |
| Hong Kong | 1.42 | 1.33 |
| Philippines | 1.29 | 0.96 |
| Israel | 1.14 | 0.61 |
| China | 1.11 | 1.10 |
| Sweden | 1.01 | 0.70 |
| South Africa | 0.76 | 0.55 |
| Singapore | 0.74 | 1.14 |
| New Zealand | 0.66 | 0.62 |
| Denmark | 0.54 | 0.53 |
| Mexico | 0.53 | 0.00 |
| Taiwan | 0.50 | 0.64 |
| Brazil | 0.40 | 0.00 |
| Preference Shares | 0.31 | 0.00 |
| Canada | 0.25 | 0.00 |
| Derivatives | 0.68 | 0.29 |
| Cash & Others | 3.12 | 3.13 |
| | 100.00 | 100.00 |

NEWTON REAL RETURN FUND

GENERAL INFORMATION

| | |
|------------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £8,597.32m |
| Fund launch: | 1 September 1993 |
| Performance reference: | LIBOR GBP 1-Month +4% |
| Sector: | IMA Targeted Absolute Return |
| Fund ratings: | Platinum Rating by S&P Fund Manager Ratings |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------|
| Annual: | 30 June |
| Interim: | 31 December |

Distribution payment dates for all share classes:

| | |
|----------|--------------|
| Annual: | 30 September |
| Interim: | 28 February |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve significant real rates of return in sterling terms predominantly from a portfolio of UK and international securities.

The Fund may also invest in deposits, approved money market instruments, derivative instruments, forward transactions and collective investment schemes.

INVESTMENT POLICY

The Fund aims to achieve an absolute return from a diverse portfolio of securities across a range of asset classes. This flexibility is utilised in order to outperform the Funds target over a 5 year time frame.

RISK PROFILE

The risks associated with the Fund will be risks that are consistent with a broad exposure to global capital markets, these include Equity Market risk, Currency Exchange Rate risk, Liquidity risk, Stock specific risk, Fixed Interest security risk and Credit risk. Because of the nature of the Fund's performance reference, the Fund has a greater emphasis on capital protection. The volatility of the Fund aims to be intermediate to that of equities and government bonds. The Fund may use derivatives to generate returns as well as invest in investments that are not traded regularly and are therefore subject to greater fluctuations in price. The Fund may also invest in emerging markets. These factors may affect the performance of the Fund. Charges are deducted from the capital of the Fund, which will affect its growth. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income 'A' Share Class of the Fund returned 2.39% against 2.2% for LIBOR GBP 1-month +4% (per annum over rolling three- to five-year periods, before fees are deducted).

The Fund posted a positive return over the period. Equities overall provided a positive contribution, driven by the telecoms sector, where Sprint, Deutsche Telekom, Millicom International Cellular, Softbank and Vodafone Group proved to be some of the leading contributors over the period. When Vodafone completes the sale of Verizon Wireless in the first quarter of 2014, it will have a strong balance sheet and the capacity to invest in order to differentiate its network at a time when several European peers are financially stretched. In the healthcare sector, the position in Bayer was a notable positive towards the end of the period. On the negative front, the Fund's government bond holdings were negatively affected by increasing yields, as growth expectations normalised somewhat and the perceived "safe haven" properties of government bonds were rendered less attractive. The largest detractors in this area were the Fund's holdings in Australian government bonds.

Amid market turbulence, periods when global equity markets declined provided the opportunity to buy positions in companies the manager has liked for some time, but where valuations had looked to be too high. A position was introduced in Wolters Kluwer, a global information services and publishing company. Meanwhile, the manager added to positions in Vodafone Group and Microsoft and took profits from Softbank. In the fixed-income portion of the Fund, the manager took the opportunity both to initiate and increase the Fund's position in five-year US Treasuries – US government debt – following the recent increase in yields. An Australian government bond which matures in 2033 was also added.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 5.30 | 3.40 | -0.35 | 9.73 | 10.58 |
| Sterling Income 'A' | 4.88 | 2.98 | -0.75 | 9.29 | 10.14 |
| Sterling Exempt 2 (Net Accum.) | 5.57 | 3.68 | -0.09 | 10.00 | 10.88 |
| Sterling X (Net Accum.) | 6.22 | 4.29 | 0.52 | 10.67 | 11.55 |
| Sterling Institutional (Net Accum.) ¹ | 5.37 | 3.47 | -0.29 | 9.76 | N/A |
| Sterling X (Net Inc.) ¹ | 6.21 | 4.28 | 0.51 | 10.68 | N/A |
| Sterling Exempt 2 (Net Inc.) ¹ | 5.57 | 3.66 | -0.10 | 9.99 | N/A |
| Sterling Exempt 1 (Net Accum.) ¹ | 5.66 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | 5.56 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 5.56 | N/A | N/A | N/A | N/A |
| Sterling P (Net Accum.) ¹ | 5.42 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 5.30 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 5.30 | N/A | N/A | N/A | N/A |
| Libor GBP 1-Month +4% | 4.49 | 4.63 | 4.65 | 4.56 | 4.91 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling P (Net Inc.) Share Class closed 23 September 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

The annual management charge is charged to capital.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.11 | 1.11 |
| Sterling Income 'A' | 1.61 | 1.61 |
| Sterling Exempt 2 (Net Accum.) | 0.79 | 0.79 |
| Sterling X (Net Accum.) | 0.04 | 0.04 |
| Sterling Institutional (Net Accum.) | 1.04 | 1.04 |
| Sterling X (Net Inc.) | 0.04 | 0.04 |
| Sterling Exempt 2 (Net Inc.) | 0.79 | 0.79 |
| Sterling Exempt 1 (Net Accum.) | 0.69 | 0.69 |
| Sterling Institutional W (Net Inc.) | 0.79 | 0.79 |
| Sterling Institutional W (Net Accum.) | 0.79 | 0.79 |
| Sterling P (Net Accum.) | 1.04 | 1.04 |
| Sterling Retail Adv B (Net Inc.) | 1.11 | 1.11 |
| Sterling Retail Adv B (Net Accum.) | 1.11 | 1.11 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 276.14 | 236.01 | 8.9659 |
| 2010 | 291.07 | 262.21 | 9.7938 |
| 2011 | 296.55 | 266.80 | 8.7503 |
| 2012 | 288.82 | 272.85 | 8.5460 |
| 2013 | 299.87 | 278.75 | 8.2973 |
| Sterling Income 'A' | (pence) | (pence) | (pence) |
| 2009 | 115.02 | 98.49 | 3.8507 |
| 2010 | 120.63 | 108.88 | 4.1778 |
| 2011 | 122.63 | 110.19 | 3.7302 |
| 2012 | 118.61 | 112.28 | 3.6313 |
| 2013 | 122.77 | 114.30 | 3.4249 |
| Sterling Exempt 2 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 180.34 | 151.17 | 5.7806 |
| 2010 | 197.68 | 173.86 | 6.5421 |
| 2011 | 204.12 | 187.30 | 6.0773 |
| 2012 | 209.40 | 194.13 | 6.1422 |
| 2013 | 220.55 | 204.82 | 6.2727 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 142.45 | 118.82 | 4.3608 |
| 2010 | 157.09 | 137.41 | 4.9675 |
| 2011 | 162.62 | 149.39 | 4.6077 |
| 2012 | 168.17 | 155.55 | 4.6820 |
| 2013 | 177.80 | 164.74 | 4.9928 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 (from 30 June) | 115.25 | 98.48 | 1.6267 |
| 2010 | 126.06 | 111.09 | 4.2354 |
| 2011 | 130.05 | 119.30 | 3.9301 |
| 2012 | 133.06 | 123.46 | 3.9696 |
| 2013 | 139.98 | 130.09 | 3.9926 |
| Sterling X (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 (from 15 July) | 116.71 | 100.00 | 1.3568 |
| 2010 | 124.37 | 111.26 | 3.9960 |
| 2011 | 127.26 | 114.77 | 3.5816 |
| 2012 | 125.66 | 118.24 | 3.5327 |
| 2013 | 131.28 | 121.63 | 3.6599 |
| Sterling Exempt 2 (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 (from 14 August) | 180.35 | 160.82 | 1.7768 |
| 2010 | 191.24 | 172.06 | 6.4042 |
| 2011 | 195.04 | 175.56 | 5.7607 |
| 2012 | 190.60 | 179.89 | 5.6505 |
| 2013 | 198.21 | 184.07 | 5.5822 |
| Sterling Exempt 1 (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 29 February) | 103.83 | 96.22 | 2.6852 |
| 2013 | 109.41 | 101.58 | 3.1142 |
| Sterling P (Net Inc.)² | (pence) | (pence) | (pence) |
| 2012 (from 5 September) | 105.32 | 100.00 | 1.3674 |
| 2013 (to 23 September) | 109.36 | 101.64 | 1.9181 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 5 September) | 101.52 | 98.05 | 1.2850 |
| 2013 | 105.56 | 98.03 | 3.0126 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 5 September) | 101.52 | 98.05 | 1.2861 |
| 2013 | 106.95 | 99.33 | 3.0681 |

Price and Revenue Record by Share Class (Calendar Year) – contd.

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|---|---------------|--------------|------------------------|
| Sterling P (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 5 October) | 100.00 | 96.56 | 0.5416 |
| 2013 | 105.22 | 97.78 | 2.2658 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 8 October) | 100.00 | 96.56 | 1.2540 |
| 2013 | 103.84 | 96.53 | 2.8986 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 8 October) | 100.00 | 96.56 | 1.2518 |
| 2013 | 105.19 | 97.78 | 2.9962 |

* Distributions are shown in the year declared rather than paid.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 399,980 | 285.58 | 140,059,981 |
| 30/06/2012 | 494,026 | 275.62 | 179,241,665 |
| 30/06/2013 | 406,324 | 280.78 | 144,713,681 |
| 31/12/2013 | 345,012 | 284.20 | 121,396,482 |
| Sterling Income 'A' | | (pence) | |
| 30/06/2011 | 637,679 | 118.00 | 540,428,763 |
| 30/06/2012 | 1,023,764 | 113.31 | 903,535,303 |
| 30/06/2013 | 1,171,160 | 114.87 | 1,019,539,619 |
| 31/12/2013 | 1,013,242 | 116.04 | 873,179,819 |
| Sterling Exempt 2 (Net Accum.) | | (pence) | |
| 30/06/2011 | 1,598,461 | 200.46 | 797,401,039 |
| 30/06/2012 | 2,258,276 | 199.71 | 1,130,778,143 |
| 30/06/2013 | 2,992,005 | 210.38 | 1,422,182,266 |
| 31/12/2013 | 3,376,336 | 215.56 | 1,566,333,449 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 930,397 | 159.78 | 582,309,089 |
| 30/06/2012 | 1,449,919 | 160.14 | 905,415,010 |
| 30/06/2013 | 2,053,559 | 169.71 | 1,210,038,073 |
| 31/12/2013 | 2,257,315 | 174.41 | 1,294,238,503 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 89,477 | 127.70 | 70,067,980 |
| 30/06/2012 | 175,710 | 126.98 | 138,381,087 |
| 30/06/2013 | 249,865 | 133.49 | 187,173,090 |
| 31/12/2013 | 271,648 | 136.64 | 198,804,547 |
| Sterling X (Net Inc.) | | (pence) | |
| 30/06/2011 | 119,570 | 122.73 | 97,422,670 |
| 30/06/2012 | 182,059 | 119.65 | 152,155,015 |
| 30/06/2013 | 187,101 | 123.05 | 152,047,515 |
| 31/12/2013 | 239,512 | 125.05 | 191,530,065 |
| Sterling Exempt 2 (Net Inc.) | | (pence) | |
| 30/06/2011 | 210,529 | 187.86 | 112,065,675 |
| 30/06/2012 | 330,901 | 181.77 | 182,044,936 |
| 30/06/2013 | 505,205 | 185.61 | 272,193,557 |
| 31/12/2013 | 456,122 | 188.05 | 242,549,894 |
| Sterling Exempt 1 (Net Accum.) | | (pence) | |
| 30/06/2012 | 28,429 | 99.00 | 28,715,528 |
| 30/06/2013 | 108,496 | 104.37 | 103,952,685 |
| 31/12/2013 | 143,440 | 106.98 | 134,081,640 |

Net Asset Value History by Share Class – contd.

