



SARASIN

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# Unaudited semi-annual report

**30 June 2013**

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## **Sarasin UK Funds**

### **Financial Conduct Authority UK OEIC Umbrella Funds**

Sarasin EquiSar Global Thematic Fund  
Sarasin EquiSar Global Thematic Fund (Sterling Hedged)  
Sarasin EquiSar IIID Fund  
Sarasin EquiSar - UK Thematic Fund  
Sarasin EquiSar - UK Thematic Opportunities Fund  
Sarasin EquiSar - Socially Responsible  
Sarasin EquiSar - Socially Responsible (Sterling Hedged)  
Sarasin International Equity Income Fund  
Sarasin Global Equity Income Fund (Sterling Hedged)  
Sarasin GlobalSar - Cautious Fund  
Sarasin Sterling Bond Fund  
Sarasin AgriSar Fund

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For the period 1 January 2013 to 30 June 2013

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**Management and Professional Service Providers' Details**

**The Company**

Sarasin Funds ICVC  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8BU  
Tel: 020 7038 7000  
Fax: 020 7038 6851

**Authorised Corporate Director**

Sarasin Investment Funds Limited  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8BU  
Tel: 020 7038 7000  
Fax: 020 7038 6851  
(Authorised and regulated by the  
Financial Conduct Authority)

**Directors of the Authorised Corporate Director**

H-P Grossman  
G.V. Matthews  
N.Ossenbrink  
S. M. Rivett-Carnac

**Depository**

National Westminster Bank plc  
Trustee & Depository Services  
Younger Building  
1<sup>st</sup> Floor  
3 Redheughs Avenue  
Edinburgh EH12 9RH  
(Authorised and regulated by the  
Financial Conduct Authority)

**Investment Advisor**

Sarasin & Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8BU  
Tel: 020 7038 7000  
Fax: 020 7038 6851  
(Authorised and regulated by the  
Financial Conduct Authority)  
Website: [www.sarasin.co.uk](http://www.sarasin.co.uk)

**Auditors**

Deloitte LLP  
Hill House, 1 Little New Street  
London EC4A 3TR

**Registrars/Administrators**

Northern Trust Global Services Ltd  
P.O. Box 3733  
Wootton Bassett  
Swindon SN4 4BG  
Tel: 0870 870 8430  
Fax: 020 7982 3924

## Introduction to Shareholders

### The Company

The Sarasin Funds ICVC (“the Company”) is an Open-Ended Investment Company (OEIC) with Variable Capital incorporated in England and Wales since 2 November 1999 and authorised by the FCA on 22 October 1999. The property of the Company is entrusted to National Westminster Bank plc (“the Depositary”).

The objective of the Company is to invest the scheme property in transferable securities with the aim of spreading investment risk and giving its shareholders the benefit of the results of the management of that property. The shareholders have no interest in the scheme property and are not liable for the debts of the Company.

The Company has an umbrella structure, and currently comprises SARASIN EQUISAR Global Thematic Fund and SARASIN GLOBALSAR - Cautious Fund (formerly the SARASIN GLOBALSAR IIID Fund), both part of the conversion in November 1999, SARASIN EQUISAR IIID Fund, SARASIN Sterling Bond Fund and SARASIN International Equity Income Fund which were launched in May 2006, SARASIN AGRISAR Fund which launched in March 2008, SARASIN EQUISAR Global Thematic Fund (Sterling Hedged) and SARASIN Global Equity Income Fund (Sterling Hedged) which both launched in May 2009, SARASIN EQUISAR - UK Thematic Fund and SARASIN EQUISAR - UK Thematic Opportunities Fund which both launched on 28 January 2010 and SARASIN EQUISAR - Socially Responsible Fund and SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged) which both launched on 1 June 2011. The Company is a UCITS Scheme as defined by the FCA’s Collective Investment Schemes Sourcebook (“COLL”). SARASIN UK Equity Income Fund which launched in January 2007 was wound up in July 2008. SARASIN Real Estate Equity IIID Fund which launched in February 2007 was wound up in June 2009.

### Liabilities

The Financial Services (Open-Ended Investment Companies) Regulations 2001 (“the Regulations”) indicate that, as sub-funds are not legal entities in their own right, if the assets of a sub-fund are insufficient to meet its liabilities, any such shortfall might have to be met from assets of other sub-funds of the Company. In the event that any assets are so re-allocated, the Authorised Corporate Director will advise shareholders immediately.

### The Financial Statements

We are pleased to present the interim financial statements of the Company to 30 June 2013. The financial statements have been prepared on an aggregated basis including all sub-funds (currently there are twelve) and information for each of the sub-funds has also been included, as required by the Regulations.

## Manager’s Report

### The World Economy

2013 began as 2012 ended: with politics. In the US, the toxic fiscal cliff battle was partially but not conclusively resolved, with significant challenges on the spending side still to be faced later in the year. Despite murmurs of dissent in the Federal Reserve, Chairman Ben Bernanke reiterated his commitment to quantitative easing, and stressed the possible risks of sequestration, which kicked in in March.

In the UK Moody’s credit rating agency downgraded government debt from Aaa to Aa1 (though the move was widely anticipated and the market impact relatively limited). Chancellor George Osborne’s balancing act of a Budget, released against a backdrop of further downward revisions to growth, tightrope walked between new austerity measures and pro-business, job-friendly and growth-oriented decisions.

European banks greeted 2013 by repaying €140bn in Long-Term Refinancing Operations, implying a reduction in ECB balance sheet and further boosting the euro. But politics were prevalent here too, as Italians sent a protest vote against austerity by returning a split parliament in the general election. More turbulently, in March, Cyprus held centre stage as its financial markets went into free fall, as a result of last year’s Greek default and an overinflated banking system. Cypriot and EU leaders scrambled ineptly for a bailout solution, and although small depositors were eventually excluded from losses and the debt seniority structure respected, this handling did not inspire confidence in euro zone leadership.

Meanwhile in Japan, the yen fell as 2013 began, as the new government took rhetorical aim at its overly strong currency. This was compounded by the nomination of Haruhiko Kuroda – a known proponent of ultra-loose monetary policy – as the next central bank governor.

With weaker growth together with higher inflation in a number of emerging economies, and a European recession likely to match last year’s, macroeconomic momentum slowed markedly as we entered the second quarter in April. However, there were some bright spots: US consumption and domestic demand were robust, deposits appeared to be returning to Greek banks (and remained stable in most of the periphery despite the Cypriot bailout), a triple dip UK recession was avoided, and Germany appeared as Europe’s strong man. But, economic conditions globally do not warrant a slowdown in central banking activity; indeed, the Bank of Japan pledged to double its balance sheet over the next two years.

However, the main news as the Spring progressed came from the US, where Fed Chairman Bernanke stated that provided the US economy continued to improve in line with the Fed’s slightly optimistic forecasts, he expected this \$85bn to be tapered down to zero by the middle of 2014 (having been reduced by around \$10bn roughly every 6 weeks). While more clarity was welcome, it was

### Manager's Report (continued)

unfortunate that the Bank of China chose to tighten bank liquidity at just the same moment.

As the first half drew to a close, business confidence in the euro area, including the periphery, continued to improve – albeit consumer confidence and unemployment rate failed to stop deteriorating. The UK economic recovery appears to remain on track, as business, consumer confidence and housing market data all showed a notable rebound.

### Global Bond Outlook

UK gilts traded off throughout early 2013, as investors embraced equities and other risk assets in a new round of optimism. The mood benefitted corporate bonds too, where inflows remained positive. Up until mid-February, gilt prices fell as yields rose around 35 basis points, while sterling corporate prices remained firm. The rest of the first quarter saw gilts recover sharply. The first impetus was the annual Budget, which granted greater flexibility to the Bank of England on its mandate; this was taken well by the market. The second driver was the brewing Cypriot crisis, which resurrected a 'risk-off' move. As Easter approached, the gilt yield curve returned to where it started the year, ending the first quarter virtually unchanged.

The market tone changed dramatically after Ben Bernanke aired the possibility of reducing the pace of quantitative easing. His subsequent press conference in June contained exactly the sort of detailed communication we have come to expect – it was well flagged and it should not have surprised financial markets. However, the reaction in bonds (and indeed equities) was adverse. US 10-year Treasury yields jumped by close to 100bp over one month and, remarkably, UK yields rose around the same amount, despite the lack of any real prospect of UK policy tightening in the foreseeable future.

Following this dramatic shake out, fixed income markets are left with some valuation distortions and, therefore, interesting opportunities. We believe that the yield adjustment necessary for the US has been made. In the UK and Europe, we would expect some price recovery. However, the importance of the US in setting the global interest rate environment should not be underestimated, and so the challenge for European policy makers will be to compensate for US-led moves. Mark Carney certainly arrives at the Bank of England at an interesting time.

### Currencies

During the first half of 2013, sterling weakened moderately against the US dollar and the euro (by around 5% against both currencies), mostly on the back of the appointment of Mark Carney as Bank of England governor. Amongst the major currencies, the yen had the most notable move: given new Prime Minister Abe's agenda and the Bank of Japan's decision in April to double its balance sheet over the next two years, the yen continued to weaken markedly against all currencies.

With the US Federal Reserve hinting at a withdrawal of their monetary stimulus in May, the US dollar started to strengthen against most currencies. In particular, higher bond yields triggered a large sell-off in emerging market currencies, with the South African rand losing around 20% of its value, the Brazilian real and the Turkish lira up 10%. The Australian dollar weakened by almost 15% as the increasing evidence of a slowdown in China (and its consequences for the commodity-heavy Australian exports) intensified downward pressure on the currency.

Looking ahead, QE tapering in the US and signs of a more sustainable economic environment should continue to support the US dollar. Downward pressures on sterling are likely to continue as the trade deficit remains large and the Bank of England keeps policy loose. Finally, while many emerging market currencies (Brazilian real, Turkish lira and India rupee) will continue to suffer from deteriorating fundamentals, others (e.g. Mexican peso) should benefit from either the US growth or favourable domestic demand momentum.

### Global Equity Outlook

Quantitative easing, currency intervention, and the promise of 'lower rates for longer' were all designed to stimulate growth but in doing so lifted the price of risk assets and hence equities. The S&P 500, FTSE 100, Swiss Market Index and Japan's Topix all rallied strongly in the first quarter. However, the rest of Asia and the larger emerging markets, where central banks were not so aggressive, saw negative returns. In other words, share prices struggled more wherever the central bank liquidity trap was not open at full flow.

As the year progressed, the impact of Bernanke's QE tapering speech was generally worse for non-US than US markets, and highlighted the risks of a slowdown in China, budget strains in Europe and renewed monetary 'activism' from Japan's Shinzo Abe. As we write, Mark Carney assumes governorship of the Bank of England (BoE), and UK economic data over the past months has been broadly consistent with a nascent recovery, though headwinds to growth remain substantial. While the chances of further QE from the BoE have lessened, Carney is already stepping up forward guidance, implying further pound weakness over the summer.

Downward earnings revisions have persisted in recent months, and we will be watching revenue growth as determinedly as profitability across our thematic holdings, while also assessing the impact of a lower yen and a slightly steeper yield curve for global financials.

Against this backdrop, we believe that still compelling valuations against bonds and cash, robust cash-flow and low historic funding costs will continue to support equities. We also see a buying opportunity for higher-yielding stocks (after recent under-performance in the face of rising bond yields), while still patiently waiting for the opportunity to increase our emerging world thematic stocks as these markets correct.

**Manager's Report (continued)**

Guy Monson  
Chief Investment Officer  
Sarasin & Partners LLP  
July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

### Modification of the Company

With effect from 1 January 2013 the Performance Related Fee applied to the Sarasin EquiSar IIID Fund was modified to include a redefinition of the High Water Mark (“HWM”), which represents a value per share which the Fund must exceed before a Performance Related Fee may become payable. Whereas previously the HWM remained unchanged at the end of a Performance Period when a Performance Related Fee was not paid, under the modified model the HWM will be increased in line with the increase in UK inflation (UK Retail Price Index) during the period. The HWM will not decrease in the event that there is a decrease in the rate of inflation.

There has also been a clarificatory redefinition of the HWM used in the Performance Related Fee applied to Sarasin GlobalSar - Cautious to ensure the method for calculating the fee is clear. This is purely a clarificatory change which is not expected to lead to increased charges to investors, and it has not been necessary to amend the performance fee calculations in the prospectus as a result.

### Notes to all Shareholders

Following guidance from the European Securities and Markets Authority (“ESMA”), the way in which the Funds may use financial derivative instruments for Efficient Portfolio Management (“EPM”), and the associated risks of doing so, has been clarified. It is not intended that using derivatives for efficient portfolio management will increase the volatility of the Funds. In adverse situations, however, a Fund’s use of derivatives may become ineffective in hedging or EPM and a Fund may suffer significant loss as a result. A Fund’s ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

Use of one or more separate counterparties will be made to undertake derivative transactions on behalf of these Funds and the Funds may be required to pledge or transfer collateral paid from within the assets of the relevant Fund to secure such contracts. There may be a risk that a counter party will wholly or partially fail to honour their contractual arrangements under the arrangement with regards to the return of collateral and any other payments due to the relevant Fund. The Investment Manager measures the creditworthiness of counterparties as part of the risk management process.

Sarasin Funds ICVC also intends to become a “Protected Cell Company” meaning the Funds are segregated portfolios of assets, and, accordingly, the assets of a Fund belong exclusively to that Fund, and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the ICVC or any other Fund, and shall not be available for any such purpose.

### Investment Themes

#### Corporate Restructuring

**Rationale:** Underperforming company with a new credible plan to improve shareholder returns unappreciated by the market.

**Characteristics:** Management change, profitability, Balance Sheet (unaudited) or working capital improvements, shareholder pressure.

#### Disruption and Innovation

**Rationale:** Value creation through being on the right side of the constant process of creative disruption in markets: those positively embracing change.

**Characteristics:** Inventive development of new products, processes or business models superior to the status quo from which the company can take significant market share and/or develop new markets. Adeptness at using generic innovations to their advantage and ability to adapt rapidly and positively to market disruption

#### Franchise Power

**Rationale:** Value creation through sustainably superior products or services.

**Characteristics:** A pipeline of improvements to refresh and invigorate its product line-up, and market share that is stable or rising. Greater focus on managing the impact of competitive disruptions to its business, or on seeking to disrupt others’ businesses to gain market share. Strong strategic focus on the external environment, and a concentration of resources on the optimal opportunities.

#### The Security of Supply

**Rationale:** Emerging market growth is stretching demand for strategic assets, making security of supply of critical interest.

**Characteristics:** Companies operating in these areas should own the strategic asset, control access to the strategic asset or aid the process of exploiting the asset.

#### The Strong Get Stronger

**Rationale:** The environment of credit rationing will reward companies with superior control over their business ecosystem, and able to self-fund.

**Characteristics:** A sector gorilla with net cash, some fat to shed, minimal or well funded legacy commitments and not threatened by the regulator.

## SARASIN FUNDS ICVC

### Fund Details As at 30 June 2013

	EQUISAR Global Thematic Fund	EQUISAR Global Thematic Fund (£ Hedged)	EQUISAR IIID Fund	EQUISAR UK Thematic Fund	EQUISAR UK Thematic Opportunities Fund	EQUISAR Socially Responsible Fund
<b>Launch Date</b>	01 Jul 94	12 May 09	08 May 06	28 Jan 10	28 Jan 10	01 Jun 11
<b>Annual Charges per share class</b>						
A Class	1.50%	1.50%	N/A	1.50%	1.50%	1.50%
AP Class	N/A	N/A	1.50%	N/A	N/A	N/A
F Class	1.00%	1.00%	N/A	1.00%	N/A	1.00%
I Class	0.85%	0.85%	1.10%	0.85%	0.85%	0.85%
IP Class	N/A	N/A	0.85%	N/A	N/A	N/A
P Class	0.75%	0.75%	1.00%	0.75%	0.75%	0.75%
PP Class	N/A	N/A	0.75%	N/A	N/A	N/A
X Class	1.35%	1.35%	N/A	1.35%	1.35%	1.35%
XP Class	N/A	N/A	1.45%	N/A	N/A	N/A
<b>Initial Charge per share class</b>						
A Class	5%	5%	5%	5%	5%	5%
AP Class	N/A	N/A	5%	N/A	N/A	N/A
F Class	5%	N/A	N/A	5%	N/A	5%
I Class	5%	5%	5%	5%	5%	5%
IP Class	N/A	N/A	5%	N/A	N/A	N/A
P Class	5%	5%	5%	5%	5%	5%
PP Class	N/A	N/A	5%	N/A	N/A	N/A
X Class	5%	5%	N/A	5%	5%	5%
XP Class	N/A	N/A	5%	N/A	N/A	N/A
Z Class	5%	N/A	N/A	5%	N/A	N/A
<b>Share Types</b>	<b>Inc and Acc</b>	<b>Inc and Acc</b>	<b>Inc and Acc</b>	<b>Inc and Acc</b>	<b>Inc and Acc</b>	<b>Inc and Acc</b>
<b>Minimum Initial Investment</b>						
A Class	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000
AP Class	N/A	N/A	£1,000	N/A	N/A	N/A
F Class	£1,000	N/A	N/A	£1,000	N/A	£1,000
I Class	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000
IP Class	N/A	N/A	£1,000,000	N/A	N/A	N/A
P Class	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000
PP Class	N/A	N/A	£1,000	N/A	N/A	N/A
X Class	£1,000	£1,000	N/A	£1,000	£1,000	£1,000
XP Class	N/A	N/A	£1,000	N/A	N/A	N/A
Z Class	£1,000,000	N/A	N/A	£1,000,000	N/A	N/A

## SARASIN FUNDS ICVC

### Fund Details As at 30 June 2013

		EQUISAR Global Thematic Fund	EQUISAR Global Thematic Fund (£ Hedged)	EQUISAR IIID Fund	EQUISAR UK Thematic Fund	EQUISAR UK Thematic Opportunities Fund	EQUISAR Socially Responsible Fund
<b>Minimum Additional Investment</b>	A Class	£250	£250	£250	£250	£250	£250
<b>Minimum Monthly Savings Plan</b>	A Class	£100	£100	£100	£100	£100	£100
<b>ISA</b>		Yes	Yes	Yes	Yes	Yes	Yes
<b>Annual Accounts</b>		31 December	31 December	31 December	31 December	31 December	31 December
<b>Interim Accounts</b>		30 June	30 June	30 June	30 June	30 June	30 June
<b>Annual Distribution</b>		28 February	28 February	28 February	28 February	28 February	28 February
<b>Interim Distribution</b>		- 31 August -	- 31 August -	- 31 August -	31 May 31 August 30 November	- 31 August -	- 31 August -

**Fund Details (continued)**

	EQUISAR Socially Responsible Fund (£ Hedged)	International Equity Income Fund	Global Equity Income Fund (£ Hedged)	GLOBALSAR Cautious Fund	Sterling Bond Fund	AGRISAR Fund
<b>Launch Date</b>	01 Jun 11	16 May 06	12 May 09	03 Feb 99	04 May 06	31 Mar 08
<b>Annual Charges per share class</b>						
A Class	1.50%	1.5%	1.50%	1.75%	1.25%X	1.75%
AP Class	N/A	N/A	N/A	1.50%	N/A	1.50%
F Class	N/A	1.00%	N/A	N/A	N/A	1.25%
FP Class	N/A	N/A	N/A	N/A	N/A	1.00%
I Class	0.85%	0.85%	0.85%	1.10%	UP TO 0.57%	1.10%
IP Class	N/A	N/A	N/A	0.85%	N/A	0.85%
P Class	0.75%	0.75%	0.75%	1.00%	0.5%	1.00%
PP Class	N/A	N/A	N/A	0.75%	N/A	0.75%
X Class	1.35%	1.35%	1.35%	1.45%	N/A	1.60%
XP Class	N/A	N/A	N/A	1.20%	N/A	1.35%
A USD Class	N/A	1.50%	N/A	N/A	N/A	N/A
I USD Class	N/A	0.85%	N/A	N/A	N/A	N/A
A EUR Class	N/A	1.50%	N/A	N/A	N/A	N/A
F EUR Class	N/A	1.00%	N/A	N/A	N/A	N/A
I EUR Class	N/A	0.85%	N/A	N/A	N/A	N/A
<b>Initial Charge per share class</b>						
A Class	5%	5%	5%	5%	5%	5%
AP Class	N/A	N/A	N/A	5%	N/A	5%
F Class	N/A	5%	N/A	N/A	5%	5%
FP Class	N/A	N/A	N/A	N/A	N/A	5%
I Class	5%	5%	5%	5%	5%	5%
IP Class	N/A	N/A	N/A	5%	N/A	5%
P Class	5%	5%	5%	5%	5%	5%
PP Class	N/A	N/A	N/A	5%	N/A	5%
X Class	5%	5%	5%	5%	N/A	5%
XP Class	N/A	N/A	N/A	5%	N/A	5%
A USD Class	N/A	5%	N/A	N/A	N/A	N/A
I USD Class	N/A	5%	N/A	N/A	N/A	N/A
A EUR Class	N/A	5%	N/A	N/A	N/A	N/A
F EUR Class	N/A	5%	N/A	N/A	N/A	N/A
I EUR Class	N/A	5%	N/A	N/A	N/A	N/A
<b>Share Types</b>	<b>Inc and Acc</b>	<b>Inc and Acc</b>	<b>Inc and Acc</b>	<b>Inc and Acc</b>	<b>Inc and Acc</b>	<b>Inc and Acc</b>

**Fund Details (continued)**

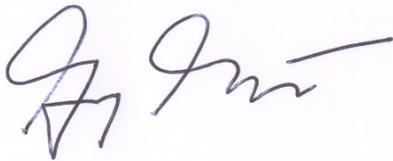
	EQUISAR Socially Responsible Fund (£ Hedged)	International Equity Income Fund	Global Equity Income Fund (£ Hedged)	GLOBALSAR Cautious Fund	Sterling Bond Fund	AGRISAR Fund
<b>Minimum Initial Investment</b>						
A Class	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000
AP Class	N/A	N/A	N/A	£1,000	N/A	£1,000
F Class	N/A	£1,000	N/A	N/A	£1,000	£1,000
FP Class	N/A	N/A	N/A	N/A	N/A	£1,000
I Class	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000
IP Class	N/A	N/A	N/A	£1,000,000	N/A	£1,000,000
P Class	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000
PP Class	N/A	N/A	N/A	£1,000	N/A	£1,000
X Class	£1,000	£1,000	£1,000	£1,000	N/A	£1,000
XP Class	N/A	N/A	N/A	£1,000	N/A	£1,000
A USD Class	N/A	USD 1,000	N/A	N/A	N/A	N/A
I USD Class	N/A	USD 1,000,000	N/A	N/A	N/A	N/A
A EUR Class	N/A	EUR 1,000	N/A	N/A	N/A	N/A
F EUR Class	N/A	EUR 1,000	N/A	N/A	N/A	N/A
I EUR Class	N/A	EUR 1,000	N/A	N/A	N/A	N/A
<b>Minimum Additional Investment</b>						
A Class	£250	£250	£250	£250	£250	£250
<b>Minimum Monthly Savings Plan</b>						
A Class	£100	£100	£100	£100	£100	£100
<b>ISA</b>	Yes	Yes	Yes	Yes	Yes	Yes
<b>Annual Accounts</b>	31 December	31 December	31 December	31 December	31 December	31 December
<b>Interim Accounts</b>	30 June	30 June	30 June	30 June	30 June	30 June
<b>Annual Distribution</b>	28 February	28 February	28 February	28 February	28 February	28 February
<b>Interim Distribution</b>	-	31 May	31 May	-	31 May	-
	31 August	31 August	31 August	31 August	31 August	31 August
	-	30 November	30 November	-	30 November	-

**Certification of Accounts by Directors**

In accordance with the requirements of the "COLL Sourcebook", we hereby certify this report on behalf of the Authorised Corporate Director, Sarasin Investment Funds Limited.



S.M. Rivett-Carnac  
Director  
August 2013



G.V. Matthews  
Director  
August 2013

**Aggregated Statement of Total Return (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
Income				
Net capital gains		163,467,900		46,750,203
Revenue	36,380,321		32,774,008	
Expenses	(12,313,121)		(11,288,594)	
Finance costs: Interest	(15,249)		(10,979)	
Net revenue before taxation	24,051,951		21,474,435	
Taxation	(2,675,016)		(2,566,207)	
<b>Net revenue after taxation for the period</b>		21,376,935		18,908,228
<b>Total before distribution</b>		184,844,835		65,658,431
Finance costs: Distribution		(23,566,891)		(22,815,086)
<b>Change in net assets attributable to shareholders from investment activities</b>		161,277,944		42,843,345

**Aggregated Statement of Changes in Net Assets Attributable to Shareholders (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		1,677,576,013		1,649,254,764
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	243,440,312		121,364,680	
Less: amounts paid on cancellation of shares	(249,668,049)		(169,860,764)	
		(6,227,737)		(48,496,084)
SDRT charge		(48,087)		(39,274)
Change in net assets attributable to shareholders from investment activities (see above)		161,277,944		42,843,345
Retained distribution on Accumulation shares		4,846,834		4,546,877
<b>Closing net assets attributable to shareholders</b>		1,837,424,967		1,648,109,628

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

**Aggregated Balance Sheet (unaudited)  
As at 30 June 2013**

	30.06.2013	31.12.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>1,805,395,424</b>	1,648,892,099
<b>Other Assets</b>		
Debtors	35,694,536	9,888,533
Cash and Bank balances	44,706,500	44,463,179
Total other assets	<u>80,401,036</u>	<u>54,351,712</u>
Total assets	<u>1,885,796,460</u>	<u>1,703,243,811</u>
<b>Liabilities</b>		
<b>Investment Liabilities</b>	<b>9,392,481</b>	2,733,062
Creditors	24,060,552	8,272,135
Bank overdraft	2,650,247	312,540
Distribution payable on income shares	12,268,213	14,350,062
Total other liabilities	<u>38,979,012</u>	<u>22,934,737</u>
Total liabilities	<u>41,422,024</u>	<u>25,667,799</u>
<b>Net assets attributable to shareholders</b>	<b><u>1,837,424,967</u></b>	<b><u>1,677,576,012</u></b>

**Note to the Financial Statements (unaudited)****1. Accounting Policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

### Investment Objective and Policy

The objective of the Fund is to seek capital growth through investment in a broad portfolio of international stocks (and on occasion in convertible or straight bonds).

The ACD will identify core themes that it considers offer attractive long term investment opportunities to shareholders and the Fund will be invested in accordance with these themes. The themes will be kept under review by the ACD and will change from time to time. There will be no restriction by geographical or industrial sector. It is the intention of the ACD that the majority of the holdings within the Fund will be of large and medium size stocks.

### Sensitivity Analysis

The Fund invests in equities. The Fund will then use options on individual stocks to implement views on specific stocks and to increase the yield on the Fund by selling options on stocks.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin EquiSar Global Thematic Fund, as at 30.06.13, was 7.95% (31.12.2012: 5.08%).

### Investment Review

It was an extremely strong first half, although a market rally eventually gave way to poorer sentiment as the US Federal Reserve's commentary became more hawkish. Many global equity markets had seen 12 consecutive months of positive returns, so a pullback currently standing at around 5% was not hugely surprising. There were however some fundamental, albeit related, concerns about the trajectory of quantitative easing (QE) tapering in the US, rising US Treasury yields, and the China interbank credit crunch.

Over this recent set back, cyclical equities were hardest hit, most notably resource plays and emerging markets (EM), where rising current account deficits, the general rising trend of the US dollar, falling commodities and high EM bond valuations increased concerns. In fact, over the most recent quarter, EM equities underperformed developed markets by the most since 1998.