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling P (Net Inc.)² | | (pence) | |
| 30/06/2012 | 15 | 100.50 | 15,000 |
| 30/06/2013 | 2,425 | 102.38 | 2,369,033 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 102,837 | 98.83 | 104,057,514 |
| 31/12/2013 | 318,542 | 100.10 | 318,211,024 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 66,012 | 102.02 | 64,707,131 |
| 31/12/2013 | 169,953 | 104.53 | 162,594,610 |
| Sterling P (Net Accum.) | | (pence) | |
| 30/06/2013 | 2,364 | 100.34 | 2,355,630 |
| 31/12/2013 | 25 | 102.76 | 24,662 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 2,469 | 97.21 | 2,539,532 |
| 31/12/2013 | 2,901 | 98.38 | 2,948,950 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 1,314 | 100.31 | 1,309,943 |
| 31/12/2013 | 3,270 | 102.64 | 3,185,581 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--------------------------------|------------|------------|
| USA Treasury Bonds 3.125% 2043 | 4.59 | 4.89 |
| GlaxoSmithKline | 3.73 | 4.34 |
| USA Treasury Notes 1.50% 2018 | 3.57 | 0.00 |
| Bayer | 3.31 | 3.43 |
| Microsoft | 2.56 | 1.24 |
| Novartis | 2.23 | 2.29 |
| Vodafone | 2.13 | 0.00 |
| Roche | 2.07 | 2.12 |
| Total | 2.00 | 1.84 |
| Sanofi | 1.97 | 1.98 |
| Centrica | 1.71 | 2.05 |
| Reynolds American | 1.68 | 2.45 |
| Norway 4.50% Bonds 2019 | 1.64 | 1.98 |
| Sprint | 1.30 | 3.12 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| Overseas Government Stocks | 15.93 | 14.21 |
| United Kingdom | 14.00 | 15.20 |
| United States of America | 13.82 | 14.89 |
| Switzerland | 7.41 | 6.93 |
| Non-Sterling Denominated Corporate Bonds | 7.34 | 7.68 |
| Germany | 5.80 | 4.73 |
| France | 3.97 | 3.82 |
| Investment Trusts | 3.37 | 1.55 |
| Sweden | 2.75 | 2.33 |
| Canada | 2.68 | 2.61 |
| Sterling Denominated Corporate Bonds | 2.66 | 2.82 |
| Commodities | 2.64 | 3.00 |
| Netherlands | 2.32 | 1.16 |
| Japan | 1.83 | 3.87 |
| Denmark | 1.56 | 1.32 |
| Australia | 1.20 | 0.77 |
| Collective Investment Schemes | 1.17 | 1.18 |
| UK Government Stocks | 0.99 | 1.75 |
| New Zealand | 0.67 | 0.00 |
| South Africa | 0.56 | 1.02 |
| Norway | 0.50 | 0.00 |
| Finland | 0.48 | 0.00 |
| Derivatives | 0.88 | 0.33 |
| Cash & Others | 5.47 | 8.83 |
| | 100.00 | 100.00 |

NEWTON UK EQUITY FUND

GENERAL INFORMATION

| | |
|---------------------|---|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £1,131.8m |
| Fund launch: | 1 May 1985 |
| Comparative index: | FTSE All Share TR |
| Sector: | IMA UK All Companies |
| Fund ratings: | Gold Rating by S&P Fund Manager Ratings |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|----------|-------------------------------------|
| Annual: | 30 June |
| Interim: | 31 December, 31 March, 30 September |

Distribution payment dates for all share classes:

| | |
|----------|----------------------------------|
| Annual: | 31 August |
| Interim: | 28 February, 31 May, 30 November |

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve capital growth and income from a portfolio of predominantly UK securities. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The Fund will invest on a broad range of UK equities across companies of all size and in any industry.

RISK PROFILE

The Fund invests predominantly in the UK, and therefore has a geographically concentrated portfolio. The Fund may also hold some investments in overseas companies, and will be exposed to changes in currency rates. The Fund may also invest in small companies which may be riskier and less liquid than large companies. Charges are deducted from the capital of the Fund, which will affect its growth. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Exempt 1 (Net Accum.) Share Class of the Sub-Fund returned 8.66% against 11.35% for the FTSE All-Share Index.

In the second half of 2013, the Fund produced a positive return, but less than its comparative index. During the period the market moved up strongly as the outlook for economic growth in developed economies improved. Sector performance reflected this preference for economically sensitive businesses with consumer discretionary, industrials and IT outperforming the more "defensive" – less economically sensitive – services and utility sectors. The main area of outperformance was within the consumer services sector, where the overweight position aided the Fund's return. In particular, Whitbread announced excellent half-year results. Additionally, the position in ASOS was positive for the Fund's performance as the online retailer reported strong growth as did the food wholesaler Booker. Hargreaves Lansdown reported impressive growth in clients and assets and not owning HSBC Holdings was helpful to performance as concerns about emerging market credit deepened. However, the overweight position in the technology sector proved costly to performance. In particular, Imagination Technologies performed poorly as investors worried over competition from ARM Holdings, another holding, which performed strongly. Additionally, SDL lost ground following a profit warning due to licence sales falling short of target. Another contributor to the Fund's relative underperformance was not owning Vodafone Group as Verizon Communications paid a much higher premium than expected for Vodafone's stake in its wireless business.

In terms of trading activity, the manager made a few changes to the portfolio. The Verizon deal transformed the Vodafone investment case as the slimmed down group can focus more on network investment and the dividend – a share of a company's profits paid out to investors – is better covered, so the stock was added to the portfolio. While the manager remains cautious on the UK domestic banks a position in the Asian bank, Standard Chartered was added. The bank operates in markets with high GDP growth and where credit markets are expanding rapidly and the valuation was attractive. Additionally, Citigroup

was introduced as a preferred way to gain exposure to the capital improvement dynamic evident in parts of the US financial system. In terms of sales, positions in SSE and Centrica were sold over worries of a significant shift in the regulatory and political backdrop for the energy sector. The manager exited the position in Unilever due to its emerging market exposure and share price vulnerability to interest rate rises. SDL was sold after a tough period for the business and its share price.

Statutory Performance Data (%)

| From To | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| Sterling Income | 17.48 | 17.86 | -12.05 | 14.66 | 11.38 |
| Sterling Institutional (Net Accum.) | 18.17 | 18.56 | -11.54 | 15.32 | 12.02 |
| Sterling Institutional (Net Inc.) | 18.15 | 18.54 | -11.55 | 15.31 | 12.01 |
| Sterling X (Net Accum.) | 19.36 | 19.75 | -10.66 | 16.47 | 13.13 |
| Sterling Exempt 1 (Net Accum.) ¹ | 18.76 | N/A | N/A | N/A | N/A |
| Sterling Exempt 3 (Net Accum.) ¹ | 18.64 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Inc.) ¹ | 18.44 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 18.46 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | 18.06 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | 18.09 | N/A | N/A | N/A | N/A |
| FTSE All Share TR | 20.81 | 12.30 | -3.46 | 14.51 | 30.12 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling P (Net Inc.) Share Class closed 23 September 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.61 | 1.61 |
| Sterling Institutional (Net Accum.) | 1.04 | 1.04 |
| Sterling Institutional (Net Inc.) | 1.04 | 1.04 |
| Sterling X (Net Accum.) | 0.04 | 0.04 |
| Sterling Exempt 1 (Net Accum.) | 0.54 | 0.54 |
| Sterling Exempt 3 (Net Accum.) | 0.64 | 0.64 |
| Sterling Institutional W (Net Inc.) | 0.79 | 0.79 |
| Sterling Institutional W (Net Accum.) | 0.79 | 0.79 |
| Sterling Retail Adv B (Net Inc.) | 1.11 | 1.11 |
| Sterling Retail Adv B (Net Accum.) | 1.11 | 1.11 |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 592.50 | 479.21 | 17.1706 |
| 2010 | 654.88 | 543.76 | 19.7240 |
| 2011 | 663.75 | 499.89 | 16.6618 |
| 2012 | 643.11 | 565.72 | 15.5927 |
| 2013 | 736.80 | 649.78 | 19.5957 |
| Sterling Exempt 2 (Net Accum.)** | (pence) | (pence) | (pence) |
| 2009 | 158.41 | 124.17 | 5.1901 |
| 2010 | 182.94 | 150.06 | 5.5126 |
| 2011 | 186.72 | 144.68 | 4.8594 |
| 2012 (to 4 September) | 186.05 | 164.68 | 2.4280 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 139.63 | 109.67 | 4.4061 |
| 2010 | 160.85 | 132.23 | 4.8539 |
| 2011 | 163.97 | 126.96 | 4.2663 |
| 2012 | 168.72 | 144.43 | 4.1403 |
| 2013 | 198.19 | 171.11 | 5.3606 |
| Sterling Institutional (Net Inc.) | (pence) | (pence) | (pence) |
| 2009 | 596.59 | 482.07 | 19.2217 |
| 2010 | 662.73 | 548.83 | 20.3251 |
| 2011 | 672.12 | 507.74 | 17.3287 |
| 2012 | 657.29 | 575.31 | 16.3317 |
| 2013 | 754.58 | 664.14 | 20.5822 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 160.37 | 124.96 | 5.7969 |
| 2010 | 186.61 | 152.03 | 5.5987 |
| 2011 | 191.20 | 148.42 | 4.9722 |
| 2012 | 199.63 | 169.26 | 4.8733 |
| 2013 | 236.94 | 202.55 | 6.3782 |
| Sterling X (Net Inc.)*** | (pence) | (pence) | (pence) |
| 2011 (from 25 May to 26 September) | 190.91 | 151.23 | 0.3062 |
| Sterling Exempt 1 (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 2 April) | 315.26 | 271.86 | 5.5535 |
| 2013 | 372.24 | 319.79 | 10.0431 |
| Sterling Exempt 3 (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 2 April) | 136.72 | 117.97 | 2.4093 |
| 2013 | 161.27 | 138.68 | 4.3532 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 5 September) | 105.31 | 100.48 | 0.5162 |
| 2013 | 121.02 | 106.42 | 3.3047 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 5 September) | 105.44 | 100.60 | 0.5167 |
| 2013 | 124.18 | 109.95 | 3.3556 |
| Sterling P (Net Inc.)² | (pence) | (pence) | (pence) |
| 2012 (from 21 September) | 102.44 | 97.76 | 0.4067 |
| 2013 (to 23 September) | 117.60 | 103.50 | 1.6729 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 9 October) | 102.25 | 97.58 | 0.3550 |
| 2013 | 117.39 | 103.33 | 3.1258 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 9 October) | 102.25 | 97.59 | 0.3549 |
| 2013 | 120.03 | 103.70 | 3.1676 |

* Distributions are shown in the year declared rather than paid.