Regionally, Japan's monetary policy developments were a fascinating spectacle, and many of our better performers

over the period are domiciled in the country. Thematically, Corporate Restructuring, our largest theme by exposure, yet again proved best. Financials like Hartford Financial, Tokio Marine, Citigroup and PNC Financial were amongst our strongest performers here. We are considering the potential for a higher interest rate environment, and financial leverage is currently amongst the lowest in the theme's history.

Pricing Power also performed well over the period, with both Kubota and Mitsubishi Estate benefitting from Japanese deflation. Our Intellectual Property & Excellence theme also outperformed significantly; Novozymes started the year extremely strongly on analyst upgrades and Verizon rallied in recognition of improving wireless margins, driven by efficiencies and falling handset subsidies.

Both the Intellectual Property & Excellence and Pricing Power theme evolved over the period, replaced by Disruption & Innovation and Franchise Power respectively. We are particularly pleased with the performance of our Disruption & Innovation theme. Two holdings bought under the new definition were the strongest performers in the portfolio: Tesla, the manufacturer of high performance Electric Vehicles, and internet subscription TV provider Netflix. Both of these companies would not have made it to the portfolio under the previous Intellectual Property & Excellence definition.

Franchise Power also performed well. Although fewer of the companies were within the top performers over the period, there were also very few detractors. Franchise Power companies tend to be strong incumbents within a market, and typically don't suffer from the ebb and flow of demand which puts more marginal competitors at risk (think Coca-Cola).

Strong get Stronger and Security of Supply have been on the disappointing side, although the latter only marginally. The theme is exposed to some challenging areas, like materials and EM, although much of this is in Mexico (Cemex, Televisa, Kansas City Southern etc.), which was weak but at the better end of the EM spectrum, benefitting from US near-shoring and stable inflation, and showing continued strength in industrial production and retail sales. Markets have rallied over the period, but much of the performance was dominated by non-cyclical sectors. This was particularly exaggerated in Europe, where metals recycler Umicore was one of our weakest stocks.

Activity levels within the portfolio were slightly higher than average, in part because of the theme changes we have made. New thematic stocks over the period besides Tesla and Netflix include Carmax, Amgen, Tiffany, Intuitive Surgical, Kansas City Southern, Cemex, and Mattel. Stocks we have exited, meanwhile, include Aggreko, Pearson, eBay, Sun Hung Kai Properties and Heinz.

**Investment Review (continued)**

<b>Sector Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Consumer discretionary	20.45%	19.27%	21.94%
Consumer staples	9.07%	9.07%	9.12%
Energy	8.45%	6.48%	8.49%
Financials	19.41%	20.25%	18.79%
Health care	14.12%	12.04%	14.44%
Industrials	10.24%	10.78%	9.40%
Information technology	9.82%	11.13%	10.40%
Materials	5.94%	4.45%	4.79%
Miscellaneous	-	2.86%	-
Telecommunication services	2.49%	3.67%	2.63%
Consumer discretionary	20.45%	19.27%	21.94%

<b>Regional Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Emerging Markets	5.40%	7.10%	5.50%
Europe ex. UK	17.70%	19.80%	17.88%
Japan	9.75%	9.66%	8.30%
North America	57.70%	51.04%	59.15%
Pacific ex. Japan	2.61%	3.60%	2.66%
United Kingdom	6.85%	8.81%	6.51%

The above tables show the progression of sector and regional allocations over the period.

**Outlook**

Bernanke is playing a confidence trick. He hopes that economic conviction is strong enough to reinforce growth, whilst pitching the removal of stimulus as a positive. But it feels like a gamble. In many (but not all) respects, it also looks curiously like 1994, when political gridlock was removed as Republicans won the House of Representatives. Today, politics everywhere limit structural reform to a glacial speed. The early 90's saw the advent of NAFTA following the Tequila Crisis and the birth of the World Wide Web. Both trends are well entrenched, but are also key to our thinking and are well reflected in the portfolios. The former because of our ongoing conviction in US localisation and the latter through the internet's facilitation of many of our Disruption & Innovation stock picks. The portfolio currently has limited style biases, with a mixture of companies displaying value or growth, high or low quality characteristics. Although we continue to see the demand for equities underpinned, given the very patchy pattern of growth across the world, not all companies are well placed to deliver improving returns and therefore stock selection remains critical.

Guy Monson  
 Chief Investment Officer  
 Sarasin & Partners LLP  
 July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

**Top 10 purchases during the period**

BlackRock ICS Sterling Liquidity Heritage 'D' Income  
 United Technologies  
 Halliburton  
 BlackRock Sterling Liquidity 'Core' Income  
 Amgen  
 Glencore Xstrata  
 Varian Medical System  
 Interpublic  
 Cemex ADR  
 Valero Energy

**Top 10 sales during the period**

BlackRock ICS Sterling Liquidity Heritage 'D' Income  
 HJ Heinz  
 eBay  
 BlackRock Sterling Liquidity 'Core' Income  
 Time Warner  
 Pearson  
 Centrica  
 Potash Corporation of Saskatchewan  
 Barrick Gold  
 Mitsubishi Estate

**Performance Chart**



Source: Sarasin and Partners LLP 1 July 1994 to 30 June 2013 Bid to Bid, UK Basic Rate, Based In UK Sterling, Calculation Indexed.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium to long term one (i.e. 5-10 years).

## SARASIN EQUISAR Global Thematic Fund

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>EQUISAR Global Thematic Fund 'A' Shares</b>			
<b>Income Shares</b>			
31 December 2010	54,465,362	8,726,999	624.10p
31 December 2011	25,523,089	4,645,315	549.44p
31 December 2012	8,516,598	1,435,062	593.47p
30 June 2013	8,110,473	1,167,559	694.65p
<b>Accumulation Shares</b>			
31 December 2010	47,537,619	7,202,683	660.00p
31 December 2011	35,274,057	6,068,637	581.25p
31 December 2012	30,822,805	4,888,077	630.57p
30 June 2013	33,091,510	4,470,617	740.20p
<b>EQUISAR Global Thematic Fund 'I' Shares</b>			
<b>Income Shares</b>			
31 December 2010	261,823,584	42,594,128	614.69p
31 December 2011	188,952,359	34,887,075	541.61p
31 December 2012	158,567,762	27,104,486	585.02p
30 June 2013	193,537,716	28,262,546	684.79p
<b>Accumulation Shares</b>			
31 December 2010	95,427,630	13,280,185	718.57p
31 December 2011	98,347,999	15,438,778	637.02p
31 December 2012	107,313,374	15,427,000	695.62p
30 June 2013	149,946,264	18,303,445	819.22p
<b>EQUISAR Global Thematic Fund 'Z' Shares</b>			
<b>Accumulation Shares</b>			
31 December 2010	19,494,728	2,558,786	761.87p
31 December 2011	13,323,787	1,955,912	681.21p
31 December 2012	8,803,434	1,173,434	750.23p
30 June 2013	1,331	150	887.04
<b>EQUISAR Global Thematic Fund 'X' Shares</b>			
<b>Income Shares</b>			
31 December 2010	10,215,485	1,635,701	624.53p
31 December 2011	8,750,226	1,590,357	550.21p
31 December 2012	6,428,361	1,081,641	594.32p
30 June 2013	8,482,629	1,219,561	695.55p
<b>Accumulation Shares</b>			
31 December 2010	9,177,953	1,388,688	660.91p
31 December 2011	7,932,280	1,360,709	582.95p
31 December 2012	6,170,013	974,156	633.37p
30 June 2013	6,745,369	906,580	744.05p
<b>EQUISAR Global Thematic Fund 'F' Shares*</b>			
<b>Accumulation Shares</b>			
31 December 2012	4,706	746	630.66p
30 June 2013	20,603	2,776	742.17p

\* 'F' Class shares were launched on 31 December 2012.

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## **SARASIN EQUISAR Global Thematic Fund**

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### **Historic Net Asset Values (continued)**

<b>As at</b>	<b>Net Asset Value £</b>	<b>Number of Base Shares</b>	<b>Net Asset Value Per Share</b>
<b>EQUISAR Global Thematic Fund 'P' Shares*</b>			
<b>Income Shares</b>			
31 December 2012	1,009	170	593.72p
30 June 2013	94,679	13,627	694.80p
<b>Accumulation Shares</b>			
31 December 2012	1,073	170	631.61p
30 June 2013	506,489	68,035	744.45p

\* 'P' Class shares were launched 16 October to 31 December 2012.

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN EQUISAR Global Thematic Fund

### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>EQUISAR Global Thematic Fund 'A' Shares</b>				
2008	603.20p	393.10p	628.30p	410.90p
2009	542.10p	382.10p	572.00p	401.00p
2010	627.00p	505.10p	663.30p	532.90p
2011	630.10p	494.70p	666.30p	523.30p
2012	599.10p	542.50p	636.50p	574.00p
2013	741.60p	597.30p	787.90p	634.60p
<b>EQUISAR Global Thematic Fund 'I' Shares</b>				
2008	592.60p	385.80p	672.90p	441.20p
2009	532.80p	374.70p	618.80p	431.60p
2010	618.30p	496.30p	722.10p	576.80p
2011	621.10p	487.70p	726.10p	572.10p
2012	592.50p	536.20p	702.20p	630.60p
2013	732.90p	588.80p	871.40p	700.10p
<b>EQUISAR Global Thematic Fund 'Z' Shares</b>				
2008	N/A	N/A	698.80p	459.40p
2009	N/A	N/A	650.50p	450.50p
2010	N/A	N/A	765.60p	607.00p
2011	N/A	N/A	770.80p	609.90p
2012	N/A	N/A	757.20p	676.60p
2013	N/A	N/A	942.90p	755.10p
<b>EQUISAR Global Thematic Fund 'X' Shares</b>				
2010*	627.60p	505.20p	664.20p	533.00p
2011	630.60p	495.10p	667.40p	524.50p
2012	600.40p	543.60p	639.40p	576.00p
2013	743.10p	598.20p	791.90p	637.50p
<b>EQUISAR Global Thematic Fund 'F' Shares</b>				
2012**	N/A	N/A	631.10p	631.10p
2013	N/A	N/A	789.60p	634.70p
<b>EQUISAR Global Thematic Fund 'P' Shares</b>				
2012***	600.00p	570.70p	637.50p	606.40p
2013	744.20p	597.60p	791.80p	635.70p

\* From Share Class launch 19 January 2010 to 31 December 2010.

\*\* From Share Class launched on 31 December 2012.

\*\*\* From Share Class launch 16 October 2012 to 31 December 2012.

## SARASIN EQUISAR Global Thematic Fund

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 02.01.2008 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 02.01.2007 (£) Accumulation Share
<b>EQUISAR Global Thematic Fund 'A' Shares</b>				
2008	1.8678	3.21	1.9312	3.18
2009	4.3901	7.54	4.5228	7.45
2010	1.1389	1.95	0.7232	1.19
2011	0.1620	0.28	0.2679	0.44
2012	2.3566	4.04	2.5728	4.24
2013*	1.9840	3.41	2.1714	3.58
<b>EQUISAR Global Thematic Fund 'I' Shares</b>				
2008	4.5904	8.04	5.1722	7.98
2009	7.0934	12.43	8.3299	12.85
2010	3.0078	5.27	3.7513	5.79
2011	2.6843	4.70	3.1014	4.79
2012	5.5501	9.73	6.5235	10.07
2013*	6.0944	10.68	7.2435	11.18
<b>EQUISAR Global Thematic Fund 'Z' Shares</b>				
2008	N/A	N/A	9.8564	14.69
2009	N/A	N/A	12.7279	18.97
2010	N/A	N/A	9.0014	13.41
2011	N/A	N/A	9.4033	14.01
2012	N/A	N/A	6.9673	10.38
2013*	N/A	N/A	13.8757	20.68
<b>EQUISAR Global Thematic Fund 'X' Shares**</b>				
2010	1.5581	15.58	1.6447	16.45
2011	0.7631	7.63	0.7930	7.93
2012	2.8880	28.88	3.0526	30.53
2013*	3.0625	30.62	3.0833	30.83
<b>EQUISAR Global Thematic Fund 'F' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	N/A	N/A	4.3251	6.95
<b>EQUISAR Global Thematic Fund 'P' Shares****</b>				
2012	N/A	N/A	N/A	N/A
2013*	5.5340	8.88	5.9640	9.58

\* To 31 August 2013.

\*\* Per £1,000 invested 19 January 2010.

\*\*\* Per £1,000 invested 31 December 2012.

\*\*\*\* Per £1,000 invested 16 October 2012

**Ongoing Charges Figure (OCF)**

	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>EQUISAR Global Thematic Fund 'A' Income Shares</b>	1.72%	1.72%
<b>EQUISAR Global Thematic Fund 'A' Accumulation Shares</b>	1.72%	1.72%
<b>EQUISAR Global Thematic Fund 'I' Income Shares</b>	1.07%	1.07%
<b>EQUISAR Global Thematic Fund 'I' Accumulation Shares</b>	1.07%	1.07%
<b>EQUISAR Global Thematic Fund 'Z' Accumulation Shares</b>	0.22%	0.22%
<b>EQUISAR Global Thematic Fund 'X' Income Shares</b>	1.57%	1.57%
<b>EQUISAR Global Thematic Fund 'X' Accumulation Shares</b>	1.57%	1.57%
<b>EQUISAR Global Thematic Fund 'F' Accumulation Shares</b>	1.22%	1.22%
<b>EQUISAR Global Thematic Fund 'P' Income Shares</b>	0.97%	0.97%
<b>EQUISAR Global Thematic Fund 'P' Accumulation Shares</b>	0.97%	0.97%

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

## Risk and Reward Profile

Lower Risk

Higher Risk

Typically Lower Rewards

Typically Higher Rewards



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 6 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, as company share price movements tend to be more volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- Changes in exchange rates may cause the value of investments to decrease or increase.
- There may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Fund.
- Smaller company shares can be riskier as they may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.

**Portfolio Statement as at 30 June 2013**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Corporate Restructuring 29.68% (31 December 2012 - 22.63%)</b>			
58,400	Apache	3,222,889	0.80
43,427	Canadian Pacific Railway	3,442,342	0.86
289,408	Citigroup	9,169,400	2.29
86,175	Danone	4,233,934	1.06
1,545,542	Glencore Xstrata	4,228,603	1.06
633,892	Hartford Financial Services	12,996,617	3.24
215,420	Home Depot	10,785,143	2.69
34,419	International Business Machines	4,422,814	1.10
673,300	Interpublic	6,475,739	1.62
146,400	Jardine Matherson	5,780,263	1.44
353,611	Microsoft	8,034,714	2.01
140,323	Occidental Petroleum	8,319,702	2.08
601,982	Pfizer	11,136,983	2.79
177,485	PNC Financial Services	8,580,617	2.14
125,598	Starwood Hotels and Resorts	5,258,262	1.31
332,900	Tokio Marine	6,906,669	1.72
526,102	UBS	5,901,584	1.47
		<b>118,896,275</b>	<b>29.68</b>
<b>Disruption and Innovation 19.56% (31 December 2012 - 0.00%)</b>			
83,562	Amgen	5,430,543	1.36
101,797	ASML	5,355,163	1.34
266,732	Associated British Foods	4,649,139	1.16
139,116	Borg-Warner	7,896,514	1.97
147,200	Carmax	4,513,025	1.13
115,211	Costco	8,432,822	2.11
38,603	Credicorp	3,243,443	0.81
105,254	Essilor International	7,391,727	1.85
18,307	Google 'A'	10,541,308	2.63
12,659	Intuitive Surgical	4,173,597	1.04
18,100	Netflix	2,554,225	0.64
423,272	Novozymes	9,006,382	2.25
85,845	Reckitt Benckiser	4,031,281	1.01
14,623	Tesla Motors	1,048,820	0.26
		<b>78,267,989</b>	<b>19.56</b>
<b>Franchise Power 16.53% (31 December 2012 - 0.00%)</b>			
318,587	Coca-Cola	8,420,636	2.10
254,100	Halliburton	6,979,743	1.74
100,880	International Flavors and Fragrances	5,026,781	1.26
455,000	Kubota	4,345,962	1.09
149,500	Makita	5,301,582	1.32
130,426	Mattel	3,850,615	0.96
110,148	Swiss Reinsurance	5,377,966	1.34
79,300	Tiffany	3,778,099	0.94
153,600	Unicharm	5,691,327	1.42
116,572	United Technologies	7,157,178	1.79
307,226	Verizon Communications	10,286,585	2.57
		<b>66,216,474</b>	<b>16.53</b>
<b>Intellectual Property and Excellence 0.00% (31 December 2012 - 25.24%)</b>			

**Portfolio Statement as at 30 June 2013 (continued)**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Pricing Power 0.00% (31 December 2012 - 15.57%)</b>			
<b>Security of Supply 19.67% (31 December 2012 - 14.70%)</b>			
526,817	BG	5,918,789	1.48
175,623	Boskalis Westminster	4,256,331	1.06
344,800	Cameco	4,673,075	1.17
773,404	Cemex ADR	5,402,454	1.35
285,842	Corrections Corporation of America	6,414,180	1.60
194,042	Fresenius Medical Care	9,050,877	2.26
313,790	Grupo Televisa ADR	4,985,372	1.24
94,709	Kabel Deutschland	6,829,117	1.70
56,422	Kansas City Southern	3,988,656	1.00
228,000	Mitsubishi Estate	3,989,783	1.00
436,538	SES	8,227,875	2.05
132,189	Time Earner	5,017,836	1.25
145,374	Umicore	3,980,936	0.99
328,716	Weyerhaeuser	6,083,577	1.52
		<b>78,818,858</b>	<b>19.67</b>
<b>Strategic Holdings 0.50% (31 December 2012 - 0.00%)</b>			
2,001,239	BlackRock ICS Sterling Liquidity Heritage 'D' Income	<b>2,001,239</b>	<b>0.50</b>
<b>The Strong get Stronger 11.50% (31 December 2012 - 20.94%)</b>			
99,245	Automatic Data Processing	4,519,844	1.13
121,423	CSL	4,533,855	1.13
634,024	HSBC	4,335,456	1.08
839,401	International Airlines Group	2,203,428	0.55
882,200	Nissan Motors	5,870,989	1.47
19,639	Samsung Electronics (GDR)	7,574,785	1.89
170,880	Valero Energy	3,925,349	0.98
122,100	Varian Medical Systems	5,339,470	1.33
170,033	Yum! Brands	7,770,481	1.94
		<b>46,073,657</b>	<b>11.50</b>
<b>Forward FX Currency Contracts 0.01% (31 December 2012 - 0.00%)</b>			
JPY 747,116,000	Sold JPY bought GBP 5,009,158 for settlement 19/09/2013	<b>52,473</b>	<b>0.01</b>
<b>Total Value of Investments 97.45% (31 December 2012 - 99.08%)</b>		390,326,965	97.45
<b>Net Other Assets</b>		10,210,098	2.55
<b>Net Assets</b>		<b>400,537,063</b>	<b>100.00</b>
All holdings are ordinary shares of stock unless otherwise stated.			
* Derivative investment			
Asset Allocation of Portfolio of Investments is as follows:			
	Equities	390,274,492	97.44
	Forward Currency Contracts	52,473	0.01
	Net Other Assets	10,210,098	2.55
		<b>400,537,063</b>	<b>100.00</b>

**Statement of Total Return (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
Income				
Net capital gains/(losses)		56,018,686		7,583,991
Revenue	4,796,997		5,502,453	
Expenses	(2,131,869)		(2,208,089)	
Finance costs: Interest	(276)		(1,771)	
Net revenue before taxation	2,664,852		3,292,593	
Taxation	(449,698)		(559,876)	
<b>Net revenue after taxation for the period</b>		2,215,154		2,732,717
<b>Total before distribution</b>		58,233,840		10,316,708
Finance costs: Distribution		(2,231,004)		(2,740,480)
<b>Change in net assets attributable to shareholders from investment activities</b>		56,002,836		7,576,228

**Statement of Changes in Net Assets Attributable to Shareholders (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		326,629,138		378,103,797
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	61,492,091		14,493,650	
Less: amounts paid on cancellation of shares	(44,613,477)		(38,637,170)	
		16,878,614		(24,143,520)
Dilution levy		-		-
SDRT charge		(6,632)		(5,362)
Change in net assets attributable to shareholders from investment activities (see above)		56,002,836		7,576,228
Retained distribution on Accumulation shares		1,033,107		1,016,087
<b>Closing net assets attributable to shareholders</b>		400,537,063		362,547,230

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

**Balance Sheet (unaudited)  
As at 30 June 2013**

	30.06.2013	31.12.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>390,326,965</b>	323,612,206
<b>Other Assets</b>		
Debtors	11,515,622	328,792
Cash and Bank balances	10,339,173	3,610,373
Total other assets	<u>21,854,795</u>	<u>3,939,165</u>
Total assets	<u>412,181,760</u>	<u>327,551,371</u>
<b>Liabilities</b>		
<b>Investment Liabilities</b>	-	-
Creditors	10,406,513	399,539
Distribution payable	1,238,184	522,694
Total other liabilities	<u>11,644,697</u>	<u>922,233</u>
Total liabilities	<u>11,644,697</u>	<u>922,233</u>
<b>Net assets attributable to shareholders</b>	<u><b>400,537,063</b></u>	<u>326,629,138</u>

**Note to the Financial Statements (unaudited)****1. Accounting Policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN EQUISAR Global Thematic Fund

### Distribution Tables

#### Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>EQUISAR Global Thematic Fund ‘A’ Shares</b>				
Gross Income	2.2044	1.6403	2.3931	2.3931
Tax	0.2204	0.1640	0.2393	0.2393
Net Income	1.9840	1.4763	2.1538	2.1538
Equalisation	-	0.5077	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.9840</b>	<b>1.9840</b>	<b>2.1538</b>	<b>2.1538</b>
<b>Interim Distribution paid 2012</b>	<b>2.3566</b>	<b>2.3566</b>	<b>2.5728</b>	<b>2.5728</b>
<b>EQUISAR Global Thematic Fund ‘I’ Shares</b>				
Gross Income	4.6481	3.1912	5.5210	5.5210
Tax	0.4648	0.3191	0.5521	0.5521
Net Income	4.1833	2.8721	4.9689	4.9689
Equalisation	-	1.3112	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>4.1833</b>	<b>4.1833</b>	<b>4.9689</b>	<b>4.9689</b>
<b>Interim Distribution paid 2012</b>	<b>4.2601</b>	<b>4.2601</b>	<b>5.0023</b>	<b>5.0023</b>
<b>EQUISAR Global Thematic Fund ‘Z’ Shares</b>				
Gross Income	N/A	N/A	9.2444	0.0000
Tax	N/A	N/A	0.9244	0.0000
Net Income	N/A	N/A	8.3200	0.0000
Equalisation	N/A	N/A	-	8.3200
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>8.3200</b>	<b>8.3200</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>8.3578</b>	<b>8.3578</b>
<b>EQUISAR Global Thematic Fund ‘X’ Shares</b>				
Gross Income	2.9201	1.9863	2.9043	1.1727
Tax	0.2920	0.1986	0.2904	0.1173
Net Income	2.6281	1.7877	2.6139	1.0554
Equalisation	-	0.8404	-	1.5585
<b>Interim Distribution paid 2013</b>	<b>2.6281</b>	<b>2.6281</b>	<b>2.6139</b>	<b>2.6139</b>
<b>Interim Distribution paid 2012</b>	<b>2.8880</b>	<b>2.8880</b>	<b>3.0526</b>	<b>3.0526</b>
<b>EQUISAR Global Thematic Fund ‘F’ Shares</b>				
Gross Income	N/A	N/A	2.9043	4.7938
Tax	N/A	N/A	0.2904	0.4794
Net Income	N/A	N/A	2.6139	4.3144
Equalisation	N/A	N/A	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>4.3144</b>	<b>4.3144</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>EQUISAR Global Thematic Fund ‘P’ Shares</b>				
Gross Income	5.3908	1.7056	5.7313	0.0000
Tax	0.5391	0.1706	0.5731	0.0000
Net Income	4.8517	1.5350	5.1582	0.0000
Equalisation	-	3.3167	-	5.1582
<b>Interim Distribution paid 2013</b>	<b>4.8517</b>	<b>4.8517</b>	<b>5.1582</b>	<b>5.1582</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### **Investment Objective and Policy**

The objective of the Fund is to seek long-term capital appreciation in sterling terms through investment in a broad portfolio of international stocks (and on occasion in convertible or straight bonds).

The ACD will identify core themes that it considers offer attractive long term investment opportunities to shareholders and the Fund will be invested in accordance with these themes. The themes will be kept under review by the ACD and will change from time to time. There will be no restriction by geographical or industrial sector. It is the intention of the ACD that the majority of the holdings within the Fund will be of large and medium size stocks, and that any foreign currency exposure will be hedged back into sterling.

### **Sensitivity Analysis**

The Fund invests in equities. The Fund will then use options on individual stocks to implement views on specific stocks and to increase the yield on the Fund by selling options on stocks. This will be done only fairly rarely compared to the International Equity Income Fund. In addition the Fund will sell currency exposures gained from overseas equity holdings. This is done through the use of FX forwards, and the Sterling exposure range is from 85% to 100%.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin EquiSar Global Thematic Fund (Sterling Hedged), as at 30.06.13, was 7.83% (31.12.2012: 6.00%).

### **Investment Review**

It was an extremely strong first half, although a market rally eventually gave way to poorer sentiment as the US Federal Reserve's commentary became more hawkish. Many global equity markets had seen 12 consecutive months of positive returns, so a pullback currently standing at around 5% was not hugely surprising. There were however some fundamental, albeit related, concerns about the trajectory of quantitative easing (QE) tapering in the US, rising US Treasury yields, and the China interbank credit crunch.

Over this recent set back, cyclical equities were hardest hit, most notably resource plays and emerging markets (EM), where rising current account deficits, the general

rising trend of the US dollar, falling commodities and high EM bond valuations increased concerns. In fact, over the most recent quarter, EM equities underperformed developed markets by the most since 1998.

Regionally, Japan's monetary policy developments were a fascinating spectacle, and many of our better performers over the period are domiciled in the country. Thematically, Corporate Restructuring, our largest theme by exposure, yet again proved best. Financials like Hartford Financial, Tokio Marine, Citigroup and PNC Financial were amongst our strongest performers here. We are considering the potential for a higher interest rate environment, and financial leverage is currently amongst the lowest in the theme's history.

Pricing Power also performed well over the period, with both Kubota and Mitsubishi Estate benefitting from Japanese reflation. Our Intellectual Property & Excellence theme also outperformed significantly; Novozymes started the year extremely strongly on analyst upgrades and Verizon rallied in recognition of improving wireless margins, driven by efficiencies and falling handset subsidies.

Both the Intellectual Property & Excellence and Pricing Power theme evolved over the period, replaced by Disruption & Innovation and Franchise Power respectively. We are particularly pleased with the performance of our Disruption & Innovation theme. Two holdings bought under the new definition were the strongest performers in the portfolio: Tesla, the manufacturer of high performance Electric Vehicles, and internet subscription TV provider Netflix. Both of these companies would not have made it to the portfolio under the previous Intellectual Property & Excellence definition.

Franchise Power also performed well. Although fewer of the companies were within the top performers over the period, there were also very few detractors. Franchise Power companies tend to be strong incumbents within a market, and typically don't suffer from the ebb and flow of demand which puts more marginal competitors at risk (think Coca-Cola).

Strong get Stronger and Security of Supply have been on the disappointing side, although the latter only marginally. The theme is exposed to some challenging areas, like materials and EM, although much of this is in Mexico (Cemex, Televisa, Kansas City Southern etc.), which was weak but at the better end of the EM spectrum, benefitting from US near-shoring and stable inflation, and showing continued strength in industrial production and retail sales. Markets have rallied over the period, but much of the performance was dominated by non-cyclical sectors. This was particularly exaggerated in Europe, where metals recycler Umicore was one of our weakest stocks.

Activity levels within the portfolio were slightly higher than average, in part because of the theme changes we have made. New thematic stocks over the period besides Tesla

**Investment Review (continued)**

and Netflix include Carmax, Amgen, Tiffany, Intuitive Surgical, Kansas City Southern, Cemex, and Mattel. Stocks we have exited, meanwhile, include Aggreko, Pearson, eBay, Sun Hung Kai Properties and Heinz.

<b>Sector Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Consumer discretionary	20.45%	19.27%	21.94%
Consumer staples	9.07%	9.07%	9.12%
Energy	8.45%	6.48%	8.49%
Financials	19.41%	20.25%	18.79%
Health care	14.12%	12.04%	14.44%
Industrials	10.24%	10.78%	9.40%
Information technology	9.82%	11.13%	10.40%
Materials	5.94%	4.45%	4.79%
Miscellaneous	-	2.86%	-
Telecommunication services	2.49%	3.67%	2.63%
Consumer discretionary	20.45%	19.27%	21.94%

<b>Regional Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Emerging Markets	5.40%	7.10%	5.50%
Europe ex. UK	17.70%	19.80%	17.88%
Japan	9.75%	9.66%	8.30%
North America	57.70%	51.04%	59.15%
Pacific ex. Japan	2.61%	3.60%	2.66%
United Kingdom	6.85%	8.81%	6.51%

The above tables show the progression of our sector and regional allocations over the period.

**Outlook**

Bernanke is playing a confidence trick. He hopes that economic conviction is strong enough to reinforce growth, whilst pitching the removal of stimulus as a positive. But it feels like a gamble. In many (but not all) respects, it also looks curiously like 1994, when political gridlock was removed as Republicans won the House of Representatives. Today, politics everywhere limit structural reform to a glacial speed. The early 90's saw the advent of NAFTA following the Tequila Crisis and the birth of the World Wide Web. Both trends are well entrenched, but are also key to our thinking and are well reflected in the portfolios. The former because of our ongoing conviction in US localisation and the latter through the internet's facilitation of many of our Disruption & Innovation stock picks. The portfolio currently has limited style biases, with a mixture of companies displaying value or growth, high or low quality characteristics. Although we continue to see the demand for equities underpinned, given the very patchy pattern of growth across the world, not all companies are well placed to deliver improving returns and therefore stock selection remains critical.

Guy Monson  
 Chief Investment Officer  
 Sarasin & Partners LLP  
 July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

**Top 10 purchases during the period**

Microsoft  
 Coca-Cola  
 Costco  
 eBay  
 Barrick Gold  
 Potash Corporation of Saskatchewan  
 BG  
 Makita  
 Samsung Electronics (GDR)  
 Deutsche Bank (EM Basic Consumer Goods) Basket  
 04/04/2012

**Top 10 sales during the period**

Wall-Mart Stores  
 Procter & Gamble  
 Home Depot  
 Virgin Media  
 Exelon  
 Intuitive Surgical  
 Fanuc  
 Deutsche Bank (EM Basic Consumer Goods) Basket  
 04/04/2012  
 Jeronimo Martins  
 Unicharm

## SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)

### Performance Chart



Source: Sarasin and Partners LLP 12 May 2009 to 30 June 2013, Bid to Bid, UK Basic Rate, Based In UK Sterling.

The Sarasin EQUISAR Global Thematic Fund (Sterling Hedged) launched on 12 May 2009.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium to long term one (i.e. 5-10 years).

## SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'A' Shares</b>			
<b>Income Shares</b>			
31 December 2010	44,858	33,806	132.69p
31 December 2011	53,373	46,590	114.56p
31 December 2012	69,310	54,701	126.71p
30 June 2013	75,988	53,450	142.17p
<b>Accumulation Shares</b>			
31 December 2010	414,580	307,345	134.89p
31 December 2011	563,892	475,766	118.52p
31 December 2012	686,285	512,521	133.90p
30 June 2013	834,361	549,028	151.97p
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'I' Shares</b>			
<b>Income Shares</b>			
31 December 2010	85,119,350	64,102,669	132.79p
31 December 2011	53,431,154	46,309,701	115.38p
31 December 2012	61,626,196	47,983,234	128.43p
30 June 2013	57,486,231	39,765,893	144.56p
<b>Accumulation Shares</b>			
31 December 2010	17,985,822	13,222,442	136.02p
31 December 2011	12,500,880	10,397,497	120.23p
31 December 2012	14,101,183	10,315,568	136.70p
30 June 2013	11,212,477	7,205,894	155.60p
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'X' Shares</b>			
<b>Income Shares</b>			
31 December 2010	27,917,618	21,253,740	131.35p
31 December 2011	19,035,475	16,780,850	113.44p
31 December 2012	15,202,538	12,102,646	125.61p
30 June 2013	16,815,133	11,921,840	141.04p
<b>Accumulation Shares</b>			
31 December 2010	13,194,606	9,797,208	134.68p
31 December 2011	10,429,587	8,816,457	118.30p
31 December 2012	6,091,219	4,553,037	133.78p
30 June 2013	6,855,193	4,511,871	151.94p
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'P' Shares*</b>			
<b>Income Shares</b>			
31 December 2012	1,269	1,000	126.93p
30 June 2013	9,264	6,479	142.98p
<b>Accumulation Shares</b>			
31 December 2012	1,341	1,000	134.12p
30 June 2013	3,490	2,283	152.82p

The SARASIN EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) launched on 12 May 2009.

\* Share classes launched 16 October 2012

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## **SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)**

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### **Historic Net Asset Values (continued)**

<b>As at</b>	<b>Net Asset Value £</b>	<b>Number of Base Shares</b>	<b>Net Asset Value Per Share</b>
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'F' Shares*</b>			
<b>Income Shares</b>			
30 June 2013	10,996	7,723	142.37p

The SARASIN EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) launched on 12 May 2009.

\* Share classes launched 16 October 2012

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)

### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'A' Shares</b>				
2009*	N/A	N/A	119.60p	109.40p
2010	134.00p	109.50p	135.70p	110.30p
2011	138.40p	105.70p	140.70p	108.50p
2012	129.40p	115.00p	141.00p	119.00p
2013	152.60p	128.40p	161.30p	135.70p
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'I' Shares</b>				
2009**	119.80p	95.13p	119.80p	95.12p
2010	134.10p	109.30p	136.60p	110.50p
2011	138.60p	106.30p	142.00p	109.90p
2012	131.20p	116.00p	138.50p	120.80p
2013	155.10p	130.10p	165.00p	138.50p
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'X' Shares</b>				
2009**	119.30p	95.02p	119.40p	95.08p
2010	132.70p	108.50p	135.30p	110.10p
2011	137.00p	104.60p	140.50p	108.02p
2012	128.30p	114.00p	135.50p	118.80p
2013	151.40p	127.30p	161.20p	135.60p
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'P' Shares</b>				
2012***	129.60p	121.20p	135.90p	126.90p
2013	153.40p	126.60p	162.00p	135.90p
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'F' Shares</b>				
2013****	152.80p	139.53p	N/A	N/A

\* From Share Class launch 28 September 2009 to 31 December 2009.

\*\* From Share Class launch 12 May 2009 to 31 December 2009.

\*\*\* From Share Class launch 16 October 2012 to 31 December 2012.

\*\*\*\* From Share Class launch 16 October 2012 to 30 June 2013.

## SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 12.05.2009 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 12.05.2009 (£) Accumulation Share
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'A' Shares**</b>				
2009	-	-	-	-
2010	1.1510	10.32	1.3978	12.54
2011	1.9240	17.25	1.9777	17.74
2012	2.4892	22.32	2.5745	23.10
2013*	2.6729	23.97	2.8238	25.33
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'I' Shares***</b>				
2009	-	-	-	-
2010	2.1168	21.17	2.1283	21.28
2011	1.9476	19.48	2.0157	20.16
2012	2.5088	25.09	2.6051	26.05
2013*	2.7085	27.09	2.8739	28.74
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'X' Shares***</b>				
2009	-	-	-	-
2010	2.1199	21.20	2.1301	21.30
2011	1.9180	19.18	1.9860	19.86
2012	2.4669	24.67	2.5600	25.60
2013*	2.6450	26.45	2.8122	28.12
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'P' Shares****</b>				
2012	N/A	N/A	N/A	N/A
2013*	2	16.36	1.7432	17.43
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'F' Shares*****</b>				
2013*	1.6343	16.34	N/A	N/A

\* To 31 August 2013.

\*\* Per £1,000 invested at Share Class launch 28 September 2009.

\*\*\* Per £1,000 invested at Share Class launch 12 May 2009.

\*\*\*\* Per £1,000 invested at Share Class launch 16 October 2012.

\*\*\*\*\* Per £1,000 invested at Share Class launch 16/ October 2012.

## **SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)**

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### **Ongoing Charges Figure (OCF)**

	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'A' Income Shares</b>	1.75%	1.73%
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'A' Accumulation Shares</b>	1.75%	1.73%
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'I' Income Shares</b>	1.10%	1.08%
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'I' Accumulation Shares</b>	1.10%	1.08%
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'X' Income Shares</b>	1.60%	1.58%
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'X' Accumulation Shares</b>	1.60%	1.58%
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'P' Income Shares</b>	1.00%	0.98%
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'P' Accumulation Shares</b>	1.00%	0.98%
<b>EQUISAR Global Thematic Fund (Sterling Hedged) 'F' Income Shares</b>	1.25%	N/A

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

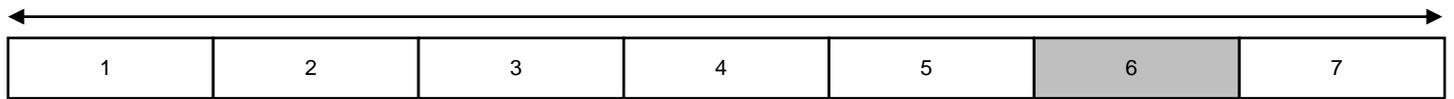
## Risk and Reward Profile

Lower Risk

Higher Risk

Typically Lower Rewards

Typically Higher Rewards



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 6 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, as company share price movements tend to be more volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- Changes in exchange rates may cause the value of investments to decrease or increase.
- There may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Fund.
- Smaller company shares can be riskier as they may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.
- Currency hedging techniques can have an effect on the value of your investment and on the performance of the Fund.
- This Fund has charges deducted from capital. This may reduce the potential for growth.

## SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)

### Portfolio Statement as at 30 June 2013

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Corporate Restructuring 33.68% (31 December 2012 - 21.91%)</b>			
14,400	Apache	794,685	0.85
11,060	Canadian Pacific Railway	876,697	0.94
70,179	Citigroup	2,223,502	2.38
22,351	Danone	1,098,145	1.18
385,560	Glencore Xstrata	1,054,892	1.13
156,315	Hartford Financial Services	3,204,909	3.43
48,393	Home Depot	2,422,827	2.60
8,574	International Business Machines	1,101,752	1.18
160,700	Interpublic Group	1,545,598	1.66
36,000	Jardine Matheson	1,421,376	1.52
12,933	Kansas City Southern	914,276	0.98
87,801	Microsoft	1,995,006	2.14
36,543	Occidental Petroleum	2,166,622	2.32
131,333	Pfizer	2,429,730	2.60
43,060	PNC Financial Services	2,081,761	2.23
32,474	Starwood Hotels & Resorts	1,359,550	1.46
82,700	Tokio Marine	1,715,775	1.84
134,396	UBS	1,507,596	1.62
40,800	Unicharm	1,511,759	1.62
		<b>31,426,458</b>	<b>33.68</b>
<b>Disruption and Innovation 20.23% (31 December 2012 - 0.00%)</b>			
19,942	Amgen	1,295,994	1.39
26,293	ASML Holdings	1,383,177	1.48
73,344	Associated British Foods	1,278,386	1.37
37,741	Borgwarner	2,142,258	2.30
35,100	Carmax	1,076,136	1.15
28,583	Costco	2,092,121	2.24
9,701	Credicorp	815,083	0.87
24,010	Essilor International	1,686,163	1.81
3,813	Google 'A'	2,195,554	2.35
3,145	Intuitive Surgical	1,036,888	1.11
4,300	Netflix	606,805	0.65
94,220	Novozymes 'B'	2,004,813	2.15
21,434	Reckitt Benckiser	1,006,541	1.08
3,605	Tesla Motors	258,565	0.28
		<b>18,878,484</b>	<b>20.23</b>
<b>Franchise Power 15.45% (31 December 2012 - 0.00%)</b>			
75,117	Coca-Cola	1,985,432	2.13
61,000	Halliburton	1,675,578	1.80
26,740	International Flavors & Fragrances	1,332,436	1.43
110,000	Kubota	1,050,672	1.13
36,000	Makita	1,276,635	1.37
31,124	Mattel	918,885	0.98
26,826	Swiss Reinsurance	1,309,777	1.40
20,300	Tiffany	967,155	1.04
24,572	United Technologies	1,508,649	1.62
71,197	Verizon Communications	2,383,828	2.55
		<b>14,409,047</b>	<b>15.45</b>

## SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)

### Portfolio Statement as at 30 June 2013 (continued)

Holding	Bid Market Value £	% of Net Assets
<b>Intellectual Property and Excellence 0.00% (31 December 2012 - 26.66%)</b>		
<b>Pricing Power 0.00% (18.01%)</b>		
<b>Security of Supply 19.53% (11.71%)</b>		
128,786 BG	1,446,910	1.55
41,737 Boskalis Westminster	1,011,522	1.08
82,200 Cameco	1,114,057	1.19
156,112 Cemex ADR	1,090,488	1.17
69,953 Corrections Corporation of America	1,569,717	1.68
46,071 Fresenius Medical Care	2,148,931	2.30
74,800 Grupo Televisa Sab ADR	1,188,393	1.27
22,840 Kabel Deutschland	1,646,908	1.77
59,000 Mitsubishi Estate	1,032,444	1.11
111,770 SES	2,106,643	2.26
32,606 Time Warner	1,237,709	1.33
32,992 Umicore	903,456	0.97
93,056 Weyerhaeuser	1,722,196	1.85
	<b>18,219,374</b>	<b>19.53</b>
<b>Strategic Holdings 0.00% (31 December 2012 - 0.00%)</b>		
269 BlackRock ICS Sterling Heritage 'D' Inc	<b>269</b>	<b>-</b>
<b>The Strong get Stronger 11.31% (31 December 2012 - 19.84%)</b>		
24,853 Automatic Data Processing	1,131,861	1.21
31,374 CSL	1,171,485	1.26
179,392 HSBC	1,226,683	1.31
217,709 International Airlines Group	571,486	0.61
196,500 Nissan Motor	1,307,696	1.40
4,667 Samsung Electronics (GDR)	1,800,067	1.93
34,336 Valero Energy	788,745	0.85
22,200 Varian Medical Systems	970,813	1.04
34,710 Yum! Brands	1,586,242	1.70
	<b>10,555,078</b>	<b>11.31</b>
<b>Forward FX Currency Contracts -1.75% (31 December 2012 - 0.66%)</b>		
DKK 4,107,000 Bought DKK sold GBP 468,336 for settlement 19/09/2013	4,699	0.01
EUR 1,100,000 Bought EUR sold GBP 934,923 for settlement 19/09/2013	9,600	0.01
<b>EUR (14,575,000)</b> Sold EUR Bought GBP 12,455,941 for settlement 19/09/2013	<b>(58,993)</b>	<b>(0.06)</b>
<b>DKK (17,790,000)</b> Sold DKK Bought GBP 2,039,097 for settlement 19/09/2013	<b>(9,913)</b>	<b>(0.01)</b>
<b>JPY (1,031,294,000)</b> Sold JPY Bought GBP 6,914,475 for settlement 19/09/2013	72,431	0.08
<b>CHF (3,245,000)</b> Sold CHF Bought GBP 2,248,818 for settlement 19/09/2013	<b>(9,334)</b>	<b>(0.01)</b>
USD 85,521,000 Sold USD Bought GBP 54,535,889 for settlement 19/09/2013	<b>(1,639,500)</b>	<b>(1.77)</b>

## SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)

### Portfolio Statement as at 30 June 2013 (continued)

Holding	Bid Market Value £	% of Net Assets
<b>Forward FX Currency Contracts (continued)</b>		
CAD (1,456,000)	Sold CAD Bought GBP 909,324 for settlement 19/09/2013	-
	(1,241)	-
	<u>(1,632,251)</u>	<u>(1.75)</u>
<b>Total Value of Investments 98.45%</b> <b>(31 December 2012 - 98.79%)</b>		
	91,856,459	98.45
<b>Net Other Assets</b>	1,446,674	1.55
<b>Net Assets</b>	<u><b>93,303,133</b></u>	<u><b>100.00</b></u>
All holdings are ordinary shares of stock unless otherwise stated.		
* Derivative investment		
Asset Allocation of Portfolio of Investments is as follows:		
Equities	93,488,710	100.20
Forward Exchange Contracts	(1,632,251)	(1.75)
Net Other Assets	1,446,674	1.55
	<u><b>93,303,133</b></u>	<u><b>100.00</b></u>

## SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)

### Statement of Total Return (unaudited) For the period ended 30 June 2013

	30.06.2013		30.06.2012	
	£	£	£	£
Income				
Net capital gains		12,261,549		3,519,204
Revenue	1,270,062		1,369,072	
Expenses	(588,346)		(573,290)	
Finance costs: Interest	(45)		(81)	
Net revenue before taxation	681,671		795,701	
Taxation	(121,670)		(140,079)	
<b>Net revenue after taxation for the period</b>		560,001		655,622
<b>Total before distribution</b>		12,821,550		4,174,826
Finance costs: Distribution		(1,158,770)		(1,224,034)
<b>Change in net assets attributable to shareholders from investment activities</b>		11,662,780		2,950,792

### Statement of Changes in Net Assets Attributable to Shareholders (unaudited) For the period ended 30 June 2013

	30.06.2013		30.06.2012	
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		97,816,387		96,014,361
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	7,862,953		5,370,548	
Less: amounts paid on cancellation of shares	(24,250,374)		(14,753,853)	
		(16,387,421)		(9,383,305)
SDRT charge		(2,891)		(1,551)
Change in net assets attributable to shareholders from investment activities (see above)		11,662,780		2,950,792
Retained distribution on Accumulation shares		214,278		247,772
<b>Closing net assets attributable to shareholders</b>		93,303,133		89,828,069

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

## SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)

### Balance Sheet (unaudited) As at 30 June 2013

	30.06.2013	31.12.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>93,575,441</b>	96,913,534
<b>Other Assets</b>		
Debtors	2,777,578	70,910
Cash and Bank balances	973,369	1,840,176
Total other assets	<u>3,750,947</u>	<u>1,911,086</u>
Total assets	<u>97,326,388</u>	<u>98,824,620</u>
<b>Liabilities</b>		
<b>Investment Liabilities</b>	<b>1,718,983</b>	281,463
Creditors	1,451,497	97,174
Distribution payable on income shares	852,775	629,596
Total other liabilities	<u>2,304,272</u>	<u>726,770</u>
Total liabilities	<u>4,023,255</u>	<u>1,008,233</u>
<b>Net assets attributable to shareholders</b>	<b><u>93,303,133</u></b>	<b><u>97,816,387</u></b>

### Note to the Financial Statements (unaudited)

#### 1. Accounting Policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN EQUISAR Global Thematic Fund (Sterling Hedged)

### Distribution Tables

#### Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'A' Shares</b>				
Gross Income	1.8158	0.8541	1.9153	1.0744
Tax	0.1816	0.0854	0.1915	0.1074
Net Income	1.6342	0.7687	1.7238	0.9670
Equalisation	-	0.8655	-	0.7568
<b>Interim Distribution paid 2013</b>	<b>1.6342</b>	<b>1.6342</b>	<b>1.7238</b>	<b>1.7238</b>
<b>Interim Distribution paid 2012</b>	<b>1.5666</b>	<b>1.5666</b>	<b>1.6275</b>	<b>1.6275</b>
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'I' Shares</b>				
Gross Income	1.8407	1.1723	1.9587	1.2383
Tax	0.1841	0.1172	0.1959	0.1238
Net Income	1.6566	1.0551	1.7628	1.1145
Equalisation	-	0.6015	-	0.6483
<b>Interim Distribution paid 2013</b>	<b>1.6566</b>	<b>1.6566</b>	<b>1.7628</b>	<b>1.7628</b>
<b>Interim Distribution paid 2012</b>	<b>1.5807</b>	<b>1.5807</b>	<b>1.6461</b>	<b>1.6461</b>
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'X' Shares</b>				
Gross Income	1.7979	1.2518	1.9147	1.5012
Tax	0.1798	0.1252	0.1915	0.1501
Net Income	1.6181	1.1266	1.7232	1.3511
Equalisation	-	0.4915	-	0.3721
<b>Interim Distribution paid 2013</b>	<b>1.6181</b>	<b>1.6181</b>	<b>1.7232</b>	<b>1.7232</b>
<b>Interim Distribution paid 2012</b>	<b>1.5521</b>	<b>1.5521</b>	<b>1.6143</b>	<b>1.6143</b>
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'P' Shares</b>				
Gross Income	1.8176	1.8176	1.9369	1.9369
Tax	0.1818	0.1818	0.1937	0.1937
Net Income	1.6358	1.6358	1.7432	1.7432
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.6358</b>	<b>1.6358</b>	<b>1.7432</b>	<b>1.7432</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>EQUISAR GLOBAL THEMATIC Fund (Sterling Hedged) 'F' Shares</b>				
Gross Income	1.8159	1.8159	N/A	N/A
Tax	0.1816	0.1816	N/A	N/A
Net Income	1.6343	1.6343	N/A	N/A
Equalisation	-	0.0000	N/A	N/A
<b>Interim Distribution paid 2013</b>	<b>1.6343</b>	<b>1.6343</b>	<b>N/A</b>	<b>N/A</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### Investment Objective and Policy

The Fund seeks to achieve a real return to shareholders over the long term. It is intended that the Fund will invest either directly or indirectly in a broad portfolio of global securities that satisfy one or more investment themes that the ACD expects to be key drivers of corporate profitability and investment performance.

In order to achieve the investment objective and policy, it is intended that the Fund will invest in a broad, diversified and global portfolio of investments which may consist of any class of asset available for UCITS schemes under the rules in COLL including, transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities, deposits and derivatives and forward transactions. Cash and near cash may also be held by the Fund.

The ACD intends to take full advantage of the ability to invest in derivatives in order to achieve the objective of the Fund. In particular, it is expected that the Fund will combine core conventional long-only holdings with synthetic equity swaps, contracts for differences (CFDs) for long and short equity positions, stock indices or stock index options, equity derivatives and equity derivatives baskets.

The Fund's investment powers in relation to derivatives and warrants means that for regulatory purposes it will be regarded as a high volatility fund. However, the Investment Adviser's use of derivative techniques and investment in warrants will have the overall intention of reducing the volatility of returns, reflecting the investment policy for the Company generally. Further details on the role of derivatives in the context of this Fund are available from the ACD on request.

### Sensitivity Analysis

The Fund invests in equities. The exposure to equity markets is then reduced through the use of short futures and options. Exposure to foreign currencies is also altered through the use of forwards and occasionally options. The level of equity exposure varies over time depending on how positive the manager is; generally the level has been in the range of 30-70%.

Options are used on individual stocks to implement views on specific stocks. Views on volatility are sometimes taken using either options or swaps.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day

VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin EquiSar IIID Fund, as at 30.06.13, was 5.84% (31.12.2012: 3.87%).

### Investment Review

It was an extremely strong first half, although a market rally eventually gave way to poorer sentiment as the US Federal Reserve's commentary became more hawkish. Many global equity markets had seen 12 consecutive months of positive returns, so a pullback currently standing at around 5% was not hugely surprising. There were however some fundamental, albeit related, concerns about the trajectory of quantitative easing (QE) tapering in the US, rising US Treasury yields, and the China interbank credit crunch.

Over this recent set back, cyclical equities were hardest hit, most notably resource plays and emerging markets (EM), where rising current account deficits, the general rising trend of the US dollar, falling commodities and high EM bond valuations increased concerns. In fact, over the most recent quarter, EM equities underperformed developed markets by the most since 1998.

Regionally, Japan's monetary policy developments were a fascinating spectacle, and many of our better performers over the period are domiciled in the country. Thematically, Corporate Restructuring, our largest theme by exposure, yet again proved best. Financials like Hartford Financial, Tokio Marine, Citigroup and PNC Financial were amongst our strongest performers here. We are considering the potential for a higher interest rate environment, and financial leverage is currently amongst the lowest in the theme's history.

Pricing Power also performed well over the period, with both Kubota and Mitsubishi Estate benefitting from Japanese deflation. Our Intellectual Property & Excellence theme also outperformed significantly; Novozymes started the year extremely strongly on analyst upgrades and Verizon rallied in recognition of improving wireless margins, driven by efficiencies and falling handset subsidies.

Both the Intellectual Property & Excellence and Pricing Power theme evolved over the period, replaced by Disruption & Innovation and Franchise Power respectively. We are particularly pleased with the performance of our Disruption & Innovation theme. Two holdings bought under the new definition were the strongest performers in the portfolio: Tesla, the manufacturer of high performance Electric Vehicles, and internet subscription TV provider Netflix. Both of these companies would not have made it to the portfolio under the previous Intellectual Property & Excellence definition.

Franchise Power also performed well. Although fewer of the companies were within the top performers over the period, there were also very few detractors. Franchise

**Investment Review (continued)**

Power companies tend to be strong incumbents within a market, and typically don't suffer from the ebb and flow of demand which puts more marginal competitors at risk (think Coca-Cola).

Strong get Stronger and Security of Supply have been on the disappointing side, although the latter only marginally. The theme is exposed to some challenging areas, like materials and EM, although much of this is in Mexico (Cemex, Televisa, Kansas City Southern etc.), which was weak but at the better end of the EM spectrum, benefitting from US near-shoring and stable inflation, and showing continued strength in industrial production and retail sales. Markets have rallied over the period, but much of the performance was dominated by non-cyclical sectors. This was particularly exaggerated in Europe, where metals recycler Umicore was one of our weakest stocks.

Activity levels within the portfolio were slightly higher than average, in part because of the theme changes we have made. New thematic stocks over the period besides Tesla and Netflix include Carmax, Amgen, Tiffany, Intuitive Surgical, Kansas City Southern, Cemex, and Mattel. Stocks we have exited, meanwhile, include Aggreko, Pearson, eBay, Sun Hung Kai Properties and Heinz.

<b>Sector Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Consumer discretionary	20.45%	19.27%	21.94%
Consumer staples	9.07%	9.07%	9.12%
Energy	8.45%	6.48%	8.49%
Financials	19.41%	20.25%	18.79%
Health care	14.12%	12.04%	14.44%
Industrials	10.24%	10.78%	9.40%
Information technology	9.82%	11.13%	10.40%
Materials	5.94%	4.45%	4.79%
Miscellaneous	-	2.86%	-
Telecommunication services	2.49%	3.67%	2.63%
Consumer discretionary	20.45%	19.27%	21.94%

<b>Regional Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Emerging Markets	5.40%	7.10%	5.50%
Europe ex. UK	17.70%	19.80%	17.88%
Japan	9.75%	9.66%	8.30%
North America	57.70%	51.04%	59.15%
Pacific ex. Japan	2.61%	3.60%	2.66%
United Kingdom	6.85%	8.81%	6.51%

The above tables show the progression of our sector and regional allocations over the period.