** The Sterling Exempt 2 (Net Accum.) Share Class closed 4 September 2012.

*** The Sterling X (Net Inc.) Share Class closed 26 September 2011.

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 1,120,143 | 631.70 | 177,321,326 |
| 30/06/2012 | 998,703 | 590.59 | 169,102,078 |
| 30/06/2013 | 1,021,809 | 676.94 | 150,945,329 |
| 31/12/2013 | 1,016,770 | 727.73 | 139,717,495 |
| Sterling Exempt 2 (Net Accum.)** | | (pence) | |
| 30/06/2011 | 453 | 181.11 | 250,000 |
| 30/06/2012 | 437 | 174.94 | 250,000 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 87,325 | 159.04 | 54,908,270 |
| 30/06/2012 | 12,870 | 153.23 | 8,399,092 |
| 30/06/2013 | 10,045 | 181.42 | 5,536,793 |
| 31/12/2013 | 10,365 | 198.17 | 5,230,268 |
| Sterling Institutional (Net Inc.) | | (pence) | |
| 30/06/2011 | 6,494 | 640.78 | 1,013,380 |
| 30/06/2012 | 1,647 | 602.09 | 273,490 |
| 30/06/2013 | 4,205 | 693.59 | 606,212 |
| 31/12/2013 | 4,458 | 747.52 | 596,360 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 204,553 | 185.43 | 110,314,036 |
| 30/06/2012 | 180,474 | 180.46 | 100,008,404 |
| 30/06/2013 | 28,727 | 215.80 | 13,312,159 |
| 31/12/2013 | 15,540 | 236.92 | 6,559,237 |
| Sterling X (Net Inc.)*** | | (pence) | |
| 30/06/2011 | 2,485 | 185.13 | 1,342,266 |
| Sterling Exempt 1 (Net Accum.) | | (pence) | |
| 30/06/2012 | 49,122 | 285.65 | 17,196,767 |
| 30/06/2013 | 44,032 | 339.88 | 12,955,178 |
| 31/12/2013 | 45,095 | 372.20 | 12,115,757 |
| Sterling Exempt 3 (Net Accum.) | | (pence) | |
| 30/06/2012 | 5,889 | 123.94 | 4,751,251 |
| 30/06/2013 | 6,520 | 147.32 | 4,425,447 |
| 31/12/2013 | 6,748 | 161.25 | 4,184,548 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 5,875 | 111.27 | 5,279,958 |
| 31/12/2013 | 28,682 | 120.07 | 23,886,577 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 758 | 113.53 | 667,973 |
| 31/12/2013 | 3,733 | 124.17 | 3,006,574 |
| Sterling P (Net Inc.)² | | (pence) | |
| 30/06/2013 | 21 | 108.09 | 19,730 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 36 | 107.92 | 33,145 |
| 31/12/2013 | 353 | 116.31 | 303,326 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 43 | 109.91 | 38,889 |
| 31/12/2013 | 58 | 120.01 | 48,550 |

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--------------------------|------------|------------|
| Vodafone | 8.06 | 0.00 |
| GlaxoSmithKline | 4.30 | 5.63 |
| British American Tobacco | 3.49 | 4.50 |
| Diageo | 3.27 | 3.55 |
| Severn Trent | 2.74 | 1.94 |
| Whitbread | 2.66 | 1.71 |
| Prudential | 2.56 | 2.50 |
| Standard Life | 2.50 | 0.00 |
| Compass | 2.35 | 2.22 |
| Standard Chartered | 2.26 | 0.00 |
| Rolls-Royce | 2.22 | 2.11 |
| Reed Elsevier | 1.51 | 1.58 |
| Abcam | 1.35 | 1.88 |
| Unilever | 0.00 | 2.75 |

Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--|------------|------------|
| Travel & Leisure | 9.91 | 5.43 |
| Support Services | 9.09 | 9.44 |
| Mobile Telecommunications | 8.06 | 0.00 |
| Pharmaceuticals & Biotechnology | 7.84 | 10.12 |
| Media | 6.80 | 5.90 |
| United States of America | 5.07 | 0.00 |
| Life Insurance | 5.06 | 2.50 |
| Real Estate Investment Trusts | 3.55 | 3.59 |
| Tobacco | 3.49 | 4.50 |
| Aerospace & Defence | 3.43 | 3.36 |
| Beverages | 3.27 | 3.55 |
| Technology, Hardware & Equipment | 3.14 | 2.61 |
| Gas, Water & Multiutilities | 2.74 | 3.62 |
| Chemicals | 2.69 | 2.50 |
| General Retailers | 2.54 | 1.49 |
| Food Producers | 2.41 | 4.99 |
| Financial Services | 2.39 | 3.62 |
| Banks | 2.26 | 0.00 |
| Switzerland | 1.97 | 0.00 |
| Health Care Equipment & Services | 1.73 | 1.33 |
| Industrial Engineering | 1.65 | 3.55 |
| Oil & Gas Equipment, Services & Distribution | 1.63 | 2.34 |
| Household Goods & Home Construction | 1.21 | 1.42 |
| Software & Computer Services | 1.18 | 3.86 |
| Germany | 1.17 | 1.06 |
| Food & Drug Retailers | 1.09 | 1.52 |
| Real Estate Investment & Services | 1.01 | 1.53 |
| Electronic & Electrical Equipment | 0.93 | 2.45 |
| Oil & Gas Producers | 0.00 | 2.38 |
| Electricity | 0.00 | 1.70 |
| Cash & Others | 2.69 | 9.64 |
| | 100.00 | 100.00 |

NEWTON UK OPPORTUNITIES FUND

GENERAL INFORMATION

| | |
|---------------------|--------------------------------------|
| Investment adviser: | Newton Investment Management Limited |
| Fund size: | £392.11m |
| Fund launch: | 8 February 2002 |
| Comparative index: | FTSE All-Share |
| Sector: | IMA UK All Companies |

DISTRIBUTION

Period end dates for distributions for all share classes:

| | |
|---------|---------|
| Annual: | 30 June |
|---------|---------|

Distribution payment dates for all share classes:

| | |
|---------|------------|
| Annual: | 31 October |
|---------|------------|

INVESTMENT OBJECTIVE

The objective of the Fund is to maximise long-term capital growth from a concentrated portfolio primarily invested in the securities of UK companies. The Fund does not have a bias towards any economic sector or company size. The Fund may also invest in collective investment schemes.

INVESTMENT POLICY

The Fund invests primarily in UK equities and is not constrained by benchmark considerations. The Fund does not have a bias towards any economic sector or company size.

RISK PROFILE

The Fund has a highly concentrated portfolio and also has the ability to invest overseas and hence may be exposed to currency movements. The Fund may also invest in small companies which may be riskier and less liquid than large companies. These factors may affect the performance of the Fund. Please refer to pages 98-101 for the Synthetic Risk Reward Indicator for this Fund.

PORTFOLIO SUMMARY

Over the six-month period under review, the Sterling Income Share Class of the Sub-Fund returned 8.90% against 11.35% for the FTSE All-Share Index.

In the second half of 2013, the Fund produced a positive return but less than its comparative index. During the period the market moved up strongly as the outlook for economic growth in developed economies improved. Sector performance reflected this preference for economically sensitive businesses with consumer discretionary, industrials and IT outperforming the more "defensive" – less economically sensitive – services and utility sectors. Our main area of outperformance was within the financials. The biggest contributor was Plus500, which had its initial public offering (IPO) in July. Excellent client growth has led to 2014 profit expectations being upgraded by 50% since IPO. Not owning HSBC Holdings, and being underweight other Asian exposed financials and miners, was helpful given continued weak commodity prices and the deteriorating financial climate in China. Elsewhere, notable performance was achieved by Associated British Foods, driven by the success of its subsidiary, Primark, which now represents half of group profit. Whitbread, owner of Premier Inn and Costa brands, also contributed positively as both divisions are trading well. The biggest drag on performance was Imagination Technologies, the graphics firm, which saw licence sales disappointing once again. Wood Group, the oil services company, was weak too, as demand for design projects missed expectations. Owning SSE and Centrica was also detrimental, as regulatory scrutiny for the energy providers stepped up.

In terms of trading activity, the manager made a few changes to the portfolio. The largest transaction was a large new position in Vodafone. The Verizon deal transformed the Vodafone investment case as the slimmed-down group can focus more on network investment. A position in BSkyB was introduced as the manager believes its valuation had fallen too far on concerns over the launch of BT Sport and rising content costs. Playtech, a software company, was also added. The company is well positioned for the continued growth of online gaming globally. In terms of sales, the holding in Mitie was sold over concerns on the pipeline of outsourcing opportunities and margin pressure. The manager reduced Royal Dutch Shell seeing more attractive upside elsewhere. Finally, Imperial Tobacco Group was sold as the manager believes that its brands face challenges and that the economic climate in key European markets will likely remain muted.

Statutory Performance Data (%)

| From | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 | 31/12/08 |
|--|----------|----------|----------|----------|----------|
| To | 31/12/13 | 31/12/12 | 31/12/11 | 31/12/10 | 31/12/09 |
| Sterling Income | 21.52 | 12.26 | -4.64 | 14.75 | 17.75 |
| Sterling Exempt 2 (Net Accum.) | 22.54 | 13.20 | -3.86 | 15.68 | 18.67 |
| Sterling Institutional (Net Accum.) | 22.24 | 12.92 | -4.10 | 15.39 | 18.42 |
| Sterling X (Net Accum.) | 23.46 | 14.05 | -3.14 | 16.55 | 19.48 |
| Sterling Institutional W (Net Inc.) ¹ | 22.53 | N/A | N/A | N/A | N/A |
| Sterling Institutional W (Net Accum.) ¹ | 22.54 | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling Retail Adv B (Net Accum.) ¹ | N/A | N/A | N/A | N/A | N/A |
| Sterling X (Net Inc.) ¹ | N/A | N/A | N/A | N/A | N/A |
| FTSE All-Share | 20.81 | 12.30 | -3.46 | 14.51 | 30.12 |

¹ Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

² The Sterling P (Net Inc.) Share Class closed 23 September 2013.

Source: Lipper as at 31 December 2013 – Total return including revenue net of UK tax and annual charges, but excluding initial charge. All figures are in sterling terms. The impact of the initial charge, which may be up to 7%, can be material on the performance of your investment. Performance figures including the initial charge are available upon request.

Past performance is not a guide to future performance. The value of investments and the revenue from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested.

Ongoing Charges (%)

| Share Class | 31/12/2013 | 30/06/2013 |
|---------------------------------------|------------|------------|
| Sterling Income | 1.62 | 1.62 |
| Sterling Exempt 2 (Net Accum.) | 0.80 | 0.80 |
| Sterling Institutional (Net Accum.) | 1.05 | 1.05 |
| Sterling X (Net Accum.) | 0.05 | 0.05 |
| Sterling Institutional W (Net Inc.) | 0.80 | 0.80 |
| Sterling Institutional W (Net Accum.) | 0.80 | 0.80 |
| Sterling Retail Adv B (Net Inc.) | 1.12 | 1.12 |
| Sterling Retail Adv B (Net Accum.) | 1.12 | 1.12 |
| Sterling X (Net Inc.) | 0.05 | N/A |

The Ongoing Charges figure is made up of the Annual Management Charge (AMC) and other operating costs. The AMC is levied by the ACD and is used to pay the Investment Manager, Financial Adviser, Fund Accountant, Fund Administrator and Distributor. Other operating costs include the costs for other services paid for by the Fund, such as the fees paid to the Depositary, Custodian, Auditor and Regulator.

The Ongoing Charges figure shown is calculated on an ex-post basis over the period, whereas the Ongoing Charges figure shown in the KIID is a calculation as at a point in time, and therefore there could be immaterial differences between the two. Share classes with less than 12 months history may be estimated based on other share class data.

Price and Revenue Record by Share Class (Calendar Year)

| Share Class | Highest Price | Lowest Price | Net Revenue per share* |
|--|---------------|--------------|------------------------|
| Sterling Income | (pence) | (pence) | (pence) |
| 2009 | 176.08 | 140.68 | 4.0519 |
| 2010 | 191.31 | 168.43 | 3.0925 |
| 2011 | 204.07 | 167.85 | 2.4222 |
| 2012 | 206.33 | 182.38 | 3.8087 |
| 2013 | 245.89 | 208.05 | 4.7035 |
| Sterling Exempt 2 (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 153.61 | 114.91 | 4.2957 |
| 2010 | 167.29 | 147.05 | 3.9198 |
| 2011 | 185.52 | 152.95 | 3.5749 |
| 2012 | 193.88 | 167.26 | 4.8940 |
| 2013 | 235.87 | 195.57 | 6.0667 |
| Sterling Institutional (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 147.24 | 110.33 | 3.8697 |
| 2010 | 160.24 | 140.92 | 3.3986 |
| 2011 | 177.15 | 146.01 | 3.0065 |
| 2012 | 184.47 | 159.36 | 4.2573 |
| 2013 | 223.85 | 186.06 | 5.2987 |
| Sterling X (Net Accum.) | (pence) | (pence) | (pence) |
| 2009 | 156.10 | 116.12 | 5.1172 |
| 2010 | 170.38 | 149.56 | 5.1202 |
| 2011 | 190.69 | 157.36 | 4.9770 |
| 2012 | 201.51 | 173.10 | 6.3822 |
| 2013 | 247.01 | 203.29 | 7.8695 |
| Sterling P (Net Inc.)² | (pence) | (pence) | (pence) |
| 2012 (from 25 June) | 111.47 | 99.50 | 0.0220 |
| 2013 (to 23 September) | 133.18 | 112.44 | 3.1992 |
| Sterling Institutional W (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 5 September) | 104.61 | 99.78 | N/A |
| 2013 | 125.12 | 105.52 | 3.2522 |
| Sterling Institutional W (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 5 September) | 104.61 | 99.78 | N/A |
| 2013 | 127.27 | 105.53 | 3.2358 |
| Sterling Retail Adv B (Net Inc.) | (pence) | (pence) | (pence) |
| 2012 (from 27 September) | 102.71 | 98.00 | N/A |
| 2013 | 122.68 | 103.60 | 2.7529 |
| Sterling Retail Adv B (Net Accum.) | (pence) | (pence) | (pence) |
| 2012 (from 27 September) | 102.71 | 98.00 | N/A |
| 2013 | 124.55 | 103.60 | 2.7544 |
| Sterling X (Net Inc.) | (pence) | (pence) | (pence) |
| 2013 (from 18 November) | 101.89 | 97.37 | N/A |