**Outlook**

Bernanke is playing a confidence trick. He hopes that economic conviction is strong enough to reinforce growth, whilst pitching the removal of stimulus as a positive. But it feels like a gamble. In many (but not all) respects, it also looks curiously like 1994, when political gridlock was removed as Republicans won the House of Representatives. Today, politics everywhere limit structural reform to a glacial speed. The early 90's saw the advent of

NAFTA following the Tequila Crisis and the birth of the World Wide Web. Both trends are well entrenched, but are also key to our thinking and are well reflected in the portfolios. The former because of our ongoing conviction in US localisation and the latter through the internet's facilitation of many of our Disruption & Innovation stock picks. The portfolio currently has limited style biases, with a mixture of companies displaying value or growth, high or low quality characteristics. Although we continue to see the demand for equities underpinned, given the very patchy pattern of growth across the world, not all companies are well placed to deliver improving returns and therefore stock selection remains critical.

Guy Monson  
Chief Investment Officer  
Sarasin & Partners LLP  
July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

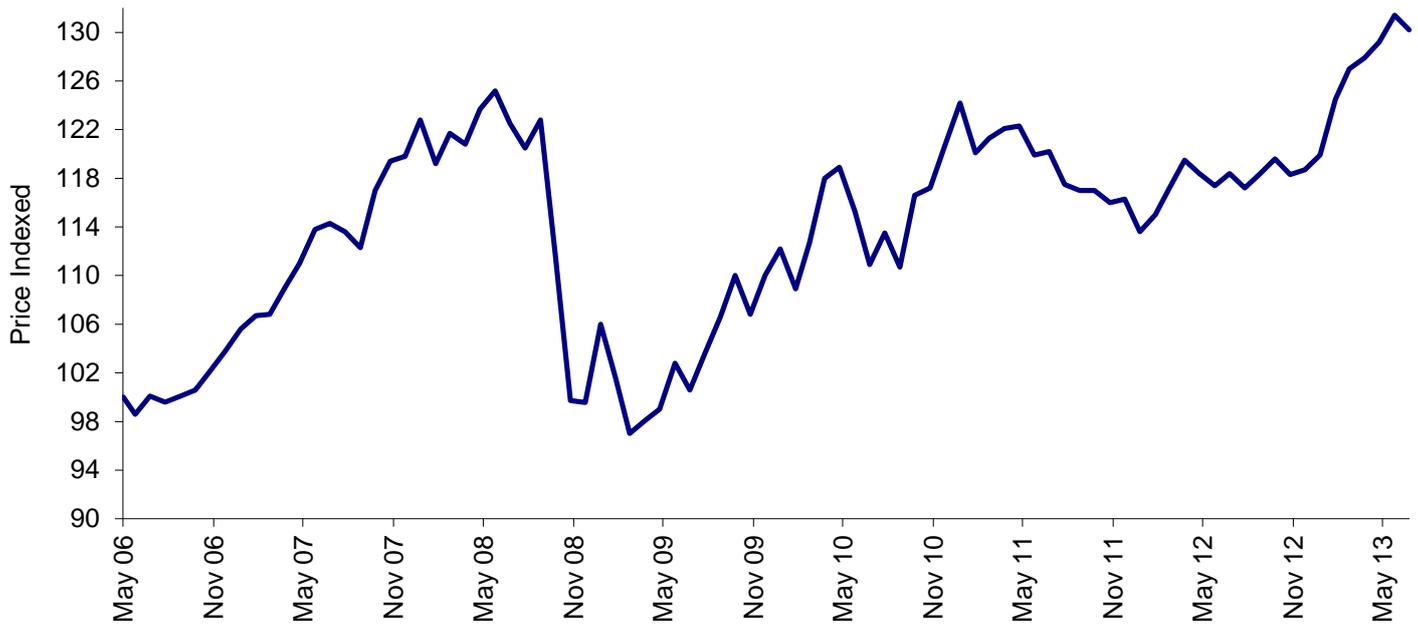
**Top 10 purchases during the period**

BlackRock ICS Sterling Liquidity Heritage Income  
BlackRock Sterling Liquidity Core Income  
Glencore Xstrata  
Halliburton  
Google 'A'  
Amgen  
United Technologies  
Starwood Hotels & Resorts  
Cemex ADR  
Cameco

**Top 10 sales during the period**

BlackRock ICS Sterling Liquidity Heritage Income  
BlackRock Sterling Liquidity Core Income  
International Flavours & Fragrances  
Pearson 11.88% 18.58% 11.88%  
Swiss Reinsurance  
Gazprom  
Time Warner  
CSL  
International Business Machines  
eBay

**Performance Chart**



Source: Sarasin and Partners LLP 08 May 2006 to 30 June 2013, Bid to Bid, UK Basic Rate, Based In UK Sterling.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium to long term one (i.e. 5-10 years).

## SARASIN EQUISAR IIID Fund

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>EQUISAR IIID Fund 'AP' Shares</b>			
<b>Income Shares</b>			
31 December 2010	322,031	268,794	119.81p
31 December 2011	428,291	392,180	109.21p
31 December 2012	2,218,728	1,965,376	112.89p
30 June 2013	1,805,142	1,480,765	121.91p
<b>Accumulation Shares</b>			
31 December 2010	13,784,490	11,088,398	124.31p
31 December 2011	13,199,140	11,604,280	113.74p
31 December 2012	13,677,619	11,421,177	119.76p
30 June 2013	10,449,045	8,031,547	130.10p
<b>EQUISAR IIID Fund 'IP' Share</b>			
<b>Income Shares</b>			
31 December 2010	60,403,328	49,830,259	121.22p
31 December 2011	36,059,968	32,519,801	110.89p
31 December 2012	35,050,874	30,433,899	115.17p
30 June 2013	37,153,373	29,814,316	124.62p
<b>Accumulation Shares</b>			
31 December 2010	35,306,288	27,813,886	126.94p
31 December 2011	21,220,836	18,154,839	116.89p
31 December 2012	7,589,183	6,126,168	123.88p
30 June 2013	7,499,086	5,560,304	134.87p
<b>EQUISAR IIID Fund 'XP' Shares</b>			
<b>Income Shares</b>			
31 December 2010	14,022,964	11,581,957	121.08p
31 December 2011	6,276,000	5,682,033	110.45p
31 December 2012	3,694,094	3,226,515	114.49p
30 June 2013	3,230,850	2,610,056	123.78p
<b>Accumulation Shares</b>			
31 December 2010	10,478,462	8,443,713	124.10p
31 December 2011	5,825,889	5,122,370	113.73p
31 December 2012	4,770,763	3,968,808	120.21p
30 June 2013	3,733,706	2,854,618	130.80p
<b>EQUISAR IIID Fund 'P' Shares</b>			
<b>Income Shares</b>			
31 December 2012	1,129	1,000	112.89p
30 June 2013	4,306	3,502	122.97p
<b>Accumulation Shares</b>			
31 December 2012	1,198	1,000	119.76p
30 June 2013	1,321	1,000	132.09p

## SARASIN EQUISAR IIID Fund

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### Historic Net Asset Values (continued)

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>EQUISAR IIID Fund 'PP' Shares</b>			
<b>Income Shares</b>			
31 December 2012	1,129	1,000	112.94p
30 June 2013	1,272	1,041	122.24p
<b>Accumulation Shares</b>			
31 December 2012	1,198	1,000	119.84p
30 June 2013	1,357	1,038	130.61p
<b>EQUISAR IIID Fund 'I' Shares</b>			
<b>Accumulation Shares</b>			
31 December 2012	N/A	N/A	N/A
30 June 2013	6,772	5,036	134.46p

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN EQUISAR IIID Fund

### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>EQUISAR IIID Fund 'AP' Shares</b>				
2008	126.30p	92.69p	126.70p	91.94p
2009	109.50p	91.23p	113.30p	93.93p
2010	120.10p	104.60p	124.60p	108.20p
2011	120.40p	108.30p	124.90p	112.60p
2012	115.70p	108.60p	120.20p	113.00p
2013	127.00p	113.20p	134.80p	120.10p
<b>EQUISAR IIID Fund 'IP' Shares</b>				
2008	126.50p	90.89p	128.30p	93.02p
2009	110.30p	91.67p	115.20p	94.96p
2010	121.50p	105.40p	127.20p	109.90p
2011	121.80p	110.00p	127.60p	115.70p
2012	117.70p	110.30p	124.30p	116.20p
2013	129.90p	115.50p	139.70p	124.20p
<b>EQUISAR IIID Fund 'XP' Shares</b>				
2008*	126.40p	91.19p	126.60p	91.58p
2009	110.60p	92.03p	112.90p	93.29p
2010	121.30p	105.60p	124.40p	107.80p
2011	121.70p	109.50p	124.70p	112.60p
2012	117.10p	109.90p	120.60p	113.00p
2013	129.00p	114.80p	135.40p	120.50p
<b>EQUISAR IIID Fund 'P' Shares</b>				
2012**	114.50p	111.00p	120.20p	116.50p
2013	130.40p	113.20p	138.40p	120.10p
<b>EQUISAR IIID Fund 'PP' Shares</b>				
2012**	114.60p	111.00p	120.20p	116.50p
2013	127.50p	113.30p	138.40p	120.10p
<b>EQUISAR IIID Fund 'I' Shares</b>				
2012**	N/A	N/A	N/A	N/A
2013	N/A	N/A	135.50p	130.90p

\* From Share Class launch 12 May 2008 to 31 December 2008.

\*\* From Share Class launch 16 October 2012 to 31 December 2012.

## SARASIN EQUISAR IIID Fund

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 02.01.2007 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 02.01.2007 (£) Accumulation Share
<b>EQUISAR IIID Fund 'AP' Shares**</b>				
2008	1.4789	11.98	0.9534	7.73
2009	1.9826	16.07	2.5820	20.94
2010	0.3824	3.10	0.3327	2.70
2011	0.3078	2.49	0.3234	2.62
2012	0.8216	6.66	0.8369	6.79
2013*	2.0143	16.33	2.1746	17.64
<b>EQUISAR IIID Fund 'IP' Shares**</b>				
2008	1.1256	9.17	0.9761	7.83
2009	1.9206	15.64	2.0966	16.81
2010	0.5016	4.08	0.5456	4.38
2011	0.4638	3.78	0.4808	3.86
2012	1.1271	9.18	1.0094	8.09
2013*	2.4706	20.12	2.5391	20.35
<b>EQUISAR IIID Fund 'XP' Shares***</b>				
2008	0.3454	3.45	0.3451	3.45
2009	1.6774	16.77	1.6866	16.87
2010	0.3534	3.53	0.3726	3.73
2011	0.3442	3.44	0.3558	3.56
2012	0.8654	8.65	0.9868	9.87
2013*	2.2814	22.80	2.3343	23.34
<b>EQUISAR IIID Fund 'P' Shares****</b>				
2012	N/A	N/A	N/A	N/A
2013*	2.6973	23.60	2.9790	24.85
<b>EQUISAR IIID Fund 'PP' Shares****</b>				
2012	N/A	N/A	N/A	N/A
2013*	2.6973	22.50	2.4047	20.06
<b>EQUISAR IIID Fund 'I' Shares****</b>				
2012	N/A	N/A	N/A	N/A
2013*	N/A	N/A	0.0023	19.42

\* To 31 August 2013.

\*\* Per £1,000 invested at Share Class launch 2 January 2007.

\*\*\* Per £1,000 invested at Share Class launch 12 May 2008.

\*\*\*\* Per £1,000 invested at Share Class launch 16 October 2012.

## **SARASIN EQUISAR IIID Fund**

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### **Ongoing Charges Figure (OCF)**

	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>EQUISAR IIID Fund 'AP' Income Shares</b>	1.75%	1.74%
<b>EQUISAR IIID Fund 'AP' Accumulation Shares</b>	1.75%	1.74%
<b>EQUISAR IIID Fund 'IP' Income Shares</b>	1.10%	1.09%
<b>EQUISAR IIID Fund 'IP' Accumulation Shares</b>	1.10%	1.09%
<b>EQUISAR IIID Fund 'XP' Income Shares</b>	1.45%	1.44%
<b>EQUISAR IIID Fund 'XP' Accumulation Shares</b>	1.45%	1.44%
<b>EQUISAR IIID Fund 'P' Income Shares</b>	1.25%	1.24%
<b>EQUISAR IIID Fund 'P' Accumulation Shares</b>	1.25%	1.24%
<b>EQUISAR IIID Fund 'PP' Income Shares</b>	1.25%	1.24%
<b>EQUISAR IIID Fund 'PP' Accumulation Shares</b>	1.25%	1.24%
<b>EQUISAR IIID Fund 'I' Accumulation Shares</b>	1.35%	N/A

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

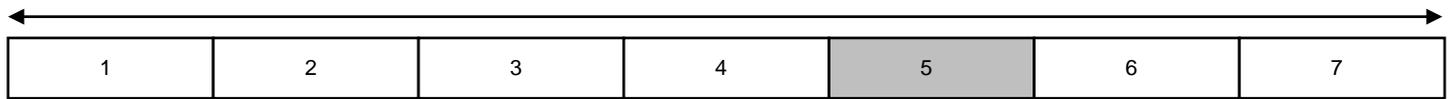
## Risk and Reward Profile

Lower Risk

Higher Risk

Typically Lower Rewards

Typically Higher Rewards



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 5 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, as company share price movements tend to be more volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- Changes in exchange rates may cause the value of investments to decrease or increase.
- There may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Fund.
- Smaller company shares can be riskier as they may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.
- The Fund actively invests in derivatives, such as futures, options and swaps, which are linked to the rise and fall of other assets. Derivatives will be used both to achieve the investment objective, and to simply reduce risk or manage the Fund more efficiently. The Fund aims to limit capital loss when markets returns are negative through the use of derivatives. The price movements in these assets can result in larger movements of the Fund share price.
- The Fund has some charges deducted from capital. This may reduce the potential for growth.

**Portfolio Statement as at 30 June 2013**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Corporate Restructuring 29.33% (31 December 2012 - 20.62%)</b>			
15,300	Apache	844,352	1.31
8,520	Canadian Pacific Railway	675,358	1.06
60,121	Citigroup	1,904,832	2.98
14,716	Danone	723,024	1.13
386,660	Glencore Xstrata	1,057,902	1.66
122,017	Hartford Financial Services	2,501,701	3.92
45,889	Home Depot	2,297,463	3.60
49,000	Jardine Matheson	1,934,651	3.03
74,183	Microsoft	1,685,579	2.64
32,630	Occidental Petroleum	1,934,621	3.03
40,374	PNC Financial Services	1,951,905	3.06
29,183	Starwood Hotels & Resorts	1,221,770	1.91
		<b>18,733,158</b>	<b>29.33</b>
<b>Disruption and Innovation 19.10% (31 December 2012 - 0.00%)</b>			
18,185	Amgen	1,181,810	1.85
25,920	Borgwarner	1,471,273	2.30
32,800	Carmax	1,005,620	1.57
22,291	Costco	1,631,581	2.55
8,665	Credicorp	728,037	1.14
2,800	Google 'A'	1,612,261	2.52
2,666	Intuitive Surgical	878,964	1.38
4,900	Netflix	691,475	1.08
86,033	Novozymes	1,830,610	2.87
21,636	Reckitt Benckiser	1,016,027	1.59
(18)	Reckitt Benckiser GBP 4200 Put Options 20/09/2013*	(8,460)	(0.01)
(21)	Reckitt Benckiser GBP 5000 Call Options 20/09/2013*	(13,860)	(0.02)
2,550	Tesla Motors	182,895	0.28
		<b>12,208,233</b>	<b>19.10</b>
<b>Franchise Power 18.08% (31 December 2012 - 0.00%)</b>			
67,049	Coca-Cola	1,772,185	2.77
60,700	Halliburton	1,667,337	2.61
136,000	Kubota	1,299,013	2.03
48,600	Makita	1,723,457	2.70
28,699	Mattel	847,291	1.33
(246)	Schlumberger USD 70 Put Options 18/01/2014*	(77,521)	(0.12)
246	Schlumberger USD 85 Call Options 18/01/2014*	20,188	0.02
17,494	Swiss Reinsurance	854,143	1.34
13,400	Tiffany	638,418	1.00
39,000	Unicharm	1,445,064	2.26
22,234	United Technologies	1,365,102	2.14
		<b>11,554,677</b>	<b>18.08</b>
<b>Intellectual Property and Excellence 0.00% (31 December 2012 - 19.35%)</b>			
<b>Pricing Power 0.00% (31 December 2012 - 13.72%)</b>			
<b>Security of Supply 21.51% (31 December 2012 - 17.59%)</b>			
114,549	BG	1,286,958	2.01
40,000	Boskalis Westminster	969,425	1.52
76,400	Cameco	1,035,449	1.62
172,640	Cemex ADR	1,205,941	1.89

**Portfolio Statement as at 30 June 2013 (continued)**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Security of Supply (continued)</b>			
32,658	Fresenius Medical Care	1,523,297	2.38
25,272	Kabel Deutschland	1,822,271	2.85
10,627	Kansas City Southern	751,257	1.18
110,000	SES	2,073,282	3.25
451,000	Singapore Airport Terminal Services	765,077	1.20
24,905	Time Warner	945,383	1.48
25,544	Umicore	699,499	1.09
36,361	Weyerhaeuser	672,936	1.04
		<b>13,750,775</b>	<b>21.51</b>
<b>Strategic Holdings 0.53% (31 December 2012 - -0.39%)</b>			
(411)	Euro Stoxx 50 Future September 2013*	81,097	0.13
(200)	S&P 500 EMINI Future September 2013*	253,086	0.40
		<b>334,183</b>	<b>0.53</b>
<b>The Strong get Stronger 10.76% (31 December 2012 - 18.52%)</b>			
140,508	HSBC	960,794	1.50
235,110	International Airlines Group	617,164	0.97
21,365	JP Morgan Chase	745,503	1.17
149,300	Nissan Motors	993,583	1.56
65,000	Sun Hung Kai Properties	548,451	0.86
28,279	Valero Energy	649,608	1.02
20,650	Varian Medical Systems	903,031	1.41
31,665	Yum! Brands	1,447,086	2.27
		<b>6,865,220</b>	<b>10.76</b>
<b>Forward FX Currency Contracts -0.67% (31 December 2012 - 0.29%)</b>			
EUR (3,817,000)	Sold EUR bought GBP 3,262,046 for settlement 19/09/2013	(15,450)	(0.02)
USD (24,240,400)	Sold USD bought GBP 15,457,861 for settlement 19/09/2013	(464,706)	(0.73)
JPY (732,061,000)	Sold JPY bought GBP 4,908,219 for settlement 19/08/2013	51,415	0.08
		<b>(428,741)</b>	<b>(0.67)</b>
<b>Total Value of Investments 98.64% (31 December 2012 - 89.70%)</b>		63,017,505	98.64
<b>Net Other Assets</b>		868,725	1.36
<b>Net Assets</b>		<b>63,886,230</b>	<b>100.00</b>
All holdings are ordinary shares of stock unless otherwise stated.			
* Derivative investment			
Asset Allocation of Portfolio of Investments is as follows:			
	Equities	63,191,716	98.91
	Derivatives	254,530	0.40
	Forward Exchange Contracts	(428,741)	(0.67)
	Net Other Assets	868,725	1.36
		<b>63,886,230</b>	<b>100.00</b>

**Statement of Total Return (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
Income				
Net capital gains		6,242,369		2,890,835
Revenue	1,049,570		864,325	
Expenses	(1,300,325)		(635,711)	
Finance costs: Interest	(4,111)		(7,267)	
Net (expense)/revenue before taxation	(254,866)		221,347	
Taxation	(77,528)		(101,026)	
<b>Net (expense)/revenue after taxation for the period</b>		<b>(332,394)</b>		<b>120,321</b>
<b>Total before distribution</b>		<b>5,909,975</b>		<b>3,011,156</b>
Finance costs: Distribution		(448,291)		(502,671)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>5,461,684</b>		<b>2,508,485</b>

**Statement of Changes in Net Assets Attributable to Shareholders (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		67,005,889		83,010,125
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	1,088,795		6,011,670	
Less: amounts paid on cancellation of shares	(9,802,769)		(17,340,540)	
		(8,713,974)		(11,328,870)
Dilution levy		-		-
SDRT charge		(822)		(849)
Change in net assets attributable to shareholders from investment activities (see above)		5,461,684		2,508,485
Retained distribution on Accumulation shares		133,453		188,690
<b>Closing net assets attributable to shareholders</b>		<b>63,886,230</b>		<b>74,377,581</b>

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

**Balance Sheet (unaudited)  
As at 30 June 2013**

	30.06.2013	31.12.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>63,597,502</b>	60,882,304
<b>Other Assets</b>		
Debtors	711,140	48,263
Cash and Bank balances	2,745,998	7,622,147
Total other assets	<u>3,457,138</u>	<u>7,670,410</u>
Total assets	<u>67,054,640</u>	<u>68,552,714</u>
<b>Liabilities</b>		
<b>Investment Liabilities</b>	<b>579,997</b>	777,244
Creditors	2,287,202	219,695
Bank overdraft	-	46
Distribution payable on income shares	301,211	549,841
Total other liabilities	<u>2,588,413</u>	<u>769,582</u>
Total liabilities	<u>3,168,410</u>	<u>1,546,826</u>
<b>Net assets attributable to shareholders</b>	<b><u>63,886,230</u></b>	<b><u>67,005,888</u></b>

**Note to the Financial Statements (unaudited)****1. Accounting Policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN EQUISAR IIID Fund

### Distribution Tables

#### Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>EQUISAR IIID Fund 'AP' Shares</b>				
Gross Income	0.7982	0.7024	0.8397	0.7889
Tax	0.0798	0.0702	0.0840	0.0789
Net Income	0.7184	0.6322	0.7557	0.7100
Equalisation	-	0.0862	-	0.0457
<b>Interim Distribution paid 2013</b>	<b>0.7184</b>	<b>0.7184</b>	<b>0.7557</b>	<b>0.7557</b>
<b>Interim Distribution paid 2012</b>	<b>0.6864</b>	<b>0.6864</b>	<b>0.7007</b>	<b>0.7007</b>
<b>EQUISAR IIID Fund 'IP' Shares</b>				
Gross Income	1.0029	1.0029	0.9868	0.5690
Tax	0.1003	0.1003	0.0987	0.0569
Net Income	0.9026	0.9026	0.8881	0.5121
Equalisation	-	0.0000	-	0.3760
<b>Interim Distribution paid 2013</b>	<b>0.9026</b>	<b>0.9026</b>	<b>0.8881</b>	<b>0.8881</b>
<b>Interim Distribution paid 2012</b>	<b>0.8461</b>	<b>0.8461</b>	<b>0.7035</b>	<b>0.7035</b>
<b>EQUISAR IIID Fund 'XP' Shares</b>				
Gross Income	0.9114	0.9114	0.9089	0.9089
Tax	0.0911	0.0911	0.0909	0.0909
Net Income	0.8203	0.8203	0.8180	0.8180
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>0.8203</b>	<b>0.8203</b>	<b>0.8180</b>	<b>0.8180</b>
<b>Interim Distribution paid 2012</b>	<b>0.7280</b>	<b>0.7280</b>	<b>0.8001</b>	<b>0.8001</b>
<b>EQUISAR IIID Fund 'P' Shares</b>				
Gross Income	1.5781	1.1661	1.7667	1.7667
Tax	0.1578	0.1166	0.1767	0.1767
Net Income	1.4203	1.0495	1.5900	1.5900
Equalisation	-	0.3708	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.4203</b>	<b>1.4203</b>	<b>1.5900</b>	<b>1.5900</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>EQUISAR IIID Fund 'PP' Shares</b>				
Gross Income	1.0140	0.1438	1.1008	0.1542
Tax	0.1014	0.0144	0.1101	0.0154
Net Income	0.9126	0.1294	0.9907	0.1388
Equalisation	-	0.7832	-	0.8519
<b>Interim Distribution paid 2013</b>	<b>0.9126</b>	<b>0.9126</b>	<b>0.9907</b>	<b>0.9907</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>EQUISAR IIID Fund 'I' Shares</b>				
Gross Income	N/A	N/A	0.0026	0.0026
Tax	N/A	N/A	0.0003	0.0003
Net Income	N/A	N/A	0.0023	0.0023
Equalisation	N/A	N/A	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>0.0023</b>	<b>0.0023</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### Investment Objective and Policy

Sarasin EquiSar - UK Thematic seeks to achieve a total return to shareholders over the long term through investment predominantly in a portfolio of UK transferable securities that satisfy one or more investment themes that are expected to be key drivers of corporate profitability, investment performance and yield.

The ACD will identify core themes that it considers offer attractive long term investment opportunities to shareholders and the Fund will be invested in accordance with these themes. The themes will be kept under review by the ACD and will change from time to time.

In order to achieve the investment objective and policy, it is intended that the Fund will invest in a portfolio of investments including, transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities and deposits.

Cash and near cash may also be held by the Fund. The Fund may invest in derivatives for efficient portfolio management purposes (including hedging). The Fund may also borrow and employ stocklending techniques in accordance with the rules in COLL.

### Sensitivity Analysis

The Fund will then use options on individual stocks to implement views on specific stocks and to increase the yield on the Fund by selling options on stocks.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin EquiSar – UK Thematic Fund, as at 30.06.13, was 8.07% (31.12.2012: 7.24%).

### Investment Review

After a strong Q1, the market paused for breath during Q2 as it digested the possibility that the Fed would start to 'taper' QE, and potentially limit the liquidity that has helped fuel asset prices. The FTSE All Share 5% capped index produced a respectable 8.7% total return over the first half of the year, despite a 10% retracement from its peak in mid-May. The fact remains that the withdrawal of QE is simply a matter of time, but a decision that is only likely to be put into action once the economy has gathered sufficiently positive momentum. The good news is that

there is evidence of a sustained recovery in the US and in the UK, where some of the recent government initiatives such as Help to Buy and Funding for Lending appear to be working. And it is, actual economic recovery that will ultimately help companies to grow their top line and incentivise them to invest in the real economy, thereby creating a much needed virtuous circle of prosperity.

At the start of April, we evolved our thematic process by replacing two of our themes so that they better reflected the strategies we see as being relevant to today's world, and provide a more focused route to a re-rating of the shares. Pricing Power has been replaced by Franchise Power. The new theme aims to identify companies with trusted brands and franchises that are known for the quality and reliability of their product or service. Customers are willing to pay a premium for this and may also not be particularly price sensitive. Intellectual Property & Excellence has been replaced by Disruption & Innovation. This has enabled us to more directly target companies that have built their business model around being the disruptor. They will typically be exploiting a market opportunity that is not being served particularly well by the incumbents, or may target an existing market with a much lower price point, owing to their own cost base being much lower than that of the legacy competitors. The theme now also enables us to attribute value to 'optionality', especially if it has the potential to be transformative in terms of how the business is perceived and share price performance. The remaining themes have also been tightened in terms of our interpretation of how these will lead to outperformance. Strong get Stronger is about companies whose success is derived from the strength of their balance sheet, a leaner cost base and economies of scale – all ingredients that confer sustainable competitive advantage. The theme works particularly well within industries that have a relatively undifferentiated product or service with limited pricing power (other than that conferred upon them in an up-cycle). Security of Supply continues to focus on companies that play into critical parts of any supply chain, and may benefit from being national champions or strategic assets with limited competition. Corporate Restructuring continues to identify special situations and turnaround candidates with potential for significant re-rating in the shares.

The fund's performance over the period relative to its benchmark was derived as much by the things we owned as it was by things we did not own. As with previous inflection points in investment and economic cycles, taking significant active money positions can result in periods of dislocation in terms of relative performance. The market will not always see what we see, and being thematic often requires patience. However, we believe the portfolio is well placed to benefit from the changing tide. Disruption and Innovation put in an excellent debut performance with strong recovery from ICAP on evidence of better trading volumes, takeover excitement in Betfair, whose intrinsic value was highlighted by a bid by private equity firm CVC which was rejected by the Board, and a sterling performance from Blinkx, the software service that connects web advertisers with appropriate video content.

### Investment Review (continued)

This followed on from a swansong performance from the outgoing Intellectual Property and Excellence theme driven by a re-rating in Reckitt Benckiser as they reported better than expected sales growth. The Strong get Stronger theme was helped by its high exposure to financials such as 3i Group which is making excellent operational progress under CEO Simon Borrows. Its shares were also helped by interest from Sherborne, the activist investor who helped turn around the fortunes of other listed companies, most recently F&C Asset Management. Our exposure to a number of specialist UK general retailers within this theme also added value. Companies such as Dixons and Sports Direct held in our UK Consumer Note have defied gloomy prognosis and returned with better and fit for purpose business models that have enabled them to outperform their peers. Franchise Power's focus on high quality companies with steady growth prospects and a premium to the market typically sees them perform much better in uncertain times when the market seeks safety. We would not expect this theme to shoot the lights out when the economy is recovering. However, it provides a useful anchor and it is our aim to find companies that have excellent brand presence and trusted franchises but are simply not being rated as such by the market. We believe Fenner is one such company. Within the Corporate Restructuring theme Lloyds was a top contributor benefiting from sustained operational turnaround and a recovering UK economy, helped by some of the recent housing market stimulus schemes such as Help to Buy. With a 26% share of the UK Retail mortgage market, Lloyds should benefit not only from an increase in transaction volumes, but also from a reduction in default provisions, as a rise in house prices reduces the number of homes in negative equity and allows for a more orderly sale of homes in arrears. At the other extreme, the surprisingly timed rights issue by Firstgroup detracted from that stock's and the theme's performance. The outgoing theme Pricing Power had a less happy send-off as early strength in Virgin Media (acquired by Liberty Global during that period) and Prudential was offset by a profit warning in Carnival, from which the shares have now recovered. In addition, all things in this theme related to the mining industry, continued to be shunned by the market on concerns that Chinese demand would continue to disappoint. And not unlike the rabidly negative sentiment towards European banks in 2011, there is a distinct impression that the market has become unduly pessimistic on all things that related to basic resource companies. Finally, the Security of Supply theme was inflected by this same thought process and misperception of plentiful supply in certain parts of the value chain at a time when demand is also at a cyclical low point. Petrofac and Aggreko were all in targets of the disbelievers in the longer term structural tailwind that should benefit these.

Low volumes, heightened sensitivity to all economic news and political forest fires erupting in various parts of the world, markets will be anything but dull. The long-term value in equities, and in particular our thematic equities, remains compelling. This underpins our confidence of the fund's outperformance over the coming quarters.

Guy Monson  
Chief Investment Officer  
Sarasin & Partners LLP  
July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

### Top 10 purchases during the period

Tesco  
Standard Chartered  
Man Group  
Michael Page International  
International Airlines Group  
Aggreko  
Vodafone  
UBS AG Perles 29/05/2018  
Carnival  
UBS AG Perles 27/05/2011

### Top 10 sales during the period

Virgin Media  
Centrica  
GlaxoSmithKline  
Jupiter Fund Management  
Prudential  
Unilever  
SABMiller  
F&C Asset Management  
Marks & Spencer  
Petrofac

**Performance Chart**



Source: Sarasin and Partners LLP 28 January 2010 to 30 June 2013, Bid to Bid, UK Basic Rate, Based In UK Sterling.

The Sarasin EQUISAR - UK Thematic Fund launched on 28 January 2010.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium to long term one (i.e. 5-10 years).

## SARASIN EQUISAR - UK Thematic Fund

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>EQUISAR - UK Thematic Fund 'A' Shares</b>			
<b>Income Shares</b>			
31 December 2010	189,225	161,354	117.27p
31 December 2011	211,799	207,311	102.16p
31 December 2012	23,260	20,651	112.63p
30 June 2013	93,214	79,351	117.47p
<b>Accumulation Shares</b>			
31 December 2010	16,640	13,883	119.86p
31 December 2011	47,314	43,850	107.90p
31 December 2012	54,756	44,540	122.94p
30 June 2013	51,274	39,359	130.28p
<b>EQUISAR - UK Thematic Fund 'I' Shares</b>			
<b>Income Shares</b>			
31 December 2010	13,341,571	11,331,046	117.74p
31 December 2011	14,466,528	14,051,149	102.96p
31 December 2012	19,833,820	17,341,228	114.37p
30 June 2013	26,833,260	22,458,443	119.48p
<b>Accumulation Shares</b>			
31 December 2010	20,345,372	16,884,232	120.50p
31 December 2011	17,113,904	15,683,886	109.12p
31 December 2012	17,858,761	14,271,809	125.13p
30 June 2013	18,987,529	14,271,809	133.04p
<b>EQUISAR - UK Thematic Fund 'Z' Shares</b>			
<b>Income Shares</b>			
31 December 2010	652,712	552,130	118.22p
31 December 2011	559,686	538,576	103.92p
31 December 2012	624,914	538,576	116.03p
30 June 2013	654,276	538,576	121.48p
<b>Accumulation Shares</b>			
31 December 2010	1,214	1,000	121.40p
31 December 2011	1,109	1,000	110.97p
31 December 2012	1,285	1,000	128.46p
30 June 2013	1,372	1,000	137.22p
<b>EQUISAR - UK Thematic Fund 'X' Shares</b>			
<b>Income Shares</b>			
31 December 2010	388,213	330,538	117.45p
31 December 2011	677,896	662,344	102.35p
31 December 2012	986,208	869,970	113.36p
30 June 2013	1,010,336	854,539	118.23p
<b>Accumulation Shares</b>			
31 December 2010	389,535	325,231	119.77p
31 December 2011	400,335	371,333	107.81p
31 December 2012	167,177	135,972	122.95p
30 June 2013	148,028	113,525	130.39p

The SARASIN EQUISAR - UK Thematic Fund launched on 28 January 2010.

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN EQUISAR - UK Thematic Fund

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### Historic Net Asset Values (continued)

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>EQUISAR - UK Thematic Fund 'F' Shares</b>			
<b>Accumulation Shares</b>			
31 December 2012	4,726	3,862	122.38p
30 June 2013	5,020	3,862	129.99p
<b>EQUISAR - UK Thematic Fund 'P' Shares</b>			
<b>Income Shares</b>			
31 December 2012	1,132	1,000	113.17p
30 June 2013	1,183	1,000	118.27p
<b>Accumulation Shares</b>			
31 December 2012	1,232	1,000	123.21p
30 June 2013	1,311	1,000	131.09p

The SARASIN EQUISAR - UK Thematic Fund launched on 28 January 2010.

Share classes F and P launched on the 16 October 2012

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN EQUISAR - UK Thematic Fund

### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>EQUISAR - UK Thematic Fund 'A' Shares</b>				
2010*	118.60p	94.27p	120.90p	95.37p
2011	121.40p	94.08p	124.30p	98.81p
2012	114.50p	100.30p	124.60p	106.60p
2013	128.10p	115.50p	140.90p	126.10p
<b>EQUISAR - UK Thematic Fund 'I' Shares</b>				
2010*	119.10p	94.43p	121.60p	95.53p
2011	122.00p	94.72p	125.20p	99.77p
2012	116.40p	101.30p	126.80p	108.10p
2013	130.30p	117.30p	143.80p	128.40p
<b>EQUISAR - UK Thematic Fund 'Z' Shares</b>				
2010*	119.63p	94.59p	122.42p	95.94p
2011	122.60p	95.46p	126.50p	101.30p
2012	118.10p	102.50p	130.10p	110.30p
2013	132.50p	119.00p	148.10p	131.80p
<b>EQUISAR - UK Thematic Fund 'X' Shares</b>				
2010*	118.69p	94.33p	120.77p	95.38p
2011	121.60p	94.22p	124.20p	98.69p
2012	115.30p	100.50p	124.60p	106.50p
2013	129.00p	116.30p	141.00p	126.10p
<b>EQUISAR - UK Thematic Fund 'F' Shares</b>				
2012**	N/A	N/A	123.00p	123.00p
2013	N/A	N/A	140.50p	125.50p
<b>EQUISAR - UK Thematic Fund 'P' Shares</b>				
2012**	115.00p	109.00p	124.80p	118.20p
2013	129.00p	116.10p	141.70p	126.40p

\* From Share Class launch 28 January 2010 to 31 December 2010.

\*\* From Share Class launch 16 October 2012 to 31 December 2012.

## SARASIN EQUISAR - UK Thematic Fund

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 28.01.2010 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 28.01.2010 (£) Accumulation Share
<b>EQUISAR - UK Thematic Fund 'A' Shares**</b>				
2010	1.9074	19.07	1.7198	17.20
2011	3.2357	32.36	3.3347	33.35
2012	3.3215	33.22	3.5361	35.36
2013*	2.3726	23.73	2.6086	26.09
<b>EQUISAR - UK Thematic Fund 'I' Shares**</b>				
2010	2.0742	20.74	2.0904	20.90
2011	3.5491	35.49	3.6608	36.61
2012	3.6401	36.40	3.8798	38.80
2013*	2.6559	26.56	2.9348	29.35
<b>EQUISAR - UK Thematic Fund 'Z' Shares**</b>				
2010	2.3185	23.19	2.1120	21.12
2011	3.9613	39.61	4.1730	41.73
2012	3.9961	39.96	4.3510	43.51
2013*	2.9990	29.99	3.3730	33.73
<b>EQUISAR - UK Thematic Fund 'X' Shares**</b>				
2010	1.9168	19.17	1.0864	10.86
2011	3.2448	32.45	3.3298	33.30
2012	3.3980	33.98	3.5937	35.94
2013*	2.4529	24.53	2.6668	26.67
<b>EQUISAR - UK Thematic Fund 'F' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	N/A	N/A	1.1512	9.40
<b>EQUISAR - UK Thematic Fund 'P' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	1.1130	10.00	1.2300	10.20

\* To 31 August 2013.

\*\* Per £1,000 invested at Share Class launch 28 January 2010.

\*\*\* Per £1,000 invested at Share Class launch 16 October 2012.

## **SARASIN EQUISAR - UK Thematic Fund**

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### **Ongoing Charges Figure (OCF)**

	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>EQUISAR - UK Thematic Fund 'A' Income Shares</b>	1.72%	1.71%
<b>EQUISAR - UK Thematic Fund 'A' Accumulation Shares</b>	1.72%	1.71%
<b>EQUISAR - UK Thematic Fund 'I' Income Shares</b>	1.07%	1.06%
<b>EQUISAR - UK Thematic Fund 'I' Accumulation Shares</b>	1.07%	1.06%
<b>EQUISAR - UK Thematic Fund 'Z' Income Shares</b>	0.22%	0.21%
<b>EQUISAR - UK Thematic Fund 'Z' Accumulation Shares</b>	0.22%	0.21%
<b>EQUISAR - UK Thematic Fund 'X' Income Shares</b>	1.57%	1.56%
<b>EQUISAR - UK Thematic Fund 'X' Accumulation Shares</b>	1.57%	1.56%
<b>EQUISAR - UK Thematic Fund 'F' Accumulation Shares</b>	1.22%	1.21%
<b>EQUISAR - UK Thematic Fund 'P' Income Shares</b>	0.97%	0.96%
<b>EQUISAR - UK Thematic Fund 'P' Accumulation Shares</b>	0.97%	0.96%

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

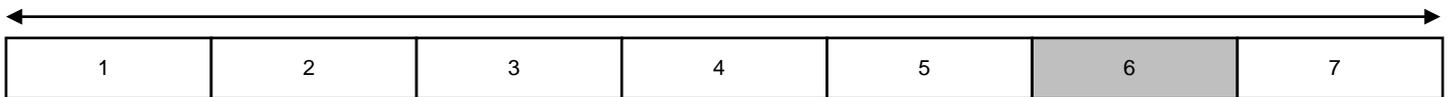
## Risk and Reward Profile

Lower Risk

Higher Risk

Typically Lower Rewards

Typically Higher Rewards



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 6 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, as company share price movements tend to be more volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- Changes in exchange rates may cause the value of investments to decrease or increase.
- Investing in other funds may expose you to increased risk due to restrictions on withdrawals, less strict regulations and use of derivatives.
- Smaller company shares can be riskier as they may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.
- The Fund has some charges deducted from capital. This may reduce the potential for growth.

**Portfolio Statement as at 30 June 2013**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Corporate Restructuring 21.90% (31 December 2012 - 19.46%)</b>			
602,782	BP	2,729,698	5.71
312,316	F&C Asset Management	296,544	0.62
942,997	FirstGroup	912,350	1.91
(97)	Glencore International GBP 340 Put Option 20/12/2013*	(72,871)	(0.15)
439,850	Glencore Xstrata	1,203,430	2.52
3,021,685	Lloyds Banking Group	1,917,864	4.01
62,522	Smiths	818,413	1.71
209,911	Tesco	699,633	1.47
1,042,492	Vodafone	1,958,321	4.10
		<b>10,463,382</b>	<b>21.90</b>
<b>Disruption and Innovation 17.74% (31 December 2012 - 0.00%)</b>			
71,466	Admiral	943,351	1.97
57,487	AstraZeneca	1,790,145	3.75
71,900	Betfair	618,340	1.29
364,431	BLINKX	401,785	0.84
200,555	BTG	731,424	1.53
76,900	Capita	749,391	1.57
2,316,664	Ceres Power	191,125	0.40
301,126	ICAP	1,082,548	2.27
47,300	Lancashire	368,231	0.77
512,505	Legal & General	877,921	1.84
(273)	Legal & General Group GBP 150 Put Option 20/09/2013*	(5,460)	(0.01)
15,600	Reckitt Benckiser	732,576	1.53
(10)	Reckitt Benckiser GBP 38,00 Put Option 20/12/2013*	(3,800)	(0.01)
		<b>8,477,577</b>	<b>17.74</b>
<b>Franchise Power 15.56% (31 December 2012 - 0.00%)</b>			
55,962	Carnival	1,277,053	2.67
171,086	Fenner	528,998	1.11
28,099	GlaxoSmithKline	459,840	0.96
638,000	Man Group	527,307	1.10
63,243	Pearson	742,473	1.56
19,910	Rotork	535,977	1.12
22,213	SABMiller	706,484	1.48
143,900	St. James's Place	770,585	1.61
67,710	Ultra Electronics	1,150,393	2.41
27,700	Unilever	737,374	1.54
		<b>7,436,484</b>	<b>15.56</b>
<b>Intellectual Property and Excellence 0.00% (31 December 2012 - 19.46%)</b>			
<b>Pricing Power 0.00% (31 December 2012 - 17.26%)</b>			
<b>Security of Supply 15.50% (31 December 2012 - 20.07%)</b>			
76,044	Aggreko	1,253,205	2.62
155,230	BG	1,744,009	3.65
(41)	BG Group GBP 1100 Put Option 20/12/2013*	(27,778)	(0.06)
58	BG Group GBP 1200 Call Option 20/09/2013*	12,180	0.02
140,752	Cairn Energy	357,651	0.75
29,214	Central Rand Gold	2,775	0.01
216,711	Drax	1,250,422	2.62
92,013	Inmarsat	622,468	1.30
179,763	Lonmin	457,497	0.96

**Portfolio Statement as at 30 June 2013 (continued)**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Security of Supply (continued)</b>			
123,630	Pennon	791,850	1.66
79,068	Petrofac	941,700	1.97
		<b>7,405,979</b>	<b>15.50</b>
<b>The Strong get Stronger 27.43% (31 December 2012 - 21.66%)</b>			
222,506	3i	750,735	1.57
581,709	Barclays	1,655,544	3.47
108,820	BHP Billiton	1,852,661	3.88
101,597	HSBC	694,720	1.45
282,600	International Airlines Group	741,825	1.55
(91)	International Airlines Group GBP 260 Put Option 20/09/2013*	(16,721)	(0.03)
91	International Airlines Group GBP 300 Call Option 20/09/2013*	7,166	0.01
145,325	Michael Page International	539,737	1.13
80,433	Millennium & Copthorne Hotels	446,001	0.93
60,925	Prudential	661,036	1.38
32,600	Rio Tinto	883,460	1.85
43,811	Royal Dutch Shell 'B'	954,861	2.00
84,190	Standard Chartered	1,197,182	2.51
13,018	UBS AG Perles 27/05/2011*	2,233,628	4.67
5,100	UBS AG Perles 29/05/2018*	507,552	1.06
		<b>13,109,387</b>	<b>27.43</b>
<b>Total Value of Investments 98.13%</b>			
<b>(31 December 2012 - 97.91%)</b>		46,892,809	98.13
<b>Net Other Assets</b>		893,994	1.87
<b>Net Assets</b>		<b>47,786,803</b>	<b>100.00</b>
All holdings are ordinary shares of stock unless otherwise stated.			
* Derivative investment			
Asset Allocation of Portfolio of Investments is as follows:			
	Equities	44,258,913	92.62
	Derivatives	2,633,896	5.51
	Net Other Assets	893,994	1.87
		<b>47,786,803</b>	<b>100.00</b>

**Statement of Total Return (unaudited)  
For the period ended 30 June 2013**

		30.06.2013		30.06.2012
	£	£	£	£
Income				
Net capital gains		1,717,564		491,333
Revenue	913,083		786,063	
Expenses	(244,985)		(201,483)	
Finance costs: Interest	(6)		-	
Net revenue before taxation	<u>668,092</u>		<u>584,580</u>	
Taxation	-		(270)	
<b>Net revenue after taxation for the period</b>		<u>668,092</u>		<u>584,310</u>
<b>Total before distribution</b>		<u>2,385,656</u>		<u>1,075,643</u>
Finance costs: Distribution		<u>(815,124)</u>		<u>(700,555)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><u>1,570,532</u></u>		<u><u>375,088</u></u>

**Statement of Changes in Net Assets Attributable to Shareholders (unaudited)  
For the period ended 30 June 2013**

		30.06.2013		30.06.2012
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		39,557,271		33,478,571
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	6,666,784		5,210,369	
Less: amounts paid on cancellation of shares	<u>(346,601)</u>		<u>(1,025,455)</u>	
		6,320,183		4,184,914
SDRT charge		(2,883)		(1,461)
Change in net assets attributable to shareholders from investment activities (see above)		1,570,532		375,088
Retained distribution on Accumulation shares		341,700		348,409
<b>Closing net assets attributable to shareholders</b>		<u><u>47,786,803</u></u>		<u><u>38,385,521</u></u>

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

**Balance Sheet (unaudited)  
As at 30 June 2013**

	30.06.2013	31.12.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>47,019,439</b>	38,731,664
<b>Other Assets</b>		
Debtors	248,201	59,501
Cash and Bank balances	949,718	895,720
Total other assets	<u>1,197,919</u>	<u>955,221</u>
Total assets	<u>48,217,358</u>	<u>39,686,885</u>
<b>Liabilities</b>		
<b>Investment Liabilities</b>	<b>126,630</b>	75
Creditors	42,596	35,835
Distribution payable on income shares	261,329	93,704
Total other liabilities	<u>303,925</u>	<u>129,539</u>
Total liabilities	<u>430,555</u>	<u>129,614</u>
<b>Net assets attributable to shareholders</b>	<u><b>47,786,803</b></u>	<u>39,557,271</u>

**Note to the Financial Statements (unaudited)****1. Accounting Policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN EQUISAR - UK Thematic Fund

### Distribution Tables

#### First Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 31 March 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>EQUISAR - UK Thematic Fund 'A' Shares</b>				
Gross Income	1.0816	0.5684	1.1770	1.1770
Tax	0.1082	0.0568	0.1170	0.1177
Net Income	0.9734	0.5116	1.0593	1.0593
Equalisation	-	0.4618	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>0.9734</b>	<b>0.9734</b>	<b>1.0593</b>	<b>1.0593</b>
<b>Interim Distribution paid 2012</b>	<b>0.7025</b>	<b>0.7025</b>	<b>0.7476</b>	<b>0.7476</b>
<b>EQUISAR - UK Thematic Fund 'I' Shares</b>				
Gross Income	1.1830	0.6701	1.2944	1.2944
Tax	0.1183	0.0690	0.1294	0.1294
Net Income	1.0647	0.6031	1.1650	1.1650
Equalisation	-	0.4616	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.0647</b>	<b>1.0647</b>	<b>1.1650</b>	<b>1.1650</b>
<b>Interim Distribution paid 2012</b>	<b>0.7864</b>	<b>0.7864</b>	<b>0.8298</b>	<b>0.8298</b>
<b>EQUISAR - UK Thematic Fund 'Z' Shares</b>				
Gross Income	1.3087	1.3087	1.4700	1.4700
Tax	0.1309	0.1309	0.1470	0.1470
Net Income	1.1778	1.1778	1.3230	1.3230
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.1778</b>	<b>1.1778</b>	<b>1.3230</b>	<b>1.3230</b>
<b>Interim Distribution paid 2012</b>	<b>0.8794</b>	<b>0.8794</b>	<b>0.9530</b>	<b>0.9530</b>
<b>EQUISAR - UK Thematic Fund 'X' Shares</b>				
Gross Income	1.1054	0.2114	1.1983	1.1983
Tax	0.1105	0.0211	0.1198	0.1198
Net Income	0.9949	0.1903	1.0785	1.0785
Equalisation	-	0.8046	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>0.9949</b>	<b>0.9949</b>	<b>1.0785</b>	<b>1.0785</b>
<b>Interim Distribution paid 2012</b>	<b>0.7257</b>	<b>0.7257</b>	<b>0.7636</b>	<b>0.7636</b>
<b>EQUISAR - UK Thematic Fund 'F' Shares</b>				
Gross Income	N/A	N/A	1.2432	1.2432
Tax	N/A	N/A	0.1243	0.1243
Net Income	N/A	N/A	1.1189	1.1189
Equalisation	N/A	N/A	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>1.1189</b>	<b>1.1189</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>EQUISAR - UK Thematic Fund 'P' Shares</b>				
Gross Income	1.1911	1.1911	1.3044	1.3044
Tax	0.1191	0.1191	0.1304	0.1304
Net Income	1.0720	1.0720	1.1740	1.1740
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.0720</b>	<b>1.0720</b>	<b>1.1740</b>	<b>1.1740</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## SARASIN EQUISAR - UK Thematic Fund

### Distribution Tables (continued)

#### Second Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 April 2013

Group 2 – Shares purchased between 1 April 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>EQUISAR - UK Thematic Fund 'A' Shares</b>				
Gross Income	1.1049	0.8150	1.2152	1.2152
Tax	0.1105	0.0815	0.1215	0.1215
Net Income	0.9944	0.7335	1.0937	1.0937
Equalisation	-	0.2609	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>0.9944</b>	<b>0.9944</b>	<b>1.0937</b>	<b>1.0937</b>
<b>Interim Distribution paid 2012</b>	<b>1.1222</b>	<b>1.1222</b>	<b>1.1932</b>	<b>1.1932</b>
<b>EQUISAR - UK Thematic Fund 'I' Shares</b>				
Gross Income	1.2132	0.6913	1.3387	1.3387
Tax	0.1213	0.0691	0.1339	0.1339
Net Income	1.0919	0.6222	1.2048	1.2048
Equalisation	-	0.4697	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.0919</b>	<b>1.0919</b>	<b>1.2048</b>	<b>1.2048</b>
<b>Interim Distribution paid 2012</b>	<b>1.1907</b>	<b>1.1907</b>	<b>1.2707</b>	<b>1.2707</b>
<b>EQUISAR - UK Thematic Fund 'Z' Shares</b>				
Gross Income	1.3604	1.3604	1.5300	1.5300
Tax	0.1360	0.1360	0.1530	0.1530
Net Income	1.2244	1.2244	1.3770	1.3770
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.2244</b>	<b>1.2244</b>	<b>1.3770</b>	<b>1.3770</b>
<b>Interim Distribution paid 2012</b>	<b>1.3009</b>	<b>1.3009</b>	<b>1.4130</b>	<b>1.4130</b>
<b>EQUISAR - UK Thematic Fund 'X' Shares</b>				
Gross Income	1.1326	0.4278	1.2391	0.6239
Tax	0.1133	0.0428	0.1239	0.0624
Net Income	1.0193	0.3850	1.1152	0.5615
Equalisation	-	0.6343	-	0.5537
<b>Interim Distribution paid 2013</b>	<b>1.0193</b>	<b>1.0193</b>	<b>1.1152</b>	<b>1.1152</b>
<b>Interim Distribution paid 2012</b>	<b>1.1412</b>	<b>1.1412</b>	<b>1.2087</b>	<b>1.2087</b>
<b>EQUISAR - UK Thematic Fund 'F' Shares</b>				
Gross Income	N/A	N/A	1.2791	1.2791
Tax	N/A	N/A	0.1279	0.1279
Net Income	N/A	N/A	1.1512	1.1512
Equalisation	N/A	N/A	0.0000	0.0000
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>1.1512</b>	<b>1.1512</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>EQUISAR - UK Thematic Fund 'P' Shares</b>				
Gross Income	1.2367	1.2367	1.3667	1.3667
Tax	0.1237	0.1237	0.1367	0.1367
Net Income	1.1130	1.1130	1.2300	1.2300
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.1130</b>	<b>1.1130</b>	<b>1.2300</b>	<b>1.2300</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### Investment Objective and Policy

Sarasin EquiSar - UK Thematic Opportunities seeks to achieve a total return to shareholders over the medium term. The Fund is expected to invest significantly either directly or indirectly in a diversified portfolio of UK transferable securities.

The ACD will identify core themes that it considers offer attractive long term investment opportunities to shareholders and the Fund will be invested in accordance with these themes. The themes will be kept under review by the ACD and will change from time to time. Theme selection will be not be restricted by sector weights and benchmark.

In order to achieve the investment objective and policy, it is intended that the Fund will invest in a portfolio of investments including, transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities, deposits and derivatives and forward transactions. Cash and near cash may also be held by the Fund.

It is intended that derivatives will be used and held by the Fund both for efficient portfolio management purposes (including hedging) and to achieve the investment objectives of the Fund. The ACD does not anticipate that such use of derivatives will have any significant effect on the risk profile of the Fund. The Fund may also borrow and employ stocklending and underwriting techniques in accordance with the rules in COLL.

### Sensitivity Analysis

The Fund will then use options on individual stocks to implement views on specific stocks and to increase the yield on the Fund by selling options on stocks.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin EquiSar – UK Thematic Opportunities Fund, as at 30.06.13, was 8.73% (31.12.2012: 8.84%).

### Investment Review

After a strong Q1, the market paused for breath during Q2 as it digested the possibility that the Fed would start to 'taper' QE, and potentially limit the liquidity that has helped fuel asset prices. The FTSE All Share produced a respectable 8.5% total return over the first half of the year,

despite a 10% retracement from its peak in mid-May. The fact remains that the withdrawal of QE is simply a matter of time, but a decision that is only likely to be put into action once the economy has gathered sufficiently positive momentum. The good news is that there is evidence of a sustained recovery in the US and in the UK, where some of the recent government initiatives such as Help to Buy and Funding for Lending appear to be working. And it is, actual economic recovery that will ultimately help companies to grow their top line and incentivise them to invest in the real economy, thereby creating a much needed virtuous circle of prosperity.