Net Asset Value History by Share Class

| Share Class | Net Asset Value (£'000s) | Per share | Shares in issue |
|--|--------------------------|-----------|-----------------|
| Sterling Income | | (pence) | |
| 30/06/2011 | 291,314 | 198.23 | 146,954,870 |
| 30/06/2012 | 243,909 | 189.12 | 128,968,179 |
| 30/06/2013 | 241,263 | 223.20 | 108,092,282 |
| 31/12/2013 | 240,096 | 243.64 | 98,546,095 |
| Sterling Exempt 2 (Net Accum.) | | (pence) | |
| 30/06/2011 | 28,806 | 180.45 | 15,963,514 |
| 30/06/2012 | 24,555 | 177.06 | 13,868,492 |
| 30/06/2013 | 25,102 | 215.10 | 11,670,041 |
| 31/12/2013 | 27,608 | 235.77 | 11,709,801 |
| Sterling Institutional (Net Accum.) | | (pence) | |
| 30/06/2011 | 99,012 | 172.33 | 57,456,173 |
| 30/06/2012 | 84,713 | 168.66 | 50,226,477 |
| 30/06/2013 | 9,132 | 204.40 | 4,467,559 |
| 31/12/2013 | 9,627 | 223.75 | 4,302,570 |
| Sterling X (Net Accum.) | | (pence) | |
| 30/06/2011 | 45,746 | 185.46 | 24,666,359 |
| 30/06/2012 | 43,615 | 183.34 | 23,789,291 |
| 30/06/2013 | 53,858 | 224.41 | 24,000,124 |
| 31/12/2013 | 79,474 | 246.90 | 32,189,205 |
| Sterling P (Net Inc.)² | | (pence) | |
| 30/06/2012 | 15 | 101.92 | 15,000 |
| 30/06/2013 | 17 | 120.31 | 14,037 |
| Sterling Institutional W (Net Inc.) | | (pence) | |
| 30/06/2013 | 2,203 | 112.82 | 1,952,497 |
| 31/12/2013 | 11,911 | 123.66 | 9,631,598 |
| Sterling Institutional W (Net Accum.) | | (pence) | |
| 30/06/2013 | 603 | 116.07 | 519,375 |
| 31/12/2013 | 1,231 | 127.22 | 967,675 |
| Sterling Retail Adv B (Net Inc.) | | (pence) | |
| 30/06/2013 | 9,646 | 111.01 | 8,689,619 |
| 31/12/2013 | 11,119 | 121.48 | 9,152,636 |
| Sterling Retail Adv B (Net Accum.) | | (pence) | |
| 30/06/2013 | 6 | 113.77 | 5,001 |
| 31/12/2013 | 200 | 124.49 | 160,601 |
| Sterling X (Net Inc.) | | (pence) | |
| 31/12/2013 | 10,849 | 101.85 | 10,652,100 |

* Distributions are shown in the year declared rather than paid.

Major Holdings (%)

| Holding | 31/12/2013 | 30/06/2013 |
|--------------------------|-------------------|-------------------|
| Vodafone | 4.48 | 0.00 |
| GlaxoSmithKline | 4.08 | 4.72 |
| Standard Life | 4.01 | 3.73 |
| British American Tobacco | 4.00 | 4.49 |
| Associated British Foods | 3.48 | 4.02 |
| Centrica | 3.47 | 4.07 |
| Compass | 3.43 | 3.54 |
| Diageo | 3.38 | 3.02 |
| Whitbread | 3.10 | 2.39 |
| SSE | 3.08 | 3.88 |
| Reed Elsevier | 2.82 | 4.16 |
| Roche | 1.45 | 3.84 |
| Royal Dutch Shell B | 0.00 | 4.55 |

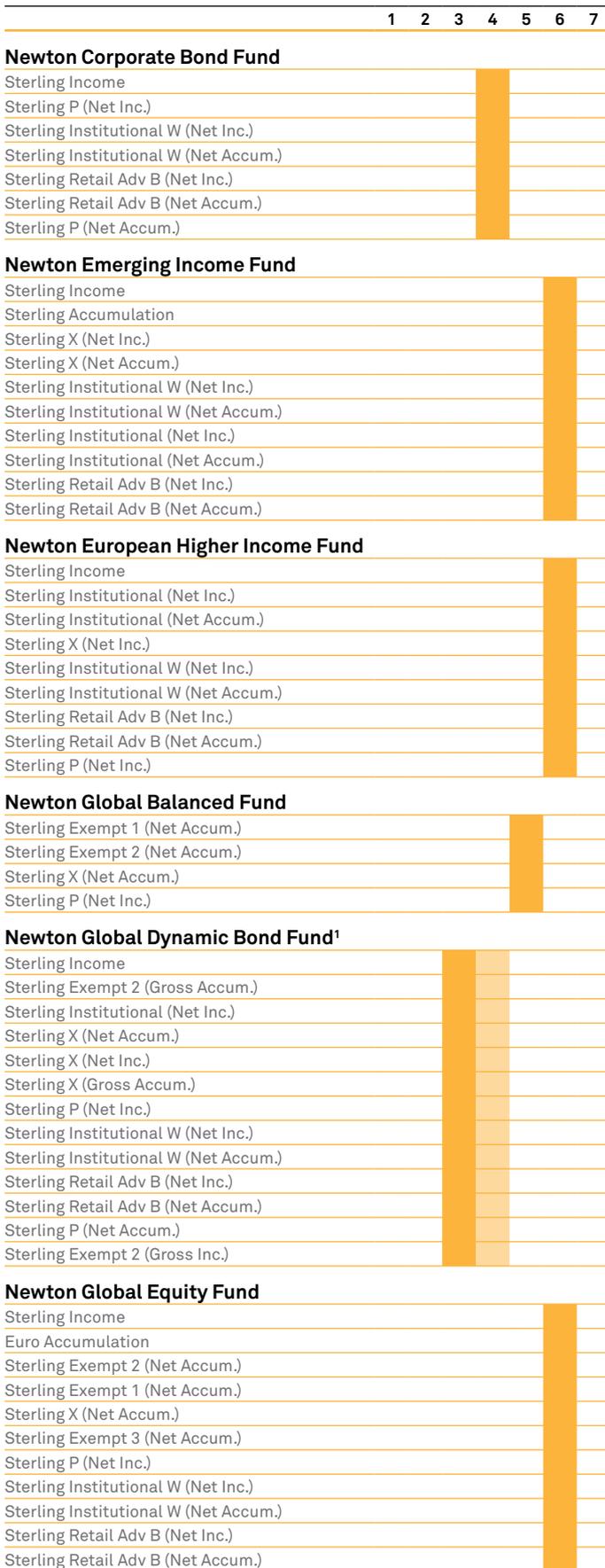
Portfolio Category (%)

| Investments | 31/12/2013 | 30/06/2013 |
|--|-------------------|-------------------|
| Travel & Leisure | 11.35 | 5.93 |
| Support Services | 11.11 | 12.34 |
| Life Insurance | 8.03 | 6.36 |
| Media | 7.08 | 6.84 |
| Food Producers | 5.80 | 6.23 |
| Financial Services | 5.17 | 2.03 |
| Gas, Water & Multiutilities | 4.98 | 7.45 |
| Mobile Telecommunications | 4.48 | 0.00 |
| Pharmaceuticals & Biotechnology | 4.08 | 4.72 |
| Tobacco | 4.00 | 7.29 |
| Beverages | 3.38 | 3.02 |
| Electricity | 3.08 | 3.88 |
| Switzerland | 2.93 | 5.14 |
| Mining | 2.81 | 3.35 |
| Food & Drug Retailers | 2.62 | 2.21 |
| General Retailers | 2.48 | 1.64 |
| United States of America | 2.28 | 0.00 |
| Oil & Gas Equipment, Services & Distribution | 2.02 | 2.64 |
| Fixed Line Telecommunications | 1.82 | 0.00 |
| Oil & Gas Producers | 1.77 | 8.59 |
| Real Estate Investment Trusts | 1.74 | 1.34 |
| Nonlife Insurance | 1.70 | 1.51 |
| Aerospace & Defence | 1.36 | 1.60 |
| Technology Hardware & Equipment | 1.14 | 1.45 |
| Chemicals | 1.11 | 1.64 |
| Construction & Materials | 0.00 | 1.48 |
| Cash & Others | 1.68 | 1.32 |
| | 100.00 | 100.00 |

SYNTHETIC RISK REWARD INDICATOR

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---|---|---|---|---|---|---|
| BNY Mellon American Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Euro Accumulation | | | | | | | |
| Sterling Exempt 1 (Net Accum.) | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| BNY Mellon Global Strategic Bond Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Institutional (Net Inc.) | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| BNY Mellon Long-Term Global Equity Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling Exempt 2 (Net Accum.) | | | | | | | |
| Sterling X (Net Accum.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Insight Equity Income Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Accumulation | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Insight Equity Income Booster Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Accumulation | | | | | | | |
| Sterling X (Net Accum.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Insight Global Absolute Return Fund | | | | | | | |
| Sterling Accumulation | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Insight Global Multi-Strategy Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Accumulation | | | | | | | |
| Sterling Institutional (Net Inc.) | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling Institutional S (Net Inc.) | | | | | | | |
| Sterling Institutional S (Net Accum.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| Insight Inflation-Linked Corporate Bond Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Accumulation | | | | | | | |
| Sterling Institutional (Net Inc.) | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Sterling X (Net Accum.) | | | | | | | |
| Insight Strategic Bond Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Accumulation | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Newton 50/50 Global Equity Fund | | | | | | | |
| Sterling Exempt 1 (Net Accum.) | | | | | | | |
| Sterling X (Net Accum.) | | | | | | | |
| Sterling Exempt 2 (Net Accum.) | | | | | | | |
| Newton Asian Income Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Institutional (Net Inc.) | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling X (Net Inc.) | | | | | | | |
| Euro Institutional (Net Accum.) | | | | | | | |
| Euro Institutional (Net Inc.) | | | | | | | |
| Euro Income | | | | | | | |
| Euro Accumulation | | | | | | | |
| USD Institutional (Net Inc.) | | | | | | | |
| USD Institutional (Net Accum.) | | | | | | | |
| USD Income | | | | | | | |
| USD Accumulation | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Sterling P (Net Inc.) | | | | | | | |
| USD X (Net Accum.) | | | | | | | |
| Newton Balanced Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Newton Continental European Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Euro Accumulation | | | | | | | |
| Sterling Exempt 1 (Net Accum.) | | | | | | | |
| Sterling P (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |



| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---|---|---|---|---|---|---|
| Newton International Bond Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Euro Accumulation | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling Institutional (Net Inc.) | | | | | | | |
| Sterling Exempt 2 (Gross Accum.) | | | | | | | |
| Sterling P (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Sterling P (Net Accum.) | | | | | | | |
| Newton Long Corporate Bond Fund | | | | | | | |
| Sterling Exempt 1 (Gross Accum.) | | | | | | | |
| Sterling Exempt 2 (Gross Accum.) | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling X (Gross Accum.) | | | | | | | |
| Sterling X (Net Inc.) | | | | | | | |
| Newton Long Gilt Fund | | | | | | | |
| Sterling Exempt 2 (Gross Accum.) | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling X (Gross Accum.) | | | | | | | |
| Sterling X (Net Inc.) | | | | | | | |
| Newton Managed Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling P (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Newton Oriental Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Euro Accumulation | | | | | | | |
| Sterling Exempt 1 (Net Accum.) | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling X (Net Accum.) | | | | | | | |
| Sterling P (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Sterling P (Net Accum.) | | | | | | | |
| Newton Overseas Equity Fund | | | | | | | |
| Sterling Exempt 1 (Net Accum.) | | | | | | | |
| Sterling Exempt 2 (Net Accum.) | | | | | | | |
| Sterling X (Net Accum.) | | | | | | | |
| Sterling Exempt 3 (Net Accum.) | | | | | | | |
| Newton Phoenix Multi-Asset Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Accumulation | | | | | | | |
| Sterling Exempt 2 (Net Accum.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Sterling X (Net Accum.) | | | | | | | |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---------------------------------------|---|---|---|---|---|---|---|
| Newton Real Return Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Income 'A' | | | | | | | |
| Sterling Exempt 2 (Net Accum.) | | | | | | | |
| Sterling X (Net Accum.) | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling X (Net Inc.) | | | | | | | |
| Sterling Exempt 2 (Net Inc.) | | | | | | | |
| Sterling Exempt 1 (Net Accum.) | | | | | | | |
| Sterling P (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling P (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Newton UK Equity Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Exempt 2 (Net Accum.) | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling Institutional (Net Inc.) | | | | | | | |
| Sterling X (Net Accum.) | | | | | | | |
| Sterling Exempt 1 (Net Accum.) | | | | | | | |
| Sterling Exempt 3 (Net Accum.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling P (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Newton UK Opportunities Fund | | | | | | | |
| Sterling Income | | | | | | | |
| Sterling Exempt 2 (Net Accum.) | | | | | | | |
| Sterling Institutional (Net Accum.) | | | | | | | |
| Sterling X (Net Accum.) | | | | | | | |
| Sterling P (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Inc.) | | | | | | | |
| Sterling Institutional W (Net Accum.) | | | | | | | |
| Sterling Retail Adv B (Net Inc.) | | | | | | | |
| Sterling Retail Adv B (Net Accum.) | | | | | | | |
| Sterling X (Net Inc.) | | | | | | | |