At the start of April, we evolved our thematic process by replacing two of our themes so that they better reflected the strategies we see as being relevant to today's world, and provide a more focused route to a re-rating of the shares. Pricing Power has been replaced by Franchise Power (FP). The new theme aims to identify companies with trusted brands and franchises that are known for the quality and reliability of their product or service. Customers are willing to pay a premium for this and may also not be particularly price sensitive. Intellectual Property & Excellence has been replaced by Disruption & Innovation (D&I). This has enabled us to more directly target companies that have built their business model around being the disruptor. They will typically be exploiting a market opportunity that is not being served particularly well by the incumbents, or may target an existing market with a much lower price point, owing to their own cost base being much lower than that of the legacy competitors. The theme now also enables us to attribute value to 'optionality', especially if it has the potential to be transformative in terms of how the business is perceived and share price performance. The remaining themes have also been tightened in terms of our interpretation of how these will lead to outperformance. Strong get Stronger (SGS) is about companies whose success is derived from the strength of their balance sheet, a leaner cost base and economies of scale – all ingredients that confer sustainable competitive advantage. The theme works particularly well within industries that have a relatively undifferentiated product or service with limited pricing power (other than that conferred upon them in an up-cycle). Security of Supply (SOS) continues to focus on companies that play into critical parts of any supply chain, and may benefit from being national champions or strategic assets with limited competition. Corporate Restructuring (CR) continues to identify special situations and turnaround candidates with potential for significant re-rating in the shares.

The fund's performance over the period relative to its benchmark was derived as much by the things we owned as it was by things we did not own. As with previous inflection points in investment and economic cycles, taking significant active money positions can result in periods of dislocation in terms of relative performance. The market will not always see what we see, and being thematic often requires patience. However, we believe the portfolio is well placed to benefit from the changing tide. The Strong

### **Investment Review (continued)**

get Stronger theme was helped by its high exposure to financials such as 3i Group which is making excellent operational progress under CEO Simon Borrows. Its shares were also helped by interest from Sherborne, the activist investor who helped turn around the fortunes of other listed companies, most recently F&C Asset Management. Our exposure to a number of specialist UK general retailers, most of these held within our UK Consumer Note, also added value. Companies such as Dixons and Sports Direct have defied gloomy prognosis and returned with better and fit for purpose business models that have enabled them to outperform their peers. Disruption and Innovation put in an excellent debut performance with strong recovery from ICAP on evidence of better trading volumes, takeover excitement in Betfair, whose intrinsic value was highlighted by a bid by private equity firm CVC which was rejected by the Board, and an outstanding contribution from Blinkx, the software service that connects web advertisers with appropriate video content. Within the Corporate Restructuring theme Lloyds was a top contributor benefiting from sustained operational turnaround and a recovering UK economy, helped by some of the recent housing market stimulus schemes such as Help to Buy. With a 26% share of the UK Retail mortgage market, Lloyds should benefit not only from an increase in transaction volumes, but also from a reduction in default provisions, as a rise in house prices reduces the number of homes in negative equity and allows for a more orderly sale of homes in arrears. At the other extreme, the surprisingly timed rights issue by Firstgroup detracted from that stock's and the theme's performance. The outgoing theme Pricing Power had a less happy send-off as early strength in and Prudential was offset by a profit warning in Carnival, from which the shares have now recovered. Some of the commodity related stocks in the theme continued to be shunned by the market on concerns that Chinese demand would continue to disappoint. And not unlike the rabidly negative sentiment towards European banks in 2011, there is a distinct impression that the market has become unduly pessimistic on all things that related to basic resource companies. The Security of Supply theme was infected by this same thought process and misperception of plentiful supply in certain parts of the value chain at a time when demand is also at a cyclical low point. Petrofac and Aggreko were all in targets of the disbelievers in the longer term structural tailwind that should benefit these companies. Franchise Power's focus on high quality companies with steady growth prospects and a premium to the market typically sees them perform much better in uncertain times when the market seeks safety. We would not expect this theme to shoot the lights out when the economy is recovering. However, it provides a useful anchor and it is our aim to find companies that have excellent brand presence and trusted franchises but are simply not being rated as such by the market. It is currently a small component of our portfolio and one we aim to selectively grow.

Low volumes, heightened sensitivity to all economic news and political forest fires erupting in various parts of the world, markets will be anything but dull. The long-term

value in equities, and in particular our thematic equities, remains compelling. This underpins our confidence of the fund's outperformance over the coming quarters.

Guy Monson  
Chief Investment Officer  
Sarasin & Partners LLP  
July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

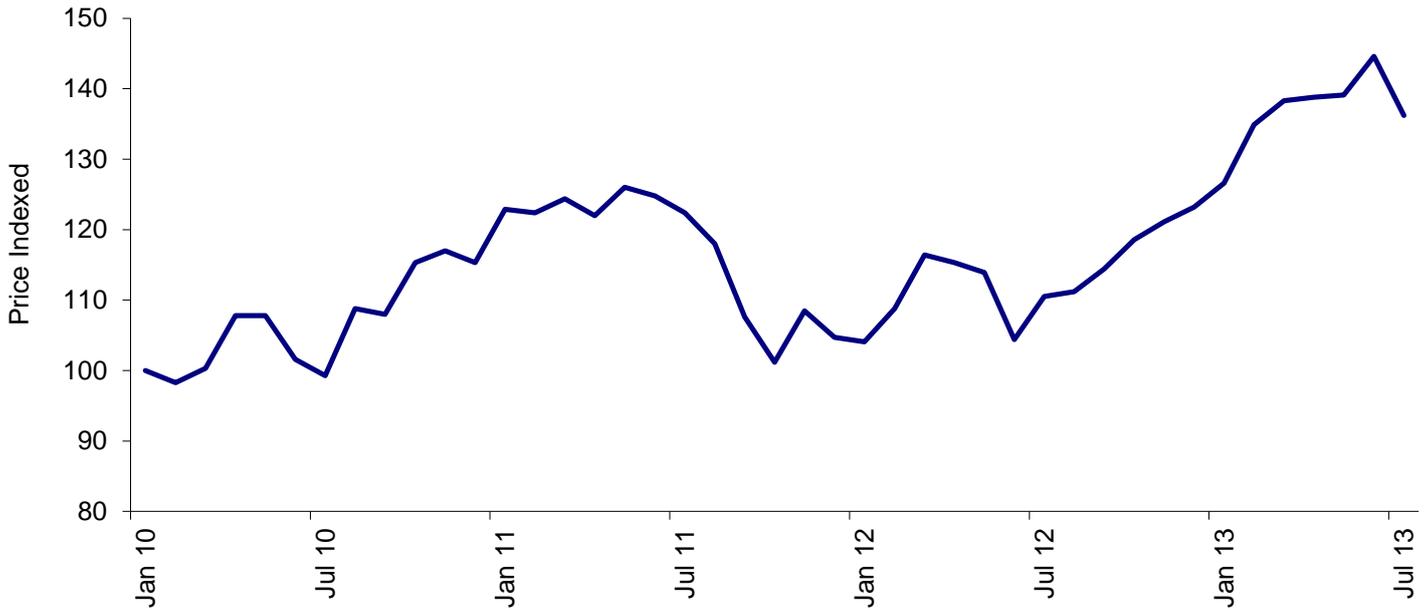
### **Top 10 purchases during the period**

Michael Page International  
Rio Tinto  
International Airlines Group  
Aggreko  
Standard Chartered  
Essar Energy  
Man Group  
UBS AG Perles 29/05/2018  
Countrywide  
Vodafone

### **Top 10 sales during the period**

Virgin Media  
Vodafone  
Prudential  
F&C Asset Management  
Legal & General  
Dixons  
Admiral  
St. James's Place  
FTSE 100 Index 6425 Put Option 21/06/2013  
Lloyds Banking 50 Call Option 17/05/2013

**Performance Chart**



Source: Sarasin and Partners LLP 28 January 2010 to 30 June 2013, Bid to Bid, UK Basic Rate, Based In UK Sterling.

The Sarasin EQUISAR - UK Thematic Opportunities Fund launched on 28 January 2010.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium term one (i.e. over 3 years).

## SARASIN EQUISAR - UK Thematic Opportunities Fund

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>EQUISAR - UK Thematic Opportunities Fund 'A' Shares</b>			
<b>Income Shares</b>			
31 December 2010	83,589	67,730	123.42p
31 December 2011	63,222	62,286	101.50p
31 December 2012	77,630	62,906	123.40p
30 June 2013	61,772	46,837	131.89p
<b>Accumulation Shares</b>			
31 December 2010	183,639	149,170	123.11p
31 December 2011	1,868,705	1,803,633	103.61p
31 December 2012	2,171,641	1,721,234	126.17p
30 June 2013	1,978,841	1,456,406	135.87p
<b>EQUISAR - UK Thematic Opportunities Fund 'I' Shares</b>			
<b>Income Shares</b>			
31 December 2010	5,553,781	4,509,306	123.16p
31 December 2011	7,280,948	7,182,266	101.37p
31 December 2012	11,045,243	8,947,348	123.45p
30 June 2013	15,134,842	11,468,758	131.97p
<b>Accumulation Shares</b>			
31 December 2010	880,082	711,079	123.77p
31 December 2011	1,328,982	1,268,795	104.74p
31 December 2012	662,539	516,957	128.16p
30 June 2013	816,425	589,493	138.50p
<b>EQUISAR - UK Thematic Opportunities Fund 'X' Shares</b>			
<b>Income Shares</b>			
31 December 2010	22,466,708	18,264,465	123.01p
31 December 2011	12,890,033	12,738,839	101.19p
31 December 2012	9,461,362	7,678,627	123.22p
30 June 2013	9,818,925	7,454,907	131.71p
<b>Accumulation Shares</b>			
31 December 2010	978,731	796,141	122.93p
31 December 2011	965,449	932,825	103.50p
31 December 2012	707,045	560,659	126.11p
30 June 2013	1,014,962	746,642	135.94p
<b>EQUISAR - UK Thematic Opportunities Fund 'P' Shares</b>			
<b>Income Shares*</b>			
31 December 2012	1,235	1,000	123.49p
30 June 2013	1,368	1,036	132.02p
<b>Accumulation Shares*</b>			
31 December 2012*	1,265	1,000	126.50p
30 June 2013	12,374	9,046	136.80p

The SARASIN EQUISAR - UK Thematic Opportunities Fund launched on 28 January 2010.

\* Share classes launched on the 16 October 2012

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN EQUISAR - UK Thematic Opportunities Fund

### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>EQUISAR - UK Thematic Opportunities Fund 'A' Shares</b>				
2010*	124.10p	95.20p	124.00p	95.23p
2011	127.00p	95.40p	126.90p	96.53p
2012	125.00p	101.80p	127.80p	103.80p
2013	144.50p	127.10p	147.80p	129.90p
<b>EQUISAR - UK Thematic Opportunities Fund 'I' Shares</b>				
2010*	124.20p	95.24p	124.80p	95.24p
2011	127.20p	95.44p	127.80p	97.49p
2012	125.00p	101.60p	129.80p	104.90p
2013	145.00p	127.20p	150.50p	132.00p
<b>EQUISAR - UK Thematic Opportunities Fund 'X' Shares</b>				
2010*	124.00p	95.22p	123.90p	95.28p
2011	127.00p	95.11p	126.90p	96.43p
2012	124.80p	101.40p	127.70p	103.70p
2013	144.40p	126.90p	147.80p	129.90p
<b>EQUISAR - UK Thematic Opportunities Fund 'P' Shares</b>				
2012**	125.30p	116.60p	128.10p	119.20p
2013	145.10p	127.20p	148.70p	130.30p

\* From Share Class launch 28 January 2010 to 31 December 2010.

\*\* From Share Class launch 16 October 2012 to 31 December 2012.

## SARASIN EQUISAR - UK Thematic Opportunities Fund

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 28.01.2010 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 28.01.2010 (£) Accumulation Share
<b>EQUISAR - UK Thematic Opportunities Fund 'A' Shares**</b>				
2010	0.2827	2.83	0.2735	2.74
2011	1.3579	13.58	1.5470	15.47
2012	1.2066	12.07	1.2677	12.68
2013*	0.9926	9.93	1.0144	10.14
<b>EQUISAR - UK Thematic Opportunities Fund 'I' Shares**</b>				
2010	0.5096	5.10	0.4805	4.81
2011	2.0041	20.04	2.0299	20.30
2012	1.6637	16.64	1.2314	12.31
2013*	1.4337	14.34	1.5100	15.10
<b>EQUISAR - UK Thematic Opportunities Fund 'X' Shares**</b>				
2010	0.3114	3.11	0.3208	3.21
2011	1.6977	16.98	1.7059	17.06
2012	0.9822	9.82	1.2114	12.11
2013*	1.0928	10.93	1.1227	11.23
<b>EQUISAR - UK Thematic Opportunities Fund 'P' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	1.7335	14.77	1.7863	14.89

\* To 31 August 2013

\*\* Per £1,000 invested at Share Class launch 28 January 2010.

\*\*\* Per £1,000 invested at Share Class launch 16 October 2012.

## **SARASIN EQUISAR - UK Thematic Opportunities Fund**

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### **Ongoing Charges Figure (OCF)**

	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>EQUISAR - UK Thematic Opportunities Fund 'A' Income Shares</b>	1.74%	1.73%
<b>EQUISAR - UK Thematic Opportunities Fund 'A' Accumulation Shares</b>	1.74%	1.73%
<b>EQUISAR - UK Thematic Opportunities Fund 'I' Income Shares</b>	1.09%	1.08%
<b>EQUISAR - UK Thematic Opportunities Fund 'I' Accumulation Shares</b>	1.09%	1.08%
<b>EQUISAR - UK Thematic Opportunities Fund 'X' Income Shares</b>	1.59%	1.58%
<b>EQUISAR - UK Thematic Opportunities Fund 'X' Accumulation Shares</b>	1.59%	1.58%
<b>EQUISAR - UK Thematic Opportunities Fund 'P' Income Shares</b>	0.99%	0.98%
<b>EQUISAR - UK Thematic Opportunities Fund 'P' Accumulation Shares</b>	0.99%	0.98%

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

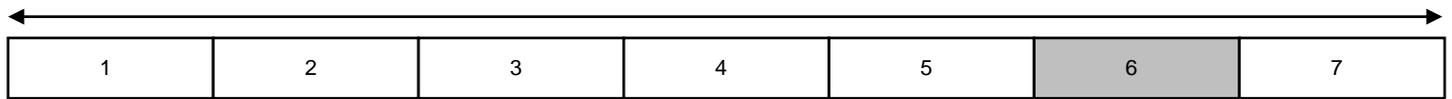
## Risk and Reward Profile

Lower Risk

Higher Risk

Typically Lower Rewards

Typically Higher Rewards



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 6 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, as company share price movements tend to be more volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- Changes in exchange rates may cause the value of investments to decrease or increase.
- Investing in other funds may expose you to increased risk due to restrictions on withdrawals, less strict regulations and use of derivatives.
- Smaller company shares can be riskier as they may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.
- The Fund may actively invest in derivatives, such as futures, options and swaps, which are linked to the rise and fall of other assets. Derivatives can be used both to achieve the investment objective, and to simply reduce risk or manage the Fund more efficiently. The Fund aims to limit capital loss when markets returns are negative through the use of derivatives. The price movements in these assets can result in larger movements of the Fund share price.

## SARASIN EQUISAR - UK Thematic Opportunities Fund

### Portfolio Statement as at 30 June 2013

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Corporate Restructuring 20.94% (31 December 2012 - 20.31%)</b>			
312,439	Essar Energy	396,798	1.38
867,922	FirstGroup	839,715	2.91
348,784	BP	1,579,468	5.49
(62)	Glencore International GBP 340 Put Option 20/12/2013*	(46,578)	(0.16)
213,823	Glencore Xstrata	585,020	2.02
3,003,960	Lloyds Banking Group	1,906,613	6.61
57,900	Smiths	757,911	2.62
(367)	Vodafone GBP 180 Put Option 20/12/2013*	(38,483)	(0.13)
734	Vodafone GBP 200 Call Option 20/12/2013*	59,131	0.20
		<b>6,039,595</b>	<b>20.94</b>
<b>Disruption and Innovation 23.88% (31 December 2012 - 0.00%)</b>			
45,975	Admiral	606,870	2.10
29,320	AstraZeneca	913,025	3.16
70,700	Betfair	608,020	2.10
640,583	BLINKX	706,243	2.45
271,599	BTG	990,522	3.44
37,000	Capita	360,565	1.25
11,846,699	Ceres Power	977,353	3.39
125,815	ICAP	452,305	1.57
173,053	Legal & General	296,440	1.03
(177)	Legal & General GBP 150 Put Option 20/09/2013*	(3,540)	(0.01)
2,908,035	Monitise	981,462	3.41
(9)	Reckitt Benckiser GBP 3800 Put Option 20/12/2013*	(3,420)	(0.01)
		<b>6,885,845</b>	<b>23.88</b>
<b>Franchise Power 10.10% (31 December 2012 - 0.00%)</b>			
21,920	Carnival	500,214	1.73
148,362	Fenner	458,735	1.59
402,000	Man Group	332,253	1.15
(264)	Man Group GBP 100 Put Option 20/09/2013*	(62,700)	(0.22)
46,485	Pearson	545,734	1.90
92,170	St. James's Place	493,570	1.71
38,000	Ultra Electronics	645,620	2.24
		<b>2,913,426</b>	<b>10.10</b>
<b>Intellectual Property and Excellence 0.00% (31 December 2012 - 24.88%)</b>			
<b>Pricing Power 0.00% (31 December 2012 - 14.89%)</b>			
<b>Security of Supply 18.72% (31 December 2012 - 21.88%)</b>			
44,195	Aggreko	728,334	2.53
138,588	Avanti Communications	350,974	1.21
74,151	BG	833,086	2.89
(25)	BG Group GBP 1100 Put Option 20/12/2013*	(16,938)	(0.06)
25	BG Group GBP 1200 Call Option 20/09/2013*	5,250	0.01
177,950	Cairn Energy	452,171	1.57
538,163	Central Rand Gold	51,125	0.18
137,554	Drax	793,687	2.76
44,334	First Quantum Minerals	413,193	1.43
85,737	Inmarsat	580,011	2.01

## SARASIN EQUISAR - UK Thematic Opportunities Fund

### Portfolio Statement as at 30 June 2013 (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Security of Supply (continued)</b>			
286,440	Lonmin	728,990	2.53
40,140	Petrofac	478,067	1.66
		<b>5,397,950</b>	<b>18.72</b>
<b>The Strong get Stronger 24.14% (31 December 2012 - 17.38%)</b>			
201,400	3i	679,524	2.36
428,120	Barclays	1,218,430	4.23
60,000	Countrywide	296,940	1.02
1,275,000	Dixons	527,850	1.83
411,500	Greencore	534,950	1.86
250,000	International Airlines Group	656,250	2.28
(112)	International Airlines Group GBP 260 Put Option 20/09/2013*	(20,580)	(0.07)
112	International Airlines Group GBP 300 Call Option 20/09/2013*	8,820	0.02
201,000	Michael Page International	746,514	2.59
26,500	Rio Tinto	718,150	2.49
(11)	Rio Tinto GBP 2600 Put Option 20/12/2013*	(22,990)	(0.08)
11	Rio Tinto GBP 2800 Call Option 20/09/2013*	12,348	0.04
(8)	Rio Tinto GBP 3400 Put Option 20/09/2013*	(59,440)	(0.21)
25,000	Standard Chartered	355,500	1.23
(19)	Standard Chartered GBP 1500 Put Option 20/12/2013*	(29,830)	(0.10)
25	Standard Chartered GBP 1700 Call Option 20/09/2013*	1,500	-
6,000	UBS AG Perles 27/05/2011*	1,029,480	3.58
3,100	UBS AG Perles 29/05/2018*	308,512	1.07
		<b>6,961,928</b>	<b>24.14</b>
<b>Total Value of Investments 97.78% (31 December 2012 - 99.34%)</b>		28,198,744	97.78
<b>Net Other Assets</b>		640,765	2.22
<b>Net Assets</b>		<b>28,839,509</b>	<b>100.00</b>
All holdings are ordinary shares of stock unless otherwise stated.			
* Derivative investment			
Asset Allocation of Portfolio of Investments is as follows:			
	Equities	28,503,243	98.84
	Derivatives	(304,499)	(1.06)
	Net Other Assets	640,765	2.22
		<b>28,839,509</b>	<b>100.00</b>

**Statement of Total Return (unaudited)  
For the period ended 30 June 2013**

	£	30.06.2013 £	£	30.06.2012 £
Income				
Net capital gains		1,673,850		1,420,161
Revenue	465,110		399,308	
Expenses	(191,133)		(337,235)	
Finance costs: Interest	-		(49)	
Net revenue before taxation	<u>273,977</u>		<u>62,024</u>	
Taxation	(839)		(906)	
<b>Net revenue after taxation for the period</b>		<u>273,138</u>		<u>61,118</u>
<b>Total before distribution</b>		<u>1,946,988</u>		<u>1,481,279</u>
Finance costs: Distribution		(273,197)		(61,225)
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><u>1,673,791</u></u>		<u><u>1,420,054</u></u>

**Statement of Changes in Net Assets Attributable to Shareholders (unaudited)  
For the period ended 30 June 2013**

	£	30.06.2013 £	£	30.06.2012 £
<b>Opening net assets attributable to shareholders*</b>		24,127,959		24,397,339
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	4,298,873		2,891,221	
Less: amounts paid on cancellation of shares	(1,289,761)		(5,223,260)	
		<u>3,009,112</u>		<u>(2,332,039)</u>
SDRT charge		(3,418)		(8,201)
Change in net assets attributable to shareholders from investment activities (see above)		1,673,791		1,420,054
Retained distribution on Accumulation shares		32,065		8,609
<b>Closing net assets attributable to shareholders</b>		<u><u>28,839,509</u></u>		<u><u>23,485,762</u></u>

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

**Balance Sheet (unaudited)  
As at 30 June 2013**

	30.06.2013	31.12.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>28,503,243</b>	24,018,825
<b>Other Assets</b>		
Debtors	50,610	22,037
Cash and Bank balances	873,780	561,800
Total other assets	<u>924,390</u>	<u>583,837</u>
Total assets	<u>29,427,633</u>	<u>24,602,662</u>
<b>Liabilities</b>		
<b>Investment Liabilities</b>	<b>304,499</b>	49,180
Creditors	37,250	425,520
Distribution payable on income shares	246,375	3
Total other liabilities	<u>283,625</u>	<u>425,523</u>
Total liabilities	<u>588,124</u>	<u>474,703</u>
<b>Net assets attributable to shareholders</b>	<b><u>28,839,509</u></b>	<b><u>24,127,959</u></b>

**Note to the Financial Statements (unaudited)****1. Accounting Policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN EQUISAR - UK Thematic Opportunities Fund

### Distribution Tables

#### Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>EQUISAR - UK Thematic Opportunities Fund 'A' Shares</b>				
Gross Income	1.1029	0.5184	1.1271	1.1271
Tax	0.1103	0.0518	0.1127	0.1127
Net Income	0.9926	0.4666	1.0144	1.0144
Equalisation	-	0.5260	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>0.9926</b>	<b>0.9926</b>	<b>1.0144</b>	<b>1.0144</b>
<b>Interim Distribution paid 2012</b>	<b>0.3197</b>	<b>0.3197</b>	<b>0.3249</b>	<b>0.3249</b>
<b>EQUISAR - UK Thematic Opportunities Fund 'I' Shares</b>				
Gross Income	1.5930	1.4221	1.6536	1.6536
Tax	0.1593	0.1422	0.1654	0.1654
Net Income	1.4337	1.2799	1.4882	1.4882
Equalisation	-	0.1538	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.4337</b>	<b>1.4337</b>	<b>1.4882</b>	<b>1.4882</b>
<b>Interim Distribution paid 2012</b>	<b>0.4783</b>	<b>0.4783</b>	<b>0.0000</b>	<b>0.0000</b>
<b>EQUISAR - UK Thematic Opportunities Fund 'X' Shares</b>				
Gross Income	1.2142	1.2142	1.2474	1.2474
Tax	0.1214	0.1214	0.1247	0.1247
Net Income	1.0928	1.0928	1.1227	1.1227
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.0928</b>	<b>1.0928</b>	<b>1.1227</b>	<b>1.1227</b>
<b>Interim Distribution paid 2012</b>	<b>0.0949</b>	<b>0.0949</b>	<b>0.3106</b>	<b>0.3106</b>
<b>EQUISAR - UK Thematic Opportunities Fund 'P' Shares</b>				
Gross Income	1.6294	1.6294	1.6737	1.6737
Tax	0.1629	0.1629	0.1674	0.1674
Net Income	1.4665	1.4665	1.5063	1.5063
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.4665</b>	<b>1.4665</b>	<b>1.5063</b>	<b>1.5063</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### **Investment Objective and Policy**

Sarasin EquiSar – Socially Responsible aims to achieve a balance of capital growth and income over the long term through investment in an internationally diversified equity-based portfolio which reflects a set of ethical (socially responsible) criteria.

The Fund will seek to avoid investing in companies which are materially involved in the production and distribution of ethically unacceptable products, including but not limited to alcohol, gambling, tobacco, pornography and armaments; companies which are materially involved in ethically unacceptable practices which may include, but is not limited to, considerations such as corruption, environmental degradation, poor labour practices and breaches of human rights; and companies which persistently, knowingly and materially breach international legal standards.

Subject to investing in accordance with the ethical criteria the Fund's assets are allocated by and invested in accordance with global themes which track long-term worldwide growth trends that are largely independent of any one region or market. The ethical criteria and global themes will be identified and kept under review by the ACD and will change from time to time. It is the intention of the ACD that the majority of the holdings within the Fund will be of large and medium size stocks.

The Fund may also invest in other transferable securities, units in collective investment schemes, and cash and near cash, and may invest in derivatives for efficient portfolio management purposes (including hedging). The Fund may borrow and employ stock lending techniques in accordance with COLL.

### **Sensitivity Analysis**

The Fund invests in equities. The Fund has the ability to use options on individual stocks for efficient portfolio management purposes.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin EquiSar – Socially Responsible Fund, as at 30.06.13, was 7.66% (31.12.2012: 4.94%).

### **Investment Review**

It was an extremely strong first half, although a market rally eventually gave way to poorer sentiment as the US Federal Reserve's commentary became more hawkish. Many global equity markets had seen 12 consecutive months of positive returns, so a pullback currently standing at around 5% was not hugely surprising. There were however some fundamental, albeit related, concerns about the trajectory of quantitative easing (QE) tapering in the US, rising US Treasury yields, and the China interbank credit crunch.

Over this recent set back, cyclical equities were hardest hit, most notably resource plays and emerging markets (EM), where rising current account deficits, the general rising trend of the US dollar, falling commodities and high EM bond valuations increased concerns. In fact, over the most recent quarter, EM equities underperformed developed markets by the most since 1998.

Regionally, Japan's monetary policy developments were a fascinating spectacle, and many of our better performers over the period are domiciled in the country. Thematically, Corporate Restructuring, our largest theme by exposure, yet again proved best. Financials like Hartford Financial, Tokio Marine, Citigroup and PNC Financial were amongst our strongest performers here. We are considering the potential for a higher interest rate environment, and financial leverage is currently amongst the lowest in the theme's history.

Pricing Power also performed well over the period, with both Kubota and Mitsubishi Estate benefitting from Japanese deflation. Our Intellectual Property & Excellence theme also outperformed significantly; Novozymes started the year extremely strongly on analyst upgrades and Verizon rallied in recognition of improving wireless margins, driven by efficiencies and falling handset subsidies.

Both the Intellectual Property & Excellence and Pricing Power theme evolved over the period, replaced by Disruption & Innovation and Franchise Power respectively. We are particularly pleased with the performance of our Disruption & Innovation theme. Two holdings bought under the new definition were the strongest performers in the portfolio: Tesla, the manufacturer of high performance Electric Vehicles, and internet subscription TV provider Netflix. Both of these companies would not have made it to the portfolio under the previous Intellectual Property & Excellence definition.

Franchise Power also performed well. Although fewer of the companies were within the top performers over the period, there were also very few detractors. Franchise Power companies tend to be strong incumbents within a market, and typically don't suffer from the ebb and flow of demand which puts more marginal competitors at risk (think Coca-Cola).

**Investment Review (continued)**

Strong get Stronger and Security of Supply have been on the disappointing side, although the latter only marginally. The theme is exposed to some challenging areas, like materials and EM, although much of this is in Mexico (Cemex, Televisa, Kansas City Southern etc.), which was weak but at the better end of the EM spectrum, benefitting from US near-shoring and stable inflation, and showing continued strength in industrial production and retail sales. Markets have rallied over the period, but much of the performance was dominated by non-cyclical sectors. This was particularly exaggerated in Europe, where metals recycler Umicore was one of our weakest stocks.

Activity levels within the portfolio were slightly higher than average, in part because of the theme changes we have made. New thematic stocks over the period besides Tesla and Netflix include Carmax, Amgen, Tiffany, Intuitive Surgical, Kansas City Southern, Cemex, and Mattel. Stocks we have exited, meanwhile, include Aggreko, Pearson, eBay, Sun Hung Kai Properties and Heinz.

<b>Sector Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Consumer discretionary	20.45%	19.27%	21.94%
Consumer staples	9.07%	9.07%	9.12%
Energy	8.45%	6.48%	8.49%
Financials	19.41%	20.25%	18.79%
Health care	14.12%	12.04%	14.44%
Industrials	10.24%	10.78%	9.40%
Information technology	9.82%	11.13%	10.40%
Materials	5.94%	4.45%	4.79%
Miscellaneous	-	2.86%	-
Telecommunication services	2.49%	3.67%	2.63%
Consumer discretionary	20.45%	19.27%	21.94%

<b>Regional Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Emerging Markets	5.40%	7.10%	5.50%
Europe ex. UK	17.70%	19.80%	17.88%
Japan	9.75%	9.66%	8.30%
North America	57.70%	51.04%	59.15%
Pacific ex. Japan	2.61%	3.60%	2.66%
United Kingdom	6.85%	8.81%	6.51%

The above tables show the progression of our sector and regional allocations over the period.

**Outlook**

Bernanke is playing a confidence trick. He hopes that economic conviction is strong enough to reinforce growth, whilst pitching the removal of stimulus as a positive. But it feels like a gamble. In many (but not all) respects, it also looks curiously like 1994, when political gridlock was removed as Republicans won the House of Representatives. Today, politics everywhere limit structural reform to a glacial speed. The early 90's saw the advent of NAFTA following the Tequila Crisis and the birth of the World Wide Web. Both trends are well entrenched, but are also key to our thinking and are well reflected in the portfolios. The former because of our ongoing conviction in US localisation and the latter through the internet's

facilitation of many of our Disruption & Innovation stock picks. The portfolio currently has limited style biases, with a mixture of companies displaying value or growth, high or low quality characteristics. Although we continue to see the demand for equities underpinned, given the very patchy pattern of growth across the world, not all companies are well placed to deliver improving returns and therefore stock selection remains critical.

Guy Monson  
Chief Investment Officer  
Sarasin & Partners LLP  
July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

**Top 10 purchases during the period**

BlackRock ICS Sterling Liquity Heritage 'D' Income  
Schlumberger  
Amgen  
Credicorp  
Valero Energy  
Interpublic Group  
Carmax  
Cemex ADR  
TDC  
Kansas City Southern

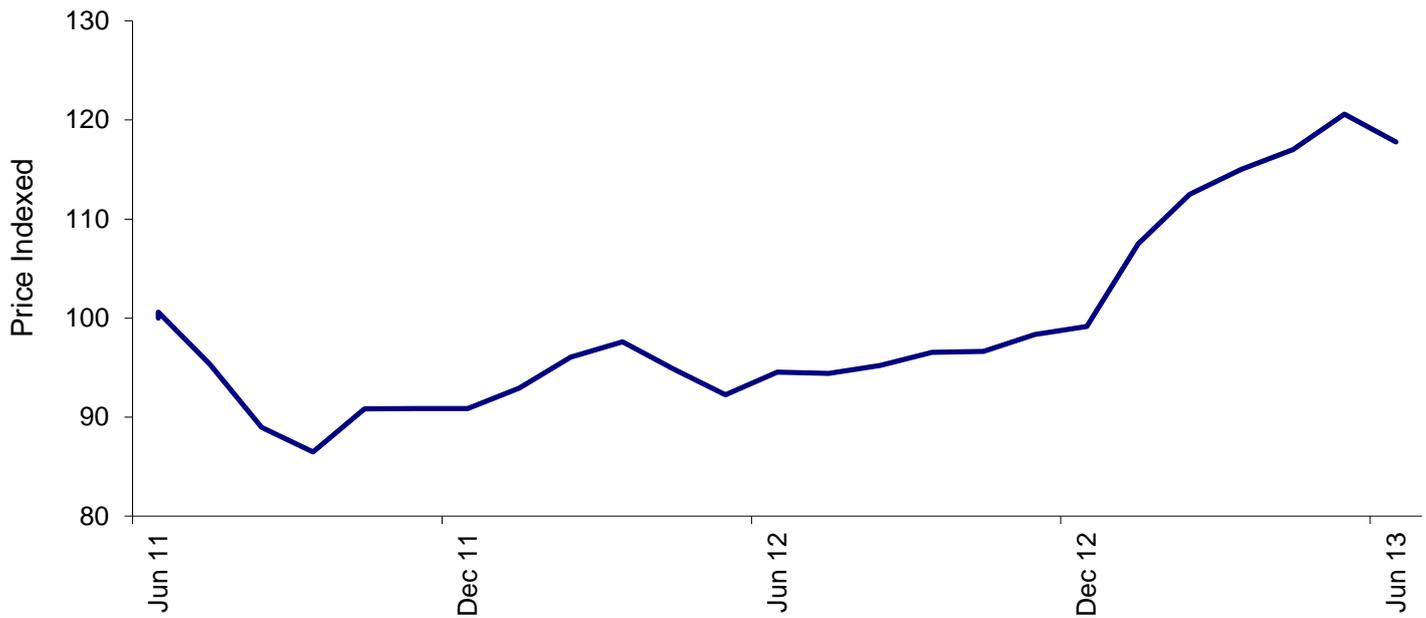
**Top 10 sales during the period**

HJ Heinz  
Total  
eBay  
Time Warner  
Pearson  
Sun Hung Kai Properties  
Centrica  
Oracle  
Mitsubishi Estate  
Waste Management

## SARASIN EQUISAR - Socially Responsible Fund

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### Performance Chart



Source: Sarasin and Partners LLP 1 June 2011 to 30 June 2013, Bid to Bid, UK Basic Rate, Based In UK Sterling.

The Sarasin EQUISAR - Socially Responsible Fund launched on 1 June 2011.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium to long term one (i.e. 5-10 years).

## SARASIN EQUISAR - Socially Responsible Fund

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>EQUISAR - Socially Responsible Fund 'A' Shares</b>			
<b>Income Shares</b>			
31 December 2011	12,708	14,057	90.40p
31 December 2012	59,916	62,469	95.91p
30 June 2013	78,587	69,746	112.68p
<b>Accumulation Shares</b>			
31 December 2011	29,346	32,171	91.22p
31 December 2012	203,746	205,695	99.05p
30 June 2013	324,314	275,501	117.72p
<b>EQUISAR - Socially Responsible Fund 'I' Shares</b>			
<b>Income Shares</b>			
31 December 2011	47,012,979	51,772,533	90.81p
31 December 2012	48,219,168	49,705,565	97.01p
30 June 2013	59,572,883	52,084,311	114.38p
<b>Accumulation Shares</b>			
31 December 2011	4,580	5,000	91.60p
31 December 2012	5,007	5,000	100.15p
30 June 2013	5,971	5,000	119.43p
<b>EQUISAR - Socially Responsible Fund 'X' Shares</b>			
<b>Income Shares</b>			
31 December 2011	466,114	515,000	90.51p
31 December 2012	822,844	855,760	96.15p
30 June 2013	1,059,076	936,745	113.06p
<b>Accumulation Shares</b>			
31 December 2011	4,565	5,000	91.30p
31 December 2012	126,721	127,650	99.27p
30 June 2013	162,216X	137,000	118.06p
<b>EQUISAR - Socially Responsible Fund 'F' Shares</b>			
<b>Accumulation Shares*</b>			
31 December 2012	4,706	4,793	98.18p
30 June 2013	5,605	4,793	116.95p
<b>EQUISAR - Socially Responsible Fund 'P' Shares</b>			
<b>Income Shares*</b>			
31 December 2012	960	1,000	96.04p
30 June 2013	835,712	737,587	113.30p
<b>Accumulation Shares*</b>			
31 December 2012	992	1,000	99.18p
30 June 2013	58,690	49,570	118.40p

The SARASIN EQUISAR - Socially Responsible launched on 1 June 2011.

\* Share classes launched 16 October 2012

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN EQUISAR - Socially Responsible Fund

### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>EQUISAR - Socially Responsible Fund 'A' Shares</b>				
2011*	102.50p	81.64p	102.50p	81.64p
2012	97.97p	89.55p	100.20p	90.35p
2013	121.00p	96.40p	125.00p	99.58p
<b>EQUISAR - Socially Responsible Fund 'I' Shares</b>				
2011*	102.70p	81.80p	102.60p	81.76p
2012	99.06p	90.19p	101.30p	90.97p
2013	122.80p	97.53p	126.70p	100.70p
<b>EQUISAR - Socially Responsible Fund 'X' Shares</b>				
2011*	102.60p	81.67p	102.60p	81.67p
2012	98.21p	89.70p	100.40p	90.48p
2013	121.40p	96.66p	125.40p	99.80p
<b>EQUISAR - Socially Responsible Fund 'F' Shares</b>				
2012**	97.97p	93.27p	100.20p	99.34p
2013	121.00p	96.42p	124.10p	98.70p
<b>EQUISAR - Socially Responsible Fund 'P' Shares</b>				
2012**	98.08p	93.32p	100.30p	95.40p
2013	121.60p	96.56p	125.60p	99.71p

\* From Share Class launch 1 June 2011 to 31 December 2011.

\*\* From Share Class launch 16 October 2012 to 31 December 2012.

## SARASIN EQUISAR - Socially Responsible Fund

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 01.06.2011 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 01.06.2011 (£) Accumulation Share
<b>EQUISAR - Socially Responsible Fund 'A' Shares**</b>				
2011	-	-	-	-
2012	2.0560	20.56	2.0578	20.58
2013*	2.2645	22.65	2.3273	23.28
<b>EQUISAR - Socially Responsible Fund 'I' Shares**</b>				
2011	-	-	-	-
2012	2.0579	20.58	2.0642	20.64
2013*	2.2859	22.86	2.3482	23.48
<b>EQUISAR - Socially Responsible Fund 'X' Shares**</b>				
2011	-	-	-	-
2012	2.0492	20.49	2.0581	20.58
2013*	2.2658	22.65	2.3312	23.31
<b>EQUISAR - Socially Responsible Fund 'F' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	N/A	N/A	1.3256	13.56
<b>EQUISAR - Socially Responsible Fund 'P' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	2.2645	23.69	2.3308	23.85

\* To 31 August 2013.

\*\* Per £1,000 invested at Share Class launch 1 June 2011.

\*\*\* Per £1,000 invested at Share Class launch 16 October 2012.

## **SARASIN EQUISAR - Socially Responsible Fund**

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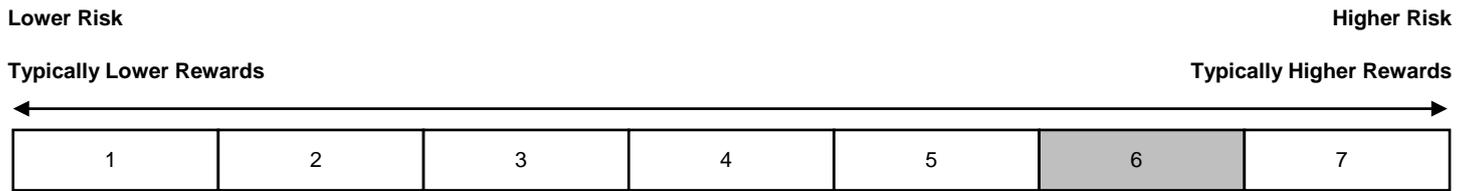
### **Ongoing Charges Figure (OCF)**

	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>EQUISAR - Socially Responsible Fund 'A' Income Shares</b>	1.74%	1.75%
<b>EQUISAR - Socially Responsible Fund 'A' Accumulation Shares</b>	1.74%	1.75%
<b>EQUISAR - Socially Responsible Fund 'I' Income Shares</b>	1.04%	1.04%
<b>EQUISAR - Socially Responsible Fund 'I' Accumulation Shares</b>	1.04%	1.04%
<b>EQUISAR - Socially Responsible Fund 'X' Income Shares</b>	1.59%	1.60%
<b>EQUISAR - Socially Responsible Fund 'X' Accumulation Shares</b>	1.59%	1.60%
<b>EQUISAR - Socially Responsible Fund 'F' Accumulation Shares</b>	1.24%	1.25%
<b>EQUISAR - Socially Responsible Fund 'P' Income Shares</b>	0.99%	1.00%
<b>EQUISAR - Socially Responsible Fund 'P' Accumulation Shares</b>	0.99%	1.00%

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

## Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 6 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, as company share price movements tend to be more volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- Changes in exchange rates may cause the value of investments to decrease or increase.
- There may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Fund.
- This Fund invests in a specialist sector and it will not perform in line with funds that have a broader investment policy.
- The Fund has charges deducted from capital. This may reduce the potential for growth.

**Portfolio Statement as at 30 June 2013**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Corporate Restructuring 29.30% (31 December 2012 - 20.88%)</b>			
8,900	Apache	491,159	0.79
6,238	Canadian Pacific Railway	494,470	0.80
43,408	Citigroup	1,375,309	2.21
16,761	Danone	823,498	1.33
97,126	Hartford Financial Services	1,991,364	3.21
31,190	Home Depot	1,561,548	2.51
5,972	International Business Machines	767,397	1.24
100,900	Interpublic Group	970,447	1.56
29,600	Jardine Matheson	1,168,687	1.88
54,793	Microsoft	1,245,001	2.00
20,358	Occidental Petroleum	1,207,019	1.94
85,186	Pfizer	1,575,986	2.54
25,835	PNC Financial Services	1,249,008	2.01
18,173	Starwood Hotels & Resorts	760,827	1.22
158,299	TDC	847,898	1.37
31,600	Tokio Marine	655,605	1.06
90,374	UBS	1,013,776	1.63
		<b>18,198,999</b>	<b>29.30</b>
<b>Disruption and Innovation 21.57% (31 December 2012 - 0.00%)</b>			
12,523	Amgen	813,847	1.31
18,956	ASML	997,205	1.61
52,458	Associated British Foods	914,343	1.47
24,553	Borgwarner	1,393,679	2.24
26,000	Carmax	797,138	1.28
17,613	Costco	1,289,176	2.08
8,069	Credicorp	677,961	1.09
14,787	Essilor International	1,038,454	1.67
3,069	Google 'A'	1,767,153	2.85
1,921	Intuitive Surgical	633,342	1.02
2,700	Netflix	381,017	0.61
59,213	Novozymes	1,259,934	2.03
7,895	Roche	1,268,630	2.04
2,318	Tesla Motors	166,257	0.27
		<b>13,398,136</b>	<b>21.57</b>
<b>Franchise Power 15.64% (31 December 2012 - 0.00%)</b>			
56,425	Coca-Cola	1,491,380	2.40
14,796	International Flavors & Fragrances	737,274	1.19
88,000	Kubota	840,538	1.35
27,600	Makita	978,754	1.58
23,764	Mattel	701,593	1.13
17,109	Schlumberger	807,825	1.30
19,368	Swiss Reinsurance	945,641	1.52
12,300	Tiffany	586,010	0.95
27,700	Unicharm	1,026,366	1.65
47,688	Verizon Communications	1,596,696	2.57
		<b>9,712,077</b>	<b>15.64</b>
<b>Intellectual Property and Excellence 0.00% (31 December 2012 - 27.76%)</b>			
<b>Pricing Power 0.00% (31 December 2012 - 14.77%)</b>			

## SARASIN EQUISAR - Socially Responsible Fund

### Portfolio Statement as at 30 June 2013 (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Security of Supply 18.10% (31 December 2012 - 16.64%)</b>			
84,245	BG	946,493	1.53
28,369	Boskalis Westminster	687,540	1.11
51,700	Cameco	700,690	1.13
115,336	Cemex	805,656	1.30
29,567	Fresenius Medical Care	1,379,120	2.22
14,372	Kabel Deutschland	1,036,312	1.67
8,104	Kansas City Southern	572,898	0.92
33,000	Mitsubishi Estate	577,469	0.93
82,519	Pennon	528,535	0.85
55,978	SES	1,055,074	1.70
360,000	Singapore Airport Terminal Services	610,705	0.98
20,476	Time Warner	777,260	1.25
17,066	Umicore	467,337	0.75
59,184	Weyerhaeuser	1,095,324	1.76
		<b>11,240,413</b>	<b>18.10</b>
<b>Strategic Holdings 0.81% (31 December 2012 - 0.00%)</b>			
500,105	BlackRock ICS Sterling Liquity Heritage 'D' Income	<b>500,105</b>	<b>0.81</b>
<b>The Strong get Stronger 12.85% (31 December 2012 - 18.82%)</b>			
14,850	Automatic Data Processing	676,303	1.09
18,167	CSL	678,344	1.09
31,551	Emerson Electric	1,147,121	1.85
114,525	HSBC	783,122	1.26
125,825	International Airlines Group	330,292	0.53
149,800	Nissan Motors	996,910	1.61
2,941	Samsung Electronics (GDR)	1,134,347	1.83
27,533	Valero Energy	632,471	1.02
12,850	Varian Medical System	561,934	0.90
22,738	YUM! Brands	1,039,123	1.67
		<b>7,979,967</b>	<b>12.85</b>
<b>Forward FX Currency Contracts 0.01% (31 December 2012 - 0.00%)</b>			
JPY (110,635,000)	Sold JPY bought GBP 741,770 for settlement 19/09/2013	<b>7,770</b>	<b>0.01</b>
<b>Total Value of Investments 98.28% (31 December 2012 - 98.87%)</b>		61,037,467	98.28
<b>Net Other Assets</b>		1,065,587	1.72
<b>Net Assets</b>		<b>62,103,054</b>	<b>100.00</b>
All holdings are ordinary shares of stock unless otherwise stated.			
Asset Allocation of Portfolio of Investments is as follows:			
	Equities	60,529,592	97.47
	Collective Investment Schemes	500,105	0.80
	Forward Currency Contracts	7,770	0.01
	Net Other Assets	1,065,587	1.72
		<b>62,103,054</b>	<b>100.00</b>

**Statement of Total Return (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
Income				
Net capital gains		9,255,491		885,714
Revenue	769,005		720,738	
Expenses	(294,846)		(257,631)	
Finance costs: Interest	(21)		(19)	
Net revenue before taxation	474,138		463,088	
Taxation	(79,485)		(69,105)	
<b>Net revenue after taxation for the period</b>		394,653		393,983
<b>Total before distribution</b>		9,650,144		1,279,697
Finance costs: Distribution		(689,143)		(651,268)
<b>Change in net assets attributable to shareholders from investment activities</b>		8,961,001		628,429

**Statement of Changes in Net Assets Attributable to Shareholders (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		49,444,060		47,530,292
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	4,230,497		956,142	
Less: amounts paid on cancellation of shares	(538,791)		(9,883)	
		3,691,706		946,259
SDRT charge		(24)		(1)
Change in net assets attributable to shareholders from investment activities (see above)		8,961,001		628,429
Retained distribution on Accumulation shares		6,311		2,338
<b>Closing net assets attributable to shareholders</b>		62,103,054		49,107,317

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

**Balance Sheet (unaudited)  
As at 30 June 2013**

	30.06.2013	31.12.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>61,037,467</b>	48,887,090
<b>Other Assets</b>		
Debtors	1,042,820	51,302
Cash and Bank balances	780,231	1,044,856
Total other assets	<u>1,823,051</u>	<u>1,096,158</u>
Total assets	<u>62,860,518</u>	<u>49,983,248</u>
<b>Liabilities</b>		
Creditors	52,792	44,997
Distribution payable on income shares	704,672	494,191
Total liabilities	<u>757,464</u>	<u>539,188</u>
<b>Net assets attributable to shareholders</b>	<u><b>62,103,054</b></u>	<u>49,444,060</u>

**Note to the Financial Statements (unaudited)****1. Accounting Policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN EQUISAR - Socially Responsible Fund

### Distribution Tables

#### Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>EQUISAR - Socially Responsible Fund 'A' Shares</b>				
Gross Income	1.4362	1.2530	1.4830	1.0008
Tax	0.1436	0.1253	0.1483	0.1001
Net Income	1.2926	1.1277	1.3347	0.9007
Equalisation	-	0.1649	-	0.4340
<b>Interim Distribution paid 2013</b>	<b>1.2926</b>	<b>1.2926</b>	<b>1.3347</b>	<b>1.3347</b>
<b>Interim Distribution paid 2012</b>	<b>1.2170</b>	<b>1.2170</b>	<b>1.2272</b>	<b>1.2272</b>
<b>EQUISAR - Socially Responsible Fund 'I' Shares</b>				
Gross Income	1.4551	0.7260	1.5002	1.5002
Tax	0.1455	0.0726	0.1500	0.1500
Net Income	1.3096	0.6534	1.3502	1.3502
Equalisation	-	0.6562	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.3096</b>	<b>1.3096</b>	<b>1.3502</b>	<b>1.3502</b>
<b>Interim Distribution paid 2012</b>	<b>1.2235</b>	<b>1.2235</b>	<b>1.2320</b>	<b>1.2320</b>
<b>EQUISAR - Socially Responsible Fund 'X' Shares</b>				
Gross Income	1.4401	0.9308	1.4869	1.4869
Tax	0.1440	0.0931	0.1487	0.1487
Net Income	1.2961	0.8377	1.3382	1.3382
Equalisation	-	0.4584	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.2961</b>	<b>1.2961</b>	<b>1.3382</b>	<b>1.3382</b>
<b>Interim Distribution paid 2012</b>	<b>1.2176</b>	<b>1.2176</b>	<b>1.2275</b>	<b>1.2275</b>
<b>EQUISAR - Socially Responsible Fund 'F' Shares</b>				
Gross Income	N/A	N/A	1.4694	1.4182
Tax	N/A	N/A	0.1469	1.1418
Net Income	N/A	N/A	1.3225	1.2764
Equalisation	N/A	N/A	-	0.0461
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>1.3225</b>	<b>1.3225</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>EQUISAR - Socially Responsible Fund 'P' Shares</b>				
Gross Income	1.4361	1.0668	1.4887	0.6253
Tax	0.1436	0.1067	0.1489	0.0625
Net Income	1.2925	0.9601	1.3398	0.5628
Equalisation	-	0.3324	-	0.7770
<b>Interim Distribution paid 2013</b>	<b>1.2925</b>	<b>1.2925</b>	<b>1.3398</b>	<b>1.3398</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### **Investment Objective and Policy**

Sarasin EquiSar – Socially Responsible (Sterling Hedged) aims to achieve a balance of capital growth in sterling terms, and income over the long term through investment in an internationally diversified equity-based portfolio which reflects a set of ethical (socially responsible) criteria.

The Fund will seek to avoid investing in companies which are materially involved in the production and distribution of ethically unacceptable products, including but not limited to alcohol, gambling, tobacco, pornography and armaments; companies which are materially involved in ethically unacceptable practices which may include, but is not limited to, considerations such as corruption, environmental degradation, poor labour practices and breaches of human rights; and companies which persistently, knowingly and materially breach international legal standards.

Subject to investing in accordance with the ethical criteria the Fund's assets are allocated by and invested in accordance with global themes which track long-term worldwide growth trends that are largely independent of any one region or market. The ethical criteria and global themes will be identified and kept under review by the ACD and will change from time to time. It is the intention of the ACD that the majority of the holdings within the Fund will be of large and medium size stocks, and that any foreign currency exposure will be hedged back into sterling.

The Fund may also invest in other transferable securities, units in collective investment schemes, and cash and near cash, and may invest in derivatives for efficient portfolio management purposes (including hedging). The Fund may borrow and employ stock lending techniques in accordance with COLL.

### **Sensitivity Analysis**

The Fund invests in equities. The Fund has the ability to use options on individual stocks for efficient portfolio management purposes. In addition the Fund will sell currency exposures gained from overseas equity holdings. This is done through the use of FX forwards, and the Sterling exposure range is from 85% to 100%.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin EquiSar – Socially Responsible Fund (Sterling Hedged), as at 30.06.13, was 7.79% (31.12.2012: 5.87%).

### **Investment Review**

It was an extremely strong first half, although a market rally eventually gave way to poorer sentiment as the US Federal Reserve's commentary became more hawkish. Many global equity markets had seen 12 consecutive months of positive returns, so a pullback currently standing at around 5% was not hugely surprising. There were however some fundamental, albeit related, concerns about the trajectory of quantitative easing (QE) tapering in the US, rising US Treasury yields, and the China interbank credit crunch.

Over this recent set back, cyclical equities were hardest hit, most notably resource plays and emerging markets (EM), where rising current account deficits, the general rising trend of the US dollar, falling commodities and high EM bond valuations increased concerns. In fact, over the most recent quarter, EM equities underperformed developed markets by the most since 1998.

Regionally, Japan's monetary policy developments were a fascinating spectacle, and many of our better performers over the period are domiciled in the country. Thematically, Corporate Restructuring, our largest theme by exposure, yet again proved best. Financials like Hartford Financial, Tokio Marine, Citigroup and PNC Financial were amongst our strongest performers here. We are considering the potential for a higher interest rate environment, and financial leverage is currently amongst the lowest in the theme's history.

Pricing Power also performed well over the period, with both Kubota and Mitsubishi Estate benefitting from Japanese deflation. Our Intellectual Property & Excellence theme also outperformed significantly; Novozymes started the year extremely strongly on analyst upgrades and Verizon rallied in recognition of improving wireless margins, driven by efficiencies and falling handset subsidies.

Both the Intellectual Property & Excellence and Pricing Power theme evolved over the period, replaced by Disruption & Innovation and Franchise Power respectively. We are particularly pleased with the performance of our Disruption & Innovation theme. Two holdings bought under the new definition were the strongest performers in the portfolio: Tesla, the manufacturer of high performance Electric Vehicles, and internet subscription TV provider Netflix. Both of these companies would not have made it to the portfolio under the previous Intellectual Property & Excellence definition.

Franchise Power also performed well. Although fewer of the companies were within the top performers over the period, there were also very few detractors. Franchise Power companies tend to be strong incumbents within a market, and typically don't suffer from the ebb and flow of demand which puts more marginal competitors at risk (think Coca-Cola).