¹ The Synthetic Risk Reward Indicator was changed from category 4 to 3, effective 7 January 2014.

Please note that these amendments are not due to a change in the investment objectives of the Sub-Fund, but are due to market movements during the reporting period.

We have calculated the risk and reward category, as shown above, using a method of calculation derived from EU rules. It is based on the rate at which the value of the Sub-Fund has moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the Fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment.

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

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

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

Sub-Funds in category 6 have in the past shown relatively high volatility. With a Sub-Fund of category 6, you have a relatively high risk of losing money but your chance for gains is also relatively high.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

INVESTOR INFORMATION

GENERAL

BNY Mellon Investment Funds (the “Company”) is an open-ended investment company with variable capital, incorporated in England and Wales under registered number IC 27 and authorised by the Financial Conduct Authority, with effect from 13 April 1999.

The Company has been established as an “umbrella company”. The assets of each sub-fund are treated as separate from those of every other sub-fund and will be invested in accordance with that sub-fund’s own investment objective and policy.

Each sub-fund has a specific portfolio of assets and investments to which the Sub-Fund’s assets and/or liabilities are attributable and each investor should view each sub-fund as a separate investment entity.

Investors should be aware that the Company’s creditors may look to all the Company’s assets for payment regardless of the sub-fund in respect of which the debt has arisen. Assets may be re-allocated to and from other sub-funds if it is necessary to do so to satisfy any creditor proceeding against the Company. In the event that any assets are so re-allocated, BNY Mellon Fund Managers Limited, the authorised corporate director, (“ACD”) will advise shareholders in the next report to shareholders. The FCA registered number for the ACD is 122007.

Each sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that sub-fund and within the sub-funds charges will be allocated between share classes in accordance with the terms of issue of those share classes.

Any assets, liabilities, expenses, costs or charges not attributable to a particular sub-fund may be allocated by the ACD in a manner which is fair to shareholders as a whole but they will normally be allocated to all sub-funds pro rata to the value of the net assets of the relevant funds.

Although each sub-fund, so far as possible, will be treated as bearing the liabilities, expenses, costs and charges attributable to it, if its assets are not sufficient, the ACD may re-allocate assets, liabilities, expenses, costs and charges between the sub-funds in a manner which is fair to the shareholders of the Company generally. The ACD would normally expect any such re-allocation to be effected on a pro rata basis having regard to the Net Asset Values of the relevant sub-funds. If there is any such re-allocation the ACD will advise shareholders of it in the next succeeding annual or half-yearly report to shareholders.

Shareholders are not, however, liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after he has paid the purchase price of the Shares.

SIGNIFICANT EVENTS

The following additions and amendments have been made:-

Additions

| Date | Sub-Fund/Share Class Launched |
|--------------|--|
| 2000 | |
| 24 March | Newton Global Innovation Fund |
| 2 October | Newton European High Yield Bond Fund |
| 27 October | Newton Intrepid Fund – Sterling Income ‘A’ |
| 2002 | |
| 8 February | Newton UK Opportunities Fund |
| 2004 | |
| 2 August | Newton American Fund – Sterling Exempt 1 (Net Accum.) |
| 14 September | Newton Income Fund – Sterling Exempt 2 (Net Accum.) |
| 28 October | Newton Absolute Intrepid Fund – Sterling Exempt 2 (Net Accum.) |
| 14 November | Newton UK Equity Fund – Sterling Exempt 2 (Net Accum.) |

Additions – contd.

| Date | Sub-Fund/Share Class Launched |
|--------------|---|
| 2005 | |
| 26 January | Newton Higher Income Fund – Sterling Exempt 2 (Net Accum.) |
| 26 January | Newton Overseas Equity Fund – Sterling Exempt 2 (Net Accum.) |
| 31 January | Newton UK Opportunities Fund – Sterling Exempt 2 (Net Accum.) |
| 11 April | Newton Higher Income Fund – Sterling Institutional (Net Accum.) |
| 11 April | Newton Income Fund – Sterling Institutional (Net Accum.) |
| 14 April | Newton Global Balanced Fund – Sterling Exempt 2 (Net Accum.) |
| 6 May | Newton Long Corporate Bond Fund – Sterling Exempt 2 (Gross Accum.) |
| 25 May | Newton UK Opportunities Fund – Sterling Institutional (Net Accum.) |
| 1 July | Newton Global Opportunities Fund |
| 3 November | Newton 60/40 Global Equity Fund – Sterling Exempt 2 (Net Accum.) |
| 30 November | Newton Global Higher Income Fund |
| 30 November | Newton Asian Income Fund |
| 7 December | Newton International Bond Fund – Sterling Institutional (Net Accum.) |
| 2006 | |
| 2 February | Newton International Growth Fund – Sterling Exempt 1 (Net Accum.) |
| 27 February | Newton Absolute Intrepid Fund – Sterling X (Net Accum.) |
| 28 April | Newton Global Dynamic Bond Fund – Sterling Income |
| 28 April | Newton Global Dynamic Bond Fund – Sterling Exempt 2 (Gross Accum.) |
| 2 May | Newton Higher Income Fund – Sterling Institutional (Net Inc.) |
| 5 June | Newton Balanced Fund – Sterling Institutional (Net Accum.) |
| 12 June | Newton Managed Fund – Sterling Institutional (Net Accum.) |
| 23 June | Newton Income Fund – Sterling Institutional (Net Inc.) |
| 29 June | Newton Global Dynamic Bond Fund – Sterling Institutional (Net Inc.) |
| 4 August | Newton Global Higher Income Fund – Sterling Exempt 2 (Net Inc.) |
| 24 October | Newton Long Corporate Bond Fund – Sterling Institutional (Net Accum.) |
| 27 November | Newton Phoenix Multi-Asset Fund – Sterling Income |
| 27 November | Newton Phoenix Multi-Asset Fund – Sterling Accumulation |
| 12 December | Newton Global Opportunities Fund – Sterling X (Net Accum.) |
| 2007 | |
| 29 January | Newton Oriental Fund – Sterling Institutional (Net Accum.) |
| 30 January | Newton European Higher Income Fund – Sterling Income |
| 30 January | Newton European Higher Income Fund – Sterling Institutional (Net Inc.) |
| 2 April | Newton Long Corporate Bond Fund – Sterling X (Gross Accum.) |
| 2 April | Newton Long Gilt Fund – Sterling X (Gross Accum.) |
| 16 April | Newton Overseas Equity Fund – Sterling X (Gross Accum.) |
| 16 April | Newton UK Equity Fund – Sterling X (Net Accum.) |
| 27 April | Newton International Bond Fund – Sterling Institutional (Net Inc.) |
| 18 May | Newton International Bond Fund – Sterling Exempt 2 (Gross Accum.) |
| 2 July | Newton Higher Income Fund – Sterling X (Net Accum.) |
| 2 July | Newton UK Opportunities Fund – Sterling X (Gross Accum.) |
| 3 July | Newton Oriental Fund – Sterling X (Net Accum.) |
| 24 August | Mellon Long-Term Global Equity Fund (Walter Scott & Partners Limited act as Investment Advisers to this Sub-Fund) – Sterling Institutional (Net Accum.) |
| 24 August | Mellon Long-Term Global Equity Fund (Walter Scott & Partners Limited act as Investment Advisers to this Sub-Fund) – Sterling Exempt 2 (Net Accum.) |
| 10 September | Newton European Higher Income Fund – Sterling Institutional (Net Accum.) |
| 10 September | Newton International Growth Fund – Sterling X (Net Accum.) |
| 28 September | Mellon Long-Term Global Equity Fund – Sterling Income |
| 1 October | Newton Global Higher Income Fund – Sterling X (Net Accum.) |
| 1 October | Newton Index Linked Gilt Fund – Sterling X (Gross Accum.) |

Additions – contd.

| Date | Sub-Fund/Share Class Launched |
|----------------------|---|
| 2007 – contd. | |
| 14 December | Newton Diversified Growth Fund – Sterling Institutional (Net Accum.) |
| 14 December | Newton Diversified Growth Fund – Sterling Exempt 2 (Net Accum.) |
| 2008 | |
| 1 February | Newton Phoenix Multi-Asset Fund – Sterling Exempt 2 (Net Accum.) |
| 19 March | Newton European High Yield Bond Fund – Sterling X (Net Accum.) |
| 19 March | Newton Global Dynamic Bond Fund – Sterling X (Net Accum.) |
| 19 March | Newton Income Fund – Sterling X (Net Accum.) |
| 19 March | Newton Strategic Corporate Bond Fund – Sterling X (Net Accum.) |
| 2009 | |
| 2 February | Newton International Growth Fund – Sterling Exempt 3 (Net Accum.) |
| 3 March | Newton Growth Fund – Sterling Institutional (Net Accum.) |
| 2 April | Newton Asian Income Fund – Sterling X (Net Inc.) |
| 2 April | Newton European Higher Income Fund – Sterling X (Net Inc.) |
| 2 April | Newton Higher Income Fund – Sterling X (Net Inc.) |
| 9 April | BNY Mellon Global Strategic Bond Fund – Sterling Income |
| 9 April | BNY Mellon Global Strategic Bond Fund – Sterling Institutional (Net Inc.) |
| 9 April | BNY Mellon Global Strategic Bond Fund – Sterling Institutional (Net Accum.) |
| 29 June | Newton International Bond Fund – Sterling X (Net Accum.) |
| 30 June | Newton Real Return Fund – Sterling Institutional (Net Accum.) |
| 15 July | Newton Real Return Fund – Sterling X (Net Inc.) |
| 14 August | Newton Real Return Fund – Sterling Exempt 2 (Net Inc.) |
| 22 September | Newton Overseas Equity Fund – Sterling Exempt 3 (Net Accum.) re-opened |
| 15 October | Newton UK Equity Fund – Sterling Exempt 2 (Net Accum.) re-opened |
| 14 December | Newton UK Equity Fund – Sterling X (Net Accum.) re-opened |
| 2010 | |
| 26 February | Newton Real Return Fund – Sterling P (Net Accum.) |
| 8 October | Newton Global Higher Income Fund – Sterling X (Net Inc.) |
| 8 October | Newton Higher Income Fund – Sterling X (Net Inc.) re-opened |
| 11 October | Newton Global Dynamic Bond Fund – Sterling X (Net Inc.) |
| 12 November | Newton European Higher Income Fund – Sterling X (Net Inc.) re-opened |
| 17 December | BNY Mellon Long-Term Global Equity Fund – Sterling X (Net Accum.) |
| 2011 | |
| 18 February | Newton Global Dynamic Bond Fund – Sterling X (Gross Accum.) |
| 25 May | Newton Global High Yield Bond Fund – Sterling X (Net Inc.) |
| 25 May | Newton Income Fund – Sterling X (Net Inc.) |
| 25 May | Newton Index Linked Gilt Fund – Sterling X (Net Inc.) |
| 2012 | |
| 30 January | Newton Asian Income Fund – Euro Institutional (Net Accum.) |
| 29 February | Newton Real Return Fund – Sterling Exempt 1 (Net Accum.) |
| 5 March | Newton Asian Income Fund – Euro Institutional (Net Inc.) |
| 5 March | Newton Asian Income Fund – Euro Accumulation |
| 5 March | Newton Asian Income Fund – Euro Income |
| 13 March | Newton Global Higher Income Fund – Sterling Accumulation |
| 2 April | Newton Asian Income Fund – USD Institutional (Net Inc.) |
| 2 April | Newton Asian Income Fund – USD Institutional (Net Accum.) |
| 2 April | Newton Asian Income Fund – USD Income |
| 2 April | Newton Asian Income Fund – USD Accumulation |
| 2 April | Newton UK Equity Fund – Sterling Exempt 1 (Net Accum.) |
| 2 April | Newton UK Equity Fund – Sterling Exempt 3 (Net Accum.) |
| 24 April | BNY Mellon American Fund – Sterling Institutional (Net Accum.) |
| 20 June | Newton Continental European Fund – Sterling P (Net Inc.) |

Additions – contd.

| Date | Sub-Fund/Share Class Launched |
|----------------------|---|
| 2012 – contd. | |
| 20 June | Newton Corporate Bond Fund – Sterling P (Net Inc.) |
| 21 June | Newton Global Balanced Fund – Sterling P (Net Inc.) |
| 21 June | Newton Global Dynamic Bond Fund – Sterling P (Net Inc.) |
| 21 June | Newton Global Equity Fund – Sterling P (Net Inc.) |
| 22 June | Newton International Bond Fund – Sterling P (Net Inc.) |
| 22 June | Newton Managed Fund – Sterling P (Net Inc.) |
| 22 June | Newton Oriental Fund – Sterling P (Net Inc.) |
| 25 June | Newton Real Return Fund – Sterling P (Net Inc.) |
| 25 June | Newton UK Opportunities Fund – Sterling P (Net Inc.) |
| 30 August | BNY Mellon American Fund – Sterling Institutional W (Net Inc.) |
| 30 August | BNY Mellon American Fund – Sterling Institutional W (Net Accum.) |
| 30 August | BNY Mellon Global Strategic Bond Fund – Sterling Institutional W (Net Inc.) |
| 30 August | BNY Mellon Global Strategic Bond Fund – Sterling Institutional W (Net Accum.) |
| 30 August | BNY Mellon Long-Term Global Equity Fund – Sterling Institutional W (Net Inc.) |
| 30 August | BNY Mellon Long-Term Global Equity Fund – Sterling Institutional W (Net Accum.) |
| 30 August | Newton Asian Income Fund – Sterling Institutional W (Net Inc.) |
| 30 August | Newton Asian Income Fund – Sterling Institutional W (Net Accum.) |
| 30 August | Newton Continental European Fund – Sterling Institutional W (Net Inc.) |
| 30 August | Newton Continental European Fund – Sterling Institutional W (Net Accum.) |
| 31 August | Newton Balanced Fund – Sterling Institutional W (Net Inc.) |
| 31 August | Newton Balanced Fund – Sterling Institutional W (Net Accum.) |
| 31 August | Newton Cautious Managed Fund – Sterling Institutional W (Net Inc.) |
| 31 August | Newton Cautious Managed Fund – Sterling Institutional W (Net Accum.) |
| 31 August | Newton Managed Fund – Sterling Institutional W (Net Inc.) |
| 31 August | Newton Managed Fund – Sterling Institutional W (Net Accum.) |
| 31 August | Newton Pan-European Fund – Sterling Institutional W (Net Inc.) |
| 31 August | Newton Pan-European Fund – Sterling Institutional W (Net Accum.) |
| 3 September | Newton Corporate Bond Fund – Sterling Institutional W (Net Inc.) |
| 3 September | Newton Corporate Bond Fund – Sterling Institutional W (Net Accum.) |
| 3 September | Newton European Higher Income Fund – Sterling Institutional W (Net Inc.) |
| 3 September | Newton European Higher Income Fund – Sterling Institutional W (Net Accum.) |
| 3 September | Newton Global Dynamic Bond Fund – Sterling Institutional W (Net Inc.) |
| 3 September | Newton Global Dynamic Bond Fund – Sterling Institutional W (Net Accum.) |
| 3 September | Newton Global Equity Fund – Sterling Institutional W (Net Inc.) |
| 3 September | Newton Global Equity Fund – Sterling Institutional W (Net Accum.) |
| 3 September | Newton Global High Yield Bond Fund – Sterling Institutional W (Net Inc.) |
| 3 September | Newton Global High Yield Bond Fund – Sterling Institutional W (Net Accum.) |
| 4 September | Newton Global Higher Income Fund – Sterling Institutional W (Net Inc.) |
| 4 September | Newton Global Higher Income Fund – Sterling Institutional W (Net Accum.) |
| 4 September | Newton Global Opportunities Fund – Sterling Institutional W (Net Inc.) |
| 4 September | Newton Global Opportunities Fund – Sterling Institutional W (Net Accum.) |
| 4 September | Newton Higher Income Fund – Sterling Institutional W (Net Inc.) |
| 4 September | Newton Higher Income Fund – Sterling Institutional W (Net Accum.) |
| 4 September | Newton International Bond Fund – Sterling Institutional W (Net Inc.) |

Additions – contd.

| Date | Sub-Fund/Share Class Launched |
|----------------------|--|
| 2012 – contd. | |
| 4 September | Newton International Bond Fund – Sterling Institutional W (Net Accum.) |
| 4 September | Newton Oriental Fund – Sterling Institutional W (Net Inc.) |
| 4 September | Newton Oriental Fund – Sterling Institutional W (Net Accum.) |
| 5 September | Newton Phoenix Multi-Asset Fund – Sterling Institutional W (Net Inc.) |
| 5 September | Newton Phoenix Multi-Asset Fund – Sterling Institutional W (Net Accum.) |
| 5 September | Newton Real Return Fund – Sterling Institutional W (Net Inc.) |
| 5 September | Newton Real Return Fund – Sterling Institutional W (Net Accum.) |
| 5 September | Newton UK Equity Fund – Sterling Institutional W (Net Inc.) |
| 5 September | Newton UK Equity Fund – Sterling Institutional W (Net Accum.) |
| 5 September | Newton UK Opportunities Fund – Sterling Institutional W (Net Inc.) |
| 5 September | Newton UK Opportunities Fund – Sterling Institutional W (Net Accum.) |
| 20 September | Newton Asian Income Fund – Sterling P (Net Inc.) |
| 20 September | Newton Cautious Managed Fund – Sterling P (Net Inc.) |
| 20 September | Newton European Higher Income Fund – Sterling P (Net Inc.) |
| 21 September | Newton Global High Yield Bond Fund – Sterling P (Net Inc.) |
| 21 September | Newton Global Higher Income Fund – Sterling P (Net Inc.) |
| 21 September | Newton Higher Income Fund – Sterling P (Net Inc.) |
| 21 September | Newton UK Equity Fund – Sterling P (Net Inc.) |
| 24 September | BNY Mellon American Fund – Sterling Retail Adv B (Net Inc.) |
| 24 September | BNY Mellon American Fund – Sterling Retail Adv B (Net Accum.) |
| 24 September | BNY Mellon Global Strategic Bond Fund – Sterling Retail Adv B (Net Inc.) |
| 24 September | BNY Mellon Global Strategic Bond Fund – Sterling Retail Adv B (Net Accum.) |
| 25 September | BNY Mellon Long-Term Global Equity Fund – Sterling Retail Adv B (Net Inc.) |
| 25 September | BNY Mellon Long-Term Global Equity Fund – Sterling Retail Adv B (Net Accum.) |
| 25 September | Newton Global Opportunities Fund – Sterling Retail Adv B (Net Inc.) |
| 25 September | Newton Global Opportunities Fund – Sterling Retail Adv B (Net Accum.) |
| 26 September | Newton Oriental Fund – Sterling Retail Adv B (Net Inc.) |
| 26 September | Newton Oriental Fund – Sterling Retail Adv B (Net Accum.) |
| 27 September | Newton Continental European Fund – Sterling Retail Adv B (Net Inc.) |
| 27 September | Newton Continental European Fund – Sterling Retail Adv B (Net Accum.) |
| 27 September | Newton Phoenix Multi-Asset Fund – Sterling Retail Adv B (Net Inc.) |
| 27 September | Newton Phoenix Multi-Asset Fund – Sterling Retail Adv B (Net Accum.) |
| 27 September | Newton UK Opportunities Fund – Sterling Retail Adv B (Net Inc.) |
| 27 September | Newton UK Opportunities Fund – Sterling Retail Adv B (Net Accum.) |
| 28 September | Newton Balanced Fund – Sterling Retail Adv B (Net Inc.) |
| 28 September | Newton Balanced Fund – Sterling Retail Adv B (Net Accum.) |
| 28 September | Newton Pan-European Fund – Sterling Retail Adv B (Net Inc.) |
| 28 September | Newton Pan-European Fund – Sterling Retail Adv B (Net Accum.) |
| 1 October | Newton Asian Income Fund – Sterling Retail Adv B (Net Inc.) |
| 1 October | Newton Asian Income Fund – Sterling Retail Adv B (Net Accum.) |
| 1 October | Newton Asian Income Fund – Sterling P (Net Accum.) |
| 1 October | Newton Global Higher Income Fund – Sterling Retail Adv B (Net Inc.) |
| 1 October | Newton Global Higher Income Fund – Sterling Retail Adv B (Net Accum.) |
| 2 October | Newton European Higher Income Fund – Sterling Retail Adv B (Net Inc.) |
| 2 October | Newton European Higher Income Fund – Sterling Retail Adv B (Net Accum.) |
| 2 October | Newton Global Dynamic Bond Fund – Sterling Retail Adv B (Net Inc.) |
| 2 October | Newton Global Dynamic Bond Fund – Sterling Retail Adv B (Net Accum.) |
| 3 October | Newton Global Dynamic Bond Fund – Sterling P (Net Accum.) |

Additions – contd.

| Date | Sub-Fund/Share Class Launched |
|----------------------|--|
| 2012 – contd. | |
| 3 October | Newton Global Higher Income Fund – Sterling P (Net Accum.) |
| 3 October | Newton Higher Income Fund – Sterling Retail Adv B (Net Inc.) |
| 3 October | Newton Higher Income Fund – Sterling Retail Adv B (Net Accum.) |
| 3 October | Newton International Bond Fund – Sterling Retail Adv B (Net Inc.) |
| 3 October | Newton International Bond Fund – Sterling Retail Adv B (Net Accum.) |
| 4 October | Newton Corporate Bond Fund – Sterling Retail Adv B (Net Inc.) |
| 4 October | Newton Corporate Bond Fund – Sterling Retail Adv B (Net Accum.) |
| 4 October | Newton Emerging Income Fund – Sterling Income |
| 4 October | Newton Emerging Income Fund – Sterling Accumulation |
| 4 October | Newton Emerging Income Fund – Sterling X (Net Inc.) |
| 4 October | Newton Emerging Income Fund – Sterling X (Net Accum.) |
| 4 October | Newton Emerging Income Fund – Sterling Institutional W (Net Inc.) |
| 4 October | Newton Global High Yield Bond Fund – Sterling Retail Adv B (Net Inc.) |
| 4 October | Newton Global High Yield Bond Fund – Sterling Retail Adv B (Net Accum.) |
| 4 October | Newton Higher Income Fund – Sterling P (Net Accum.) |
| 5 October | Newton Cautious Managed Fund – Sterling Retail Adv B (Net Inc.) |
| 5 October | Newton Cautious Managed Fund – Sterling Retail Adv B (Net Accum.) |
| 5 October | Newton Managed Fund – Sterling Retail Adv B (Net Inc.) |
| 5 October | Newton Managed Fund – Sterling Retail Adv B (Net Accum.) |
| 5 October | Newton Oriental Fund – Sterling P (Net Accum.) |
| 5 October | Newton Real Return Fund – Sterling P (Net Accum.) |
| 8 October | Newton Global Equity Fund – Sterling Retail Adv B (Net Inc.) |
| 8 October | Newton Global Equity Fund – Sterling Retail Adv B (Net Accum.) |
| 8 October | Newton Real Return Fund – Sterling Retail Adv B (Net Inc.) |
| 8 October | Newton Real Return Fund – Sterling Retail Adv B (Net Accum.) |
| 9 October | Newton UK Equity Fund – Sterling Retail Adv B (Net Inc.) |
| 9 October | Newton UK Equity Fund – Sterling Retail Adv B (Net Accum.) |
| 12 October | Newton Corporate Bond Fund – Sterling P (Net Accum.) |
| 15 October | Newton Emerging Income Fund – Sterling Institutional W (Net Accum.) |
| 15 October | Newton Emerging Income Fund – Sterling Institutional (Net Inc.) |
| 15 October | Newton Emerging Income Fund – Sterling Institutional (Net Accum.) |
| 15 October | Newton Global High Yield Bond Fund – Sterling P (Net Accum.) |
| 16 October | Newton International Bond Fund – Sterling P (Net Accum.) |
| 23 October | Newton Emerging Income Fund – Sterling Retail Adv B (Net Inc.) |
| 23 October | Newton Emerging Income Fund – Sterling Retail Adv B (Net Accum.) |
| 2013 | |
| 9 February | Insight Equity Income Booster Fund – Sterling Institutional W (Net Accum.) |
| 9 February | Insight Equity Income Booster Fund – Sterling Institutional W (Net Inc.) |
| 9 February | Insight Equity Income Booster Fund – Sterling Accumulation |
| 9 February | Insight Equity Income Booster Fund – Sterling Income |
| 9 February | Insight Equity Income Booster Fund – Sterling X (Net Accum.) |
| 9 February | Insight Equity Income Fund – Sterling Institutional W (Net Accum.) |
| 9 February | Insight Equity Income Fund – Sterling Institutional W (Net Inc.) |
| 9 February | Insight Equity Income Fund – Sterling Accumulation |
| 9 February | Insight Equity Income Fund – Sterling Income |
| 9 February | Insight Global Absolute Return Fund – Sterling Institutional (Net Accum.) |
| 9 February | Insight Global Absolute Return Fund – Sterling Accumulation |
| 9 February | Insight Global Multi-Strategy Fund – Sterling Institutional (Net Accum.) |
| 9 February | Insight Global Multi-Strategy Fund – Sterling Institutional (Net Inc.) |
| 9 February | Insight Global Multi-Strategy Fund – Sterling Institutional S (Net Accum.) |
| 9 February | Insight Global Multi-Strategy Fund – Sterling Institutional S (Net Inc.) |
| 9 February | Insight Global Multi-Strategy Fund – Sterling Accumulation |
| 9 February | Insight Global Multi-Strategy Fund – Sterling Income |

Additions – contd.

| Date | Sub-Fund/Share Class Launched |
|----------------------|--|
| 2013 – contd. | |
| 9 February | Insight Inflation-Linked Corporate Bond Fund – Sterling Institutional (Net Accum.) |
| 9 February | Insight Inflation-Linked Corporate Bond Fund – Sterling Institutional (Net Inc.) |
| 9 February | Insight Inflation-Linked Corporate Bond Fund – Sterling Accumulation |
| 9 February | Insight Inflation-Linked Corporate Bond Fund – Sterling Income |
| 9 February | Insight Strategic Bond Fund – Sterling Accumulation |
| 9 February | Insight Strategic Bond Fund – Sterling Income |
| 11 February | Insight Equity Income Booster Fund – Sterling Retail Adv B (Net Accum.) |
| 11 February | Insight Equity Income Booster Fund – Sterling Retail Adv B (Net Inc.) |
| 11 February | Insight Equity Income Fund – Sterling Retail Adv B (Net Accum.) |
| 11 February | Insight Equity Income Fund – Sterling Retail Adv B (Net Inc.) |
| 11 February | Insight Global Absolute Return Fund – Sterling Institutional W (Net Accum.) |
| 11 February | Insight Global Absolute Return Fund – Sterling Institutional W (Net Inc.) |
| 11 February | Insight Global Absolute Return Fund – Sterling Retail Adv B (Net Accum.) |
| 11 February | Insight Global Absolute Return Fund – Sterling Retail Adv B (Net Inc.) |
| 11 February | Insight Global Absolute Return Fund – Sterling Income |
| 11 February | Insight Global Multi-Strategy Fund – Sterling Institutional W (Net Accum.) |
| 11 February | Insight Global Multi-Strategy Fund – Sterling Institutional W (Net Inc.) |
| 11 February | Insight Global Multi-Strategy Fund – Sterling Retail Adv B (Net Accum.) |
| 11 February | Insight Global Multi-Strategy Fund – Sterling Retail Adv B (Net Inc.) |
| 11 February | Insight Inflation-Linked Corporate Bond Fund – Sterling Institutional W (Net Accum.) |
| 11 February | Insight Inflation-Linked Corporate Bond Fund – Sterling Institutional W (Net Inc.) |
| 11 February | Insight Inflation-Linked Corporate Bond Fund – Sterling Retail Adv B (Net Accum.) |
| 11 February | Insight Inflation-Linked Corporate Bond Fund – Sterling Retail Adv B (Net Inc.) |
| 11 February | Insight Strategic Bond Fund – Sterling Institutional W (Net Accum.) |
| 11 February | Insight Strategic Bond Fund – Sterling Institutional W (Net Inc.) |
| 11 February | Insight Strategic Bond Fund – Sterling Retail Adv B (Net Accum.) |
| 11 February | Insight Strategic Bond Fund – Sterling Retail Adv B (Net Inc.) |
| 14 February | Newton Global Higher Income Fund – Sterling Exempt 2 (Net Accum.) |
| 21 May | Newton Phoenix Multi-Asset Fund – Sterling X (Net Accum.) |
| 11 June | Newton Global Dynamic Bond Fund – Sterling Exempt 2 (Gross Inc.) |
| 11 June | Newton Global Opportunities Fund – Sterling Exempt 2 (Net Inc.) |
| 6 November | Insight Inflation-Linked Corporate Bond Fund – Sterling X (Net Accum.) |
| 18 November | Newton Long Corporate Bond Fund – Sterling X (Net Inc.) |
| 18 November | Newton Long Gilt Fund – Sterling X (Net Inc.) |
| 18 November | Newton UK Opportunities Fund – Sterling X (Net Inc.) |
| 2 December | Newton Asian Income Fund – USD X (Net Accum.) |

Amendments

| Date | Description |
|--------------|--|
| 2004 | |
| 30 July | Newton Intrepid Fund name changed to Newton Absolute Intrepid Fund. |
| 31 July | Following the restructuring of Newton's range of exempt unit trusts, a number of Sub-Funds and/or Share Classes were added to the Company. The Sub-Funds offer one or more of the following Share Class types – Sterling Income, Mellon Newton Euro Accumulation, Sterling Exempt 1 (Net Accum.), Sterling Exempt 2 (Net Accum.), Sterling Exempt 1 (Gross Accum.), Sterling Exempt 2 (Gross Accum.), Sterling Institutional (Net Accum.). |
| 2 August | The name of the Company was changed from Newton Investment Funds to Mellon Investment Funds ICVC ("MIF") and the name of the ACD was changed from Newton Fund Managers Limited to Mellon Fund Managers Limited. |
| 2005 | |
| 31 March | Mellon Newton Euro Accumulation shares name changed to Euro Accumulation shares. The following Funds offer a Euro Accumulation Share Class: Newton American Fund, Newton Continental European Fund, Newton Global Innovation Fund, Newton International Bond Fund, Newton International Growth Fund, Newton Japan Fund, Newton Oriental Fund and Newton Pan-European Fund. The MIF Prospectus was amended to include an Exempt 3 class for all Sub-Funds as and when required. |
| 1 July | The MIF Prospectus was amended to include a Sterling X Share Class for all Sub-Funds as and when required. MIF is meeting the requirements of the European Union Savings Directive (EUSD). |
| 30 September | At a series of Extraordinary General Meetings of Shareholders in the Company the following changes were approved and effected from: |
| 1 October | The objective of the Company was changed, as stated in the Instrument of Incorporation, to enable Sub-Funds of the Company to take up the wider powers prescribed by the recently amended UCITS Directive. The wider powers were adopted by the following Sub-Funds: Newton European High Yield Bond Fund, Newton Strategic Corporate Bond Fund (formerly Newton High Yield Bond Fund), Newton International Bond Fund, Newton Long Corporate Bond Fund, Newton Absolute Intrepid Fund, Newton Balanced Fund, Newton Global Balanced Fund and Newton Managed Intrepid Fund. Consequently the investment objective and policy of these Sub-Funds was amended to permit greater investment flexibility, including the greater use of derivatives. The Newton High Yield Bond Fund name changed to Newton Strategic Corporate Bond Fund. The following Sub-Funds had the investment objective and policy amended to take up/permit greater investment flexibility but did not take up the wider investment powers permitted under the amended UCITS Directive: Newton American Fund, Newton Continental European Fund, Newton Income Fund, Newton Index Linked Gilt Fund, Newton Japan Fund, Newton Oriental Fund, Newton Pan-European Fund and Newton UK Equity Fund. The limit on investing in other collective investment schemes was increased from 5% to 10% on all Sub-Funds. The investment objective of all Sub-Funds explicitly permits the use of collective investment schemes as an asset class. The investment objective and policy of the Newton International Bond Fund was amended to remove the list of Government and other public securities allowable for investment. |
| 14 October | The basis for charging Registrar Fees and other allowable expenses to the Sub-Funds changed. An Administration Fee of 0.10% per annum is charged on Sterling Income Share Class; 0.03% per annum is charged on Sterling Institutional (Net Inc.), Sterling Institutional (Net Accum.) Share Class and all Exempt and Sterling X Share Classes. The Administration Fee is calculated and accrued daily and payable monthly. |

Amendments – contd.

| Date | Description |
|----------------------|---|
| 2005 – contd. | |
| 8 November | The Prospectus was amended to include an Sterling Institutional (Net Inc.) Share Class for all Sub-Funds as and when required. |
| 13 November | The annual management charge of the Newton Absolute Intrepid Fund is charged to capital rather than income. |
| 2006 | |
| 30 June | Newton Managed Intrepid Fund was merged into Newton Absolute Intrepid Fund. |
| 18 December | Newton Global Innovation Fund was closed. |
| 2007 | |
| 1 September | Newton Growth Fund annual management charge increased to 1.5%. |
| 1 October | Following the successful merger of Mellon Financial Corporation with Bank of New York, Mellon Fund Managers Limited became part of BNY Asset Management International Holdings Limited. Newton Strategic Corporate Bond Fund changed from the IMA UK Other Bond to the IMA UK Corporate Bond Sector. |
| 3 October | The Sterling Exempt 3 (Net Accum.) Share Class of both the Newton Overseas Equity Fund and the Newton UK Equity Fund was closed. |
| 31 December | Newton Equity & Bond Fund changed sector from IMA UK Equity & Bond Income to IMA Balanced Managed. The performance record was retained. |
| 2008 | |
| 31 March | Following the successful merger of Mellon Financial Corporation with The Bank of New York, the name of the Company changed from Mellon Investment Funds ICVC (“MIF”) to BNY Mellon Investment Funds (“BNY MIF”) and the name of the ACD from Mellon Fund Managers Limited to BNY Mellon Fund Managers Limited. Mellon Long-Term Global Equity Fund name changed to BNY Mellon Long-Term Global Equity Fund. |
| 11 June | Newton Absolute Intrepid Fund changed sector from IMA Active Managed to IMA Absolute Return. The performance record from 31 March 2004 is retained. |
| 1 July | No initial charge will be applied to the reinvestment of distribution income. |
| 18 September | Newton UK Equity Fund Sterling X (Net Accum.) Share Class was closed. |
| 31 December | The name of the Newton Strategic Corporate Bond Fund changed to Newton Corporate Bond Fund. The Newton Corporate Bond Fund moved from the IMA UK Corporate Bond Sector to the IMA £ Corporate Bond Sector. The performance record was retained. Newton Higher Income Fund: at the interim accounting date (31 December 2008), in accordance with the Regulations and the objective of the Sub-Fund, a proportion of the income available for distribution was retained within the Sub-Fund. For the period 1 January to 30 June 2009, the value of the deferred income was included in the daily Net Asset Value (NAV) calculations and, therefore, included in the published price. At the annual accounting date (30 June 2009) all accrued income was distributed. Suspension of dealing: the ACD and Depositary have agreed that the previous suspension limit of 28 days be extended to indefinite. The ACD and Depositary must review the temporary suspension at least every 28 days and inform the FSA of the result of that review with the aim of ending the temporary suspension as soon as practicable after the exceptional circumstances have ceased. Following the end of the temporary suspension, for dealing purposes, the ACD will recommence the calculation of the net asset value and share price of the fund(s) at the next relevant valuation point. |

Amendments – contd.

| Date | Description |
|---------------------------------|---|
| 2009 | |
| 28 January | Newton Diversified Growth Fund Sterling Exempt 2 (Net Accum.) Share Class was closed. |
| 5 February | Newton Diversified Growth Fund Sterling Institutional (Net Accum.) Share Class was closed. |
| 25 February | Newton UK Equity Fund Sterling Exempt 2 (Net Accum.) Share Class was closed. |
| 1 July | Newton Absolute Intrepid Fund name changed to Newton Real Return Fund. Newton Higher Income Fund distribution frequency changed from half-yearly to quarterly. BNY Mellon Long-Term Global Equity Fund minimum investment level reduced to £1,000 and ISA functionality introduced. |
| 1 August | Administration for the Sterling Exempt and Sterling X Share Classes moved from the London office to BNY Mellon House, Ingrave Road, Brentwood, CM15 8TG. Shares in Exempt and Sterling X Share Classes represented to 4 decimal places. |
| 1 August | The annual management charge of the Newton Income Fund is charged to capital rather than income. |
| 9 October | Newton International Bond Fund Sterling X (Net Accum.) Share Class was closed. |
| 30 October (close of business) | Newton European High Yield Bond Fund At an Extraordinary General Meeting held on 28 October 2009, Shareholders voted in favour of the following changes which will be implemented with effect from midnight on 30 October 2009:- The name of the Newton European High Yield Bond Fund changed to Newton Global High Yield Bond Fund; The investment objective changed to:- “The objective of the Sub-Fund is to achieve a high yield from a globally diversified portfolio which may include but is not limited to fixed interest bonds and other debt instruments (such as floating rate notes and index-linked notes). The Sub-Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes. At least 80% of the Sub-Fund’s assets should be in Sterling denominated assets or hedged back to Sterling” with effect from 31 October 2009; The IMA sector changed from Global Bonds to £ High Yield – please note that the performance history has been retained. |
| | Newton Equity & Bond Fund The lead fund manager changed from Jamie Korner to Simon Nicholls. |
| 30 November (close of business) | Newton Global Dynamic Bond – change of benchmark from a customised benchmark of 25% Merrill Lynch Global Bond Index; 25% Merrill Lynch Global High Yield Index; 25% JP Morgan Emerging Markets Bond Index; 25% JP Morgan Global Bonds Index hedged to a cash benchmark of LIBOR 1-Month GBP + 2% p.a. (gross). |
| 31 December (midnight) | The following changes were implemented on the Newton Equity & Bond Fund:- The Annual Management Charge was reduced on the Sterling Income Share Class from 1.5% to 1.25% and on the Sterling Institutional (Net Accum.) Share Class from 1% to 0.75%. The IMA sector changed from Balanced Managed to Cautious Managed. |

Amendments – contd.

| Date | Description |
|-----------------------|---|
| 2010 | |
| 29 January (midnight) | The name of the Newton Equity & Bond Fund changed to Newton Cautious Managed Fund. |
| 19 March | Newton Real Return Fund Sterling P (Net Accum.) Share Class was reduced to zero. |
| 31 March (midnight) | The following changes were made to the Newton 60/40 Global Equity Fund:- Name changed to Newton 50/50 Global Equity Fund. Investment objective changed as follows: “The objective of the Sub-Fund is to invest in a broad spread of UK and international securities to achieve income and capital growth over the longer term.” The Sub-Fund will be managed to a benchmark of approximately 50% UK and 50% international equities. The Sub-Fund may also invest in collective investment schemes. The benchmark changed to: – 50% UK equities represented by FTSE All Share; and – 50% overseas equities represented by 1/3 FTSE AW North America, 1/3 FTSE AW Europe ex UK and 1/3 FTSE AW Asia Pacific. |
| 27 April | The Newton European Higher Income Fund Sterling X (Net Inc.) Share Class was reduced to zero. The Newton Higher Income Fund Sterling X (Net Inc.) Share Class was reduced to zero. |
| 2011 | |
| 4 February | Newton Corporate Bond Sterling X (Net Accum.) Share Class closed. |
| 17 June | Newton Japan Fund Sterling Exempt 1 (Net Accum.) Share Class was closed. |
| 24 June | Newton Japan Fund was closed. |
| 26 September | Newton Income Fund Sterling X (Net Inc.) Share Class was reduced to zero. |
| 17 October | As part of an internal re-structuring in 2011 The Royal Bank of Scotland Group plc transferred its Trustee and Depository Services business from The Royal Bank of Scotland plc to National Westminster Bank plc and consequently National Westminster Bank plc was appointed as depository of the Funds on 17 October 2011. As depository, National Westminster Bank plc will have the same duties and responsibilities as The Royal Bank of Scotland and the change of depository will have no impact on the way the Funds are operated. The settlement cycle of Newton Long Gilt Fund Sterling Exempt 2 (Gross Accum.) and Sterling X (Gross Accum.) Share Class and of Newton Index Linked Gilt Fund Sterling Exempt 2 (Gross Accum.), Sterling X (Net Inc.) and Sterling X (Gross Accum.) Share Class changed from T+1 to T+4. |
| 2012 | |
| 30 January | The name of the Newton International Growth Fund changed to Newton Global Equity Fund. The Investment Adviser of the Newton American Fund changed from Newton Investment Management Limited to The Boston Company Asset Management, LLC. The Sub-Fund name also changed to the BNY Mellon American Fund. |
| 31 March | The Newton Growth Fund and Newton UK Equity Fund merged into the Newton Income Fund. |
| 2 April | Following the successful merger, the Newton Income Fund was renamed the Newton UK Equity Fund. |
| 4 September | Newton UK Equity Sterling Exempt 2 (Net Accum.) Share Class was closed. |
| 4 October | Newton Emerging Income Fund launched. |

Amendments – contd.

| Date | Description |
|-------------|--|
| 2013 | |
| 28 January | Newton Pan-European Fund was closed. |
| 9 February | Insight Strategic Bond Fund, Insight Inflation-Linked Corporate Bond Fund, Insight Global Multi-Strategy Fund, Insight Global Absolute Return Fund, Insight Equity Income Booster Fund and Insight Equity Income Fund launched. |
| 15 June | The Newton Cautious Managed Fund merged into the Newton Managed Income Fund; a sub-fund of BNY Mellon Managed Funds I. |
| 2 December | Following regulatory approval, the ACD updated investors of its intention to merge the Newton Overseas Equity Fund into the Newton Global Equity Fund, subject to shareholder approval, with effect from 15 February 2014. Following regulatory approval, the ACD updated investors of its intention to merge the BNY Mellon Global Strategic Bond Fund into the Insight Strategic Bond Fund, subject to shareholder approval, with effect from 15 February 2014. |
| 13 December | Newton European Higher Income Fund was closed. |
| 23 December | In line with Investment Management Association (IMA) and Financial Conduct Authority (FCA) changes in relation to targeted absolute return funds, clarification has been made to the investment objective of certain sub-funds to specify a) the investment period over which the sub-fund aims to achieve a positive return; b) the performance aim and the time period in which the sub-fund will aim to achieve that; and c) that capital is at risk and there is no guarantee that the absolute return or performance aim will be achieved. Affected sub-funds are the Newton Real Return Fund, Newton Global Dynamic Bond Fund, Newton Phoenix Multi-Asset Fund and Insight Global Absolute Return Fund. There is no change to the way the sub-funds are managed. |
| 2014 | |
| 15 January | Following regulatory approval, the ACD updated investors of its intention to change the name of the BNY Mellon American Fund to The Boston Company US Opportunities Fund and to update the investment objective and policy of the fund, with effect from 13 February 2014. |

Client classification notice: Under the FCA's Conduct of Business rules we are required to classify our investors. We have classified you as a Retail Client unless otherwise notified. This means that you will have the maximum amount of protection available for complaints and compensation, and will receive information in a straightforward way. However, some clients, such as professional investors, may not necessarily have the same rights under the Financial Ombudsman Service and the Financial Services Compensation Scheme. Further details may be found on our website – www.bnymellonam.co.uk under Client Classification.

The ACD makes available the daily prices of shares on its website: www.bnymellonam.com. Selected share prices are also available, free, via our Priceline on 0500 330 000.

The ACD has dispensed with the requirement to convene Annual General Meetings of the Company. However, Extraordinary General Meetings will continue to take place as and when required.

DILUTION ADJUSTMENT

As set out in the Prospectus, the ACD may make a dilution adjustment when calculating the price of a share. In deciding whether to make a dilution adjustment at any valuation point, the ACD will take into account the number of shares to be created or cancelled. Where the number of shares to be created exceeds the number of shares to be cancelled, the dilution adjustment to the share price will be upwards. Where the number of shares to be cancelled exceeds the number of shares to be created, the dilution adjustment to the share price will be downwards.

ANNUAL AND INTERIM REPORTS

The ACD acts on instructions received from shareholders when making a copy of the Interim and Annual Short Report for BNY Mellon Investment Funds available each year.

HELP THE ENVIRONMENT – ACCESS THE REPORTS ONLINE

You can log on to our website and access a copy of the Long Form Financial Statements and the Short Report in English, German, Spanish or Portuguese using the following links:-

English Long Form – www.bnymellonam.com/mifenlong

English Short Report – www.bnymellonam.com/mifenshort

German Long Form – www.bnymellonam.com/mifdelong

German Short Report – www.bnymellonam.com/mifdeshort

Spanish Long Form – www.bnymellonam.com/mifeslong

Spanish Short Report – www.bnymellonam.com/mifesshort

Portuguese Long Form – www.bnymellonam.com/mifptlong

Portuguese Short Report – www.bnymellonam.com/mifptshort

A copy of the full Long Form financial statements is also available upon written request from BNY Mellon Fund Managers Limited, Client Service Centre, PO Box 12041, Brentwood, CM14 9LS, England, United Kingdom. The annual accounting period is to 30 June and the interim accounting period is to 31 December.

HELP THE ENVIRONMENT – OPT OUT AND ACCESS THE REPORTS ONLINE (UK INVESTORS ONLY)

If you are a UK investor and have received a copy of the latest Short Report but would prefer not to receive a hard copy of the Annual and Interim Short Report for future reporting periods, please write to BNY Mellon Fund Managers Limited at Client Service Centre, PO Box 12041, Brentwood, CM14 9LS, England, United Kingdom. We will note your instructions on your account.

If you reside outside the UK but wish to receive a copy of the Annual and Interim Short Reports in English, please write to BNY Mellon Fund Managers Limited, Client Service Centre, PO Box 12041, Brentwood, CM14 9LS, England, UK and we will record your preference on your account.

The cost of producing the BNY MIF Interim and Annual Reports is charged to the Company in accordance with the provisions of the Regulations and the Prospectus. This Short Report is printed on recycled material from sustainable sources.

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Directors of BNY Mellon Fund Managers Limited

G A Brisk
D M Turnbull (Chairman)
L E Lenel (resigned 31 August 2013)
J F Lubran
M J Oomen

Dealing

(i) For all Share Classes (other than
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Call, **free**, 0500 440 000
Call +44 (0) 203 528 4012

(ii) For Sterling Exempt
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Fax 0844 892 2716

Priceline

(i) Call, **free**, 0500 330 000

Client Enquiries

(i) Call, **free**, 0800 614 330
(ii) Call +44 (0) 203 528 4002

Authorisation

BNY Mellon Fund Managers Limited
Authorised and regulated
by the Financial Conduct Authority

BNY Mellon Fund Managers Limited
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