**Investment Review (continued)**

Strong get Stronger and Security of Supply have been on the disappointing side, although the latter only marginally. The theme is exposed to some challenging areas, like materials and EM, although much of this is in Mexico (Cemex, Televisa, Kansas City Southern etc.), which was weak but at the better end of the EM spectrum, benefitting from US near-shoring and stable inflation, and showing continued strength in industrial production and retail sales. Markets have rallied over the period, but much of the performance was dominated by non-cyclical sectors. This was particularly exaggerated in Europe, where metals recycler Umicore was one of our weakest stocks.

Activity levels within the portfolio were slightly higher than average, in part because of the theme changes we have made. New thematic stocks over the period besides Tesla and Netflix include Carmax, Amgen, Tiffany, Intuitive Surgical, Kansas City Southern, Cemex, and Mattel. Stocks we have exited, meanwhile, include Aggreko, Pearson, eBay, Sun Hung Kai Properties and Heinz.

<b>Sector Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Consumer discretionary	20.45%	19.27%	21.94%
Consumer staples	9.07%	9.07%	9.12%
Energy	8.45%	6.48%	8.49%
Financials	19.41%	20.25%	18.79%
Health care	14.12%	12.04%	14.44%
Industrials	10.24%	10.78%	9.40%
Information technology	9.82%	11.13%	10.40%
Materials	5.94%	4.45%	4.79%
Miscellaneous	-	2.86%	-
Telecommunication services	2.49%	3.67%	2.63%
Consumer discretionary	20.45%	19.27%	21.94%

<b>Regional Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Emerging Markets	5.40%	7.10%	5.50%
Europe ex. UK	17.70%	19.80%	17.88%
Japan	9.75%	9.66%	8.30%
North America	57.70%	51.04%	59.15%
Pacific ex. Japan	2.61%	3.60%	2.66%
United Kingdom	6.85%	8.81%	6.51%

The above tables show the progression of our sector and regional allocations over the period.

**Outlook**

Bernanke is playing a confidence trick. He hopes that economic conviction is strong enough to reinforce growth, whilst pitching the removal of stimulus as a positive. But it feels like a gamble. In many (but not all) respects, it also looks curiously like 1994, when political gridlock was removed as Republicans won the House of Representatives. Today, politics everywhere limit structural reform to a glacial speed. The early 90's saw the advent of the North American Free Trade Agreement following the Tequila Crisis and the birth of the World Wide Web. Both trends are well entrenched, but are also key to our thinking and are well reflected in the portfolios. The former because of our ongoing conviction in US localisation and the latter

through the internet's facilitation of many of our Disruption & Innovation stock picks. The portfolio currently has limited style biases, with a mixture of companies displaying value or growth, high or low quality characteristics. Although we continue to see the demand for equities underpinned, given the very patchy pattern of growth across the world, not all companies are well placed to deliver improving returns and therefore stock selection remains critical.

Guy Monson  
Chief Investment Officer  
Sarasin & Partners LLP  
July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

**Top 10 purchases during the period**

BlackRock ICS Sterling Liquidity Heritage 'D' Income  
Schlumberger  
Amgen  
Interpublic Group  
Valero Energy  
Credicorp  
Carmax  
Starwood Hotels & Resorts  
Cameco  
Mattel

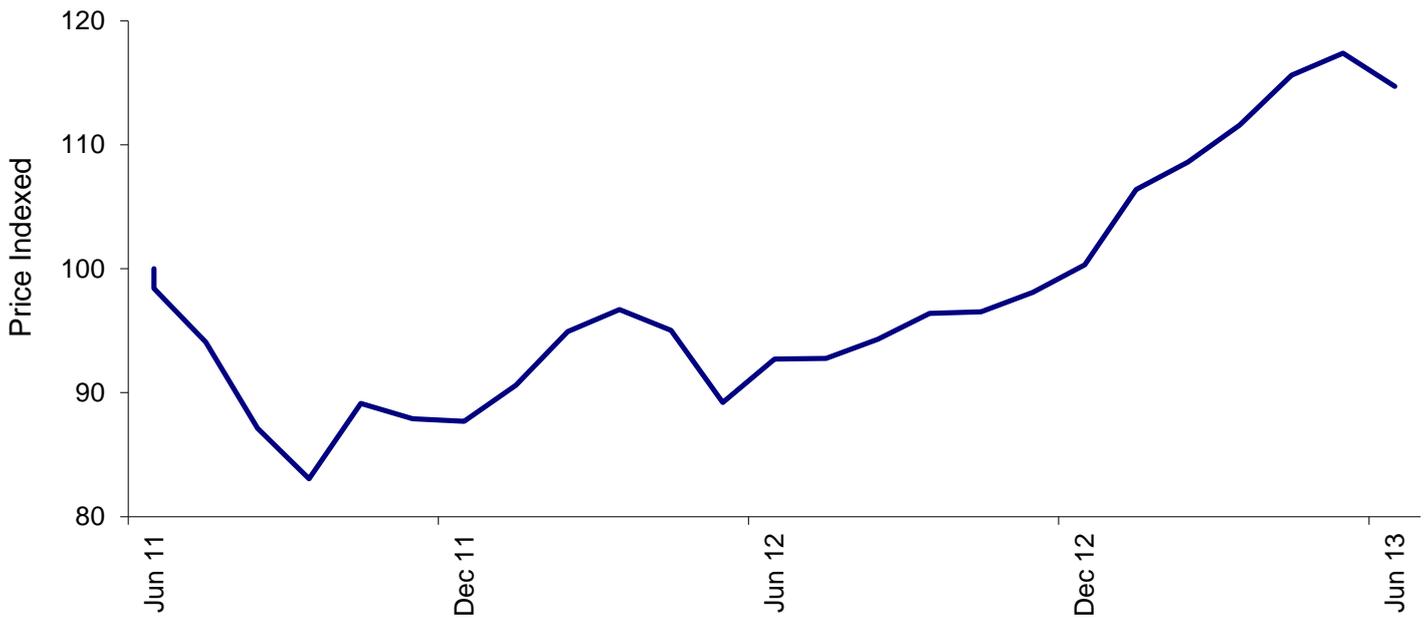
**Top 10 sales during the period**

BlackRock ICS Sterling Liquidity Heritage 'D' Income  
HJ Heinz  
Time Warner  
eBay  
Total  
Pearson  
Sun Hung Kai Properties  
Centrica  
Oracle  
Swiss Reinsurance

## SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged)

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### Performance Chart



Source: Sarasin and Partners LLP 1 June 2011 to 30 June 2013, Bid to Bid, UK Basic Rate, Based In UK Sterling.

The Sarasin EQUISAR - Socially Responsible Fund (Sterling Hedged) launched on 1 June 2011.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium to long term one (i.e. 5-10 years).

## SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged)

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'A' Shares</b>			
<b>Income Shares</b>			
31 December 2011	25,216	29,000	86.95p
31 December 2012	45,358	47,000	96.51p
30 June 2013	70,971	64,500	110.03p
<b>Accumulation Shares</b>			
31 December 2011	4,387	5,000	87.74p
31 December 2012	15,436	15,491	99.64p
30 June 2013	22,085	19,223	114.89p
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'I' Shares</b>			
<b>Income Shares</b>			
31 December 2011	69,426,923	79,502,413	87.33p
31 December 2012	78,653,440	80,577,087	97.61p
30 June 2013	87,137,145	78,028,735	111.67p
<b>Accumulation Shares</b>			
31 December 2011	4,405	5,000	88.10p
31 December 2012	5,038	5,000	100.77p
30 June 2013	5,829	5,000	116.59p
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'X' Shares</b>			
<b>Income Shares</b>			
31 December 2011	461,160	530,000	87.01p
31 December 2012	2,351,644	2,431,094	96.73p
30 June 2013	2,682,941	2,431,094	110.36p
<b>Accumulation Shares</b>			
31 December 2011	4,391	5,000	87.82p
31 December 2012	51,086	51,150	99.87p
30 June 2013	282,590	245,136	115.28p
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'P' Shares</b>			
<b>Income Shares*</b>			
31 December 2012	966	1,000	96.64p
30 June 2013	1,105	1,000	110.52p
<b>Accumulation Shares*</b>			
31 December 2012	998	1,000	99.79p
30 June 2013	1,154	1,000	115.44p

\* Share classes launched 16 October 2012

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged)

### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'A' Shares</b>				
2011*	100.40p	80.27p	100.40p	80.25p
2012	98.93p	87.22p	101.20p	88.00p
2013	117.70p	97.62p	121.50p	100.80p
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'I' Shares</b>				
2011*	100.50p	80.48p	100.40p	80.45p
2012	100.10p	87.75p	102.30p	88.48p
2013	119.40p	98.74p	123.20p	102.00p
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'X' Shares</b>				
2011*	100.40p	80.29p	100.40p	80.29p
2012	99.16p	87.33p	101.40p	88.10p
2013	118.00p	97.85p	121.90p	101.00p
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'P' Shares</b>				
2012**	99.04p	92.36p	101.30p	94.42p
2013	118.10p	97.75p	122.00p	101.00p

\* From Share Class launch 1 June 2011 to 31 December 2011.

\*\* From Share Class launch 16 October 2012 to 31 December 2012.

## SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged)

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 01.06.2011 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 01.06.2011 (£) Accumulation Share
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'A' Shares**</b>				
2011	-	-	-	-
2012	1.9970	19.97	1.9984	19.98
2013*	2.2140	22.14	2.2740	22.74
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'I' Shares**</b>				
2011	-	-	-	-
2012	2.0018	20.02	2.0068	20.07
2013*	2.2389	22.39	2.3084	23.08
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'X' Shares**</b>				
2011	-	-	-	-
2012	1.9736	19.74	1.9973	19.97
2013*	2.2226	22.23	2.2665	22.67
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'P' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	2.2230	23.40	2.2780	23.46

\* To 31 August 2013

\*\* Per £1,000 invested at Share Class launch 1 June 2011.

\*\*\* Per £1,000 invested at Share Class launch 2012.

## **SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged)**

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### **Ongoing Charges Figure (OCF)**

	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged)</b>		
<b>'A' Income Shares*</b>	1.74%	1.73%
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged)</b>		
<b>'A' Accumulation Shares</b>	1.74%	1.73%
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged)</b>		
<b>'I' Income Shares*</b>	1.03%	1.02%
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged)</b>		
<b>'I' Accumulation Shares</b>	1.03%	1.02%
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged)</b>		
<b>'X' Income Shares*</b>	1.59%	1.58%
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged)</b>		
<b>'X' Accumulation Shares</b>	1.59%	1.58%
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged)</b>		
<b>'P' Income Shares*</b>	0.99%	0.98%
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged)</b>		
<b>'P' Accumulation Shares</b>	0.99%	0.98%

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

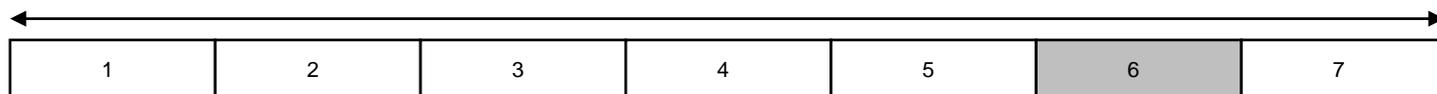
### Risk and Reward Profile

Lower Risk

Higher Risk

Typically Lower Rewards

Typically Higher Rewards



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 6 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, as company share price movements tend to be more volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- Changes in exchange rates may cause the value of investments to decrease or increase.
- There may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Fund.
- This Fund invests in a specialist sector and it will not perform in line with funds that have a broader investment policy.
- Currency hedging techniques can have an effect on the value of your investment and on the performance of the Fund.
- The Fund has charges deducted from capital. This may reduce the potential for growth.

## SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged)

### Portfolio Statement as at 30 June 2013

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Corporate Restructuring 32.82% (31 December 2012 - 21.43%)</b>			
13,200	Apache	728,461	0.81
9,748	Canadian Pacific Railway	772,698	0.86
64,824	Citigroup	2,053,838	2.28
25,896	Danone	1,272,317	1.41
152,424	Hartford Financial Services	3,125,132	3.46
46,683	Home Depot	2,337,215	2.59
8,799	International Business Machines	1,130,665	1.25
149,300	Interpublic Group	1,435,954	1.59
45,600	Jardine Matheson	1,800,410	2.00
11,398	Kansas City Southern	805,762	0.89
80,737	Microsoft	1,834,498	2.03
30,205	Occidental Petroleum	1,790,844	1.99
131,599	Pfizer	2,434,651	2.70
38,880	PNC Financial Services	1,879,676	2.08
27,765	Starwood Hotels & Resorts	1,162,404	1.29
178,848	TDC	957,965	1.06
47,400	Tokio Marine	983,407	1.09
132,793	UBS	1,489,614	1.65
43,600	Unicharm	1,615,507	1.79
		<b>29,611,018</b>	<b>32.82</b>
<b>Disruption and Innovation 21.66% (31 December 2012 - 0.00%)</b>			
18,525	Amgen	1,203,906	1.34
29,147	ASML Holdings	1,533,316	1.70
80,867	Associated British Foods	1,409,512	1.56
36,078	Borgwarner	2,047,862	2.27
38,100	Carmax	1,168,113	1.29
22,263	Costco	1,629,531	1.81
11,856	Credicorp	996,147	1.10
22,790	Essilor International	1,600,485	1.77
4,645	Google 'A'	2,674,626	2.97
2,885	Intuitive Surgical	951,167	1.05
4,000	Netflix	564,470	0.63
87,589	Novozymes 'B'	1,863,719	2.07
10,260	Roche	1,648,657	1.83
3,433	Tesla Motors	246,229	0.27
		<b>19,537,740</b>	<b>21.66</b>
<b>Franchise Power 14.29% (31 December 2012 - 0.00%)</b>			
83,712	Coca-Cola	2,212,608	2.46
21,951	International Flavors & Fragrances	1,093,803	1.21
131,000	Kubota	1,251,255	1.39
41,200	Makita	1,461,038	1.62
34,918	Mattel	1,030,897	1.14
24,825	Schlumberger	1,172,147	1.30
28,516	Swiss Reinsurance	1,392,291	1.54
18,100	Tiffany	862,340	0.96
71,922	Verizon Communications	2,408,103	2.67
		<b>12,884,482</b>	<b>14.29</b>
<b>Intellectual Property and Excellence 0.00% (31 December 2012 - 27.51%)</b>			
<b>Pricing Power 0.00% (31 December 2012 - 14.63%)</b>			

## SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged)

### Portfolio Statement as at 30 June 2013 (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Security of Supply 16.70% (31 December 2012 - 16.31%)</b>			
122,178	BG	1,372,670	1.52
34,262	Boskalis Westminster	830,361	0.92
76,200	Cameco	1,032,739	1.15
129,480	Cemex ADR	904,456	1.00
40,335	Fresenius Medical Care	1,881,382	2.09
21,583	Kabel Deutschland	1,556,271	1.73
51,000	Mitsubishi Estate	892,451	0.99
124,261	Pennon	795,892	0.88
85,571	SES	1,612,844	1.79
399,000	Singapore Airport Terminal Services	676,864	0.75
30,289	Time Warner	1,149,757	1.27
26,214	Umicore	717,847	0.80
88,424	Weyerhaeuser	1,636,471	1.81
		<b>15,060,005</b>	<b>16.70</b>
<b>Strategic Holdings 0.89% (31 December 2012 - 0.00%)</b>			
800,000	BlackRock ICS Sterling Heritage 'D' Income	<b>800,000</b>	<b>0.89</b>
<b>The Strong get Stronger 13.07% (31 December 2012 - 19.24%)</b>			
22,399	Automatic Data Processing	1,020,101	1.13
27,404	CSL	1,023,247	1.12
47,046	Emerson Electric	1,710,483	1.90
168,278	HSBC	1,150,685	1.28
182,505	International Airlines Group	479,076	0.53
221,700	Nissan Motor	1,475,400	1.64
4,317	Samsung Electronics (GDR)	1,665,072	1.85
40,456	Valero Energy	929,330	1.03
19,050	Varian Medical Systems	833,062	0.92
32,936	Yum! Brands	1,505,170	1.67
		<b>11,791,626</b>	<b>13.07</b>
<b>Forward FX Currency Contracts -1.63% (31 December 2012 - 0.61%)</b>			
EUR 1,040,000	Bought EUR sold GBP 883,927 for settlement 19/09/2013	9,077	0.01
AUD (1,187,000)	Sold AUD bought GBP 712,960 for settlement 19/09/2013	(2,931)	-
JPY (927,424,000)	Sold JPY bought GBP 6,218,062 for settlement 19/09/2013	65,136	0.07
DKK (22,570,000)	Sold DKK bought GBP 22,586,983 for settlement 19/09/2013	(12,577)	(0.01)
EUR (12,696,000)	Sold EUR bought GBP 10,850,129 for settlement 19/09/2013	(51,388)	(0.06)
CHF (6,136,000)	Sold CHF bought GBP 4,252,311 for settlement 19/09/2013	(17,650)	(0.02)
USD (76,027,800)	Sold USD bought GBP 48,482,170 for settlement 19/09/2013	(1,457,509)	(1.62)
		<b>(1,467,842)</b>	<b>(1.63)</b>

## SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged)

### Portfolio Statement as at 30 June 2013 (continued)

	Bid Market Value £	% of Net Assets
<b>Total Value of Investments 97.80%</b> <b>(31 December 2012 - 99.73%)</b>	88,217,029	97.80
<b>Net Other Assets</b>	1,986,791	2.20
<b>Net Assets</b>	<b>90,203,820</b>	<b>100.00</b>

All holdings are ordinary shares of stock unless otherwise stated.

Asset Allocation of Portfolio of Investments is as follows:

Equities	88,884,871	98.54
Collective Investment Schemes	800,000	0.89
Forward Exchange Contracts	(1,467,842)	(1.63)
Net Other Assets	1,986,791	2.20
	<b>90,203,820</b>	<b>100.00</b>

## SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged)

### Statement of Total Return (unaudited) For the period ended 30 June 2013

	30.06.2013		30.06.2012	
	£	£	£	£
Income				
Net capital gains		12,080,094		2,438,855
Revenue	1,149,884		1,070,602	
Expenses	(452,758)		(383,007)	
Finance costs: Interest	(8)		(584)	
Net revenue before taxation	697,118		687,011	
Taxation	(119,149)		(103,265)	
<b>Net revenue after taxation for the period</b>		577,968		583,746
<b>Total before distribution</b>		12,658,063		3,022,601
Finance costs: Distribution		(1,030,421)		(966,096)
<b>Change in net assets attributable to shareholders from investment activities</b>		11,627,642		2,056,505

### Statement of Changes in Net Assets Attributable to Shareholders (unaudited) For the period ended 30 June 2013

	30.06.2013		30.06.2012	
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		81,123,966		69,926,482
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	279,884		2,225,802	
Less: amounts paid on cancellation of shares	(2,831,137)		(538,879)	
		(2,551,253)		1,686,923
SDRT charge		(2)		(79)
Change in net assets attributable to shareholders from investment activities (see above)		11,627,642		2,056,505
Retained distribution on Accumulation shares		3,467		1,042
<b>Closing net assets attributable to shareholders</b>		90,203,820		73,670,873

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

## SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged)

### Balance Sheet (unaudited) As at 30 June 2013

	30.06.2013	31.12.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>89,759,538</b>	81,135,322
<b>Other Assets</b>		
Debtors	210,255	79,631
Cash and Bank balances	2,868,886	1,022,817
Total other assets	<u>3,079,141</u>	<u>1,102,448</u>
Total assets	<u>92,838,679</u>	<u>82,237,770</u>
<b>Liabilities</b>		
<b>Investment Liabilities</b>	<b>1,542,509</b>	229,082
Creditors	77,967	71,862
Distribution payable on income shares	1,014,383	812,860
Total other liabilities	<u>1,092,350</u>	<u>884,722</u>
Total liabilities	<u>2,634,859</u>	<u>1,113,804</u>
<b>Net assets attributable to shareholders</b>	<b><u>90,203,820</u></b>	<b><u>81,123,966</u></b>

### Note to the Financial Statements (unaudited)

#### 1. Accounting Policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN EQUISAR - Socially Responsible Fund (Sterling Hedged)

### Distribution Tables

#### Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'A' Shares</b>				
Gross Income	1.3821	1.3417	1.4259	0.3821
Tax	0.1382	0.1342	0.1426	0.0382
Net Income	1.2439	1.2075	1.2833	0.3439
Equalisation	-	0.0364	-	0.9394
<b>Interim Distribution paid 2013</b>	<b>1.2439</b>	<b>1.2439</b>	<b>1.2833</b>	<b>1.2833</b>
<b>Interim Distribution paid 2012</b>	<b>1.1833</b>	<b>1.1833</b>	<b>1.1902</b>	<b>1.1902</b>
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'I' Shares</b>				
Gross Income	1.4001	0.0000	1.4538	1.4538
Tax	0.1400	0.0000	0.1454	0.1454
Net Income	1.2601	0.0000	1.3084	1.3084
Equalisation	-	1.2601	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.2601</b>	<b>1.2601</b>	<b>1.3084</b>	<b>1.3084</b>
<b>Interim Distribution paid 2012</b>	<b>1.1892</b>	<b>1.1892</b>	<b>1.1964</b>	<b>1.1964</b>
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'X' Shares</b>				
Gross Income	1.3861	1.3861	1.4241	1.3822
Tax	0.1386	0.1386	0.1424	0.1382
Net Income	1.2475	1.2475	1.2817	1.2440
Equalisation	-	0.0000	-	0.0377
<b>Interim Distribution paid 2013</b>	<b>1.2475</b>	<b>1.2475</b>	<b>1.2817</b>	<b>1.2817</b>
<b>Interim Distribution paid 2012</b>	<b>1.1627</b>	<b>1.1627</b>	<b>1.1885</b>	<b>1.1885</b>
<b>EQUISAR - Socially Responsible Fund (Sterling Hedged) 'P' Shares</b>				
Gross Income	1.3911	1.3911	1.4278	1.4278
Tax	0.1391	0.1391	0.1428	0.1428
Net Income	1.2520	1.2520	1.2850	1.2850
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.2520</b>	<b>1.2520</b>	<b>1.2850</b>	<b>1.2850</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### **Investment Objective and Policy**

Sarasin International Equity Income Fund seeks to achieve a consistently attractive level of income and in addition seeks long-term capital appreciation. It is intended that the Fund will invest in a portfolio of international securities that satisfy one or more investment themes that are expected to be key drivers of corporate profitability, investment performance and yield.

In order to achieve the investment objective and policy, it is intended that the Fund will invest in a portfolio of investments which may consist of any class of asset available for UCITS schemes under the rules in COLL including, transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities, deposits and derivatives and forward transactions. Cash and near cash may also be held by the Fund.

It is intended that derivatives will be used and held by the Fund for hedging purposes, to reduce volatility, to protect investor's capital or otherwise to achieve the investment objectives of the Fund. The ACD does not anticipate that such use of derivatives will have any significant effect on the risk profile of the Fund. Further details on the use of derivatives and/or forward transactions in the context of this Fund are available from the ACD on request.

The Fund's investment powers in relation to derivatives and warrants means that for regulatory purposes it will be regarded as a high volatility fund. However, the Investment Adviser's use of derivative techniques and investment in warrants will have the overall intention of reducing the volatility of returns, reflecting the investment policy for the Company generally.

### **Sensitivity Analysis**

The Fund invests in equities with a bias to equities with higher yields. The Fund will then use options on individual stocks to implement views on specific stocks and to increase the yield on the Fund by selling options on stocks.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin International Equity Income Fund, as at 30.06.13, was 7.95% (31.12.2012: 4.99%).

### **Investment Review**

It was an extremely strong first half for equity markets in absolute terms, although a market rally eventually gave way to poorer sentiment as the US Federal Reserve's commentary became more hawkish. Many global equity markets had seen 12 consecutive months of positive returns, so a pullback currently standing at around 5% was not hugely surprising. There were however some fundamental, albeit related, concerns about the trajectory of quantitative easing (QE) tapering in the US, rising US Treasury yields, and the China interbank credit crunch.

Over this recent set back, cyclical equities were hardest hit, most notably resource plays and emerging markets (EM), where rising current account deficits, the general rising trend of the US dollar, falling commodities and high EM bond valuations increased concerns. In fact, over the most recent quarter, EM equities underperformed developed markets by the most since 1998.

Regionally, Japan's monetary policy developments were a fascinating spectacle, and the country's equity market produced an eye watering rally in the first quarter, only to give back a significant proportion of the gains thereafter.

Following all of this activity, it is somewhat disappointing to report that the fund underperformed relative to its benchmark, the MSCI World, over the 6 months to 30 June. Some of this underperformance can be attributed to the fund's style bias, where the higher yielding MSCI index underperformed the wider index by 1.5%. This was driven by the US 10 year Treasury yield rising from 1.75% to 2.5% over the same period, causing high yielding equities to underperform other, less yield-sensitive equities as the yield differential began to close.

However, the fund also underperformed as a result of a period of less successful stock picking at the beginning of the period, as well as suffering toward the end as a result of the sell-off in the cyclical exposure of the fund. During the recent set back, energy and material stocks lagged the wider market alongside real estate investment trusts and exposure to EM.

### **Thematic Drivers**

Corporate Restructuring, proved to be one of the better performing themes. Domestic U.S. recovery plays such as Home Depot and Leggett & Platt did well and we remain confident the US housing recovery will enable these companies to drive earnings higher.

Pricing Power also performed well over the period, with insurance companies such as Swiss Re announcing a large special dividend which provided a catalyst for a further re-rating. Our Intellectual Property & Excellence theme outperformed marginally, with Novartis re-rating considerably on better growth prospects and analyst upgrades, GE on restructuring initiatives, unlocking value, and Verizon, which rallied in recognition of improving wireless margins, driven by efficiencies and falling handset subsidies.

**Investment Review (continued)**

Both the Intellectual Property & Excellence and Pricing Power theme evolved over the period, replaced by Disruption & Innovation and Franchise Power respectively. Unfortunately the performance of our Disruption & Innovation theme has been disappointing, although we are in the midst of building our exposure here. Annaly Capital Management severely de-rated after Ben Bernanke's speech detailing tapering of asset purchases on 22 May, as mortgage-backed bonds then began to lose value, driving the company's book value lower. Associated British Foods also struggled within this theme, but we believe the disruptive subsidiary Primark will continue to provide superior returns to shareholders.

Franchise Power also did well in its first full quarter, led by Microsoft, as a slew of new product launches gained traction. Although fewer of the companies were within the top performers over the period, there were also very few detractors. Franchise Power companies tend to be strong incumbents within a market, and typically don't suffer from the ebb and flow of demand which puts more marginal competitors at risk (think Coca-Cola).

Strong get Stronger and Security of Supply have been on the disappointing side, the latter particularly so. Our U.S. Financials dividend basket and J P Morgan provided very strong returns within Strong get Stronger. We are considering the potential for a higher interest rate environment, and financial leverage is currently amongst the lowest in the theme's history. We were also particularly pleased to receive a bid at a 20% premium to the prevailing market price for H J Heinz from Warren Buffet, vindicating our view on the company's ability to provide consistent cash flow returns and sustainable dividends.

Security of Supply is exposed to some challenging areas, such as cyclical materials and energy operating in emerging markets such as Mexico, (Kansas City Southern) which was weak but at the better end of the EM spectrum, benefitting from US near-shoring and stable inflation, and showing continued strength in industrial production and retail sales. Other energy related names such as Statoil, Gazprom and Prosafe de-rated, which was frustrating as these companies deliver high structural dividend flow to the fund which we do not think is at risk to a falling oil price in the short to medium term.

Markets have rallied over the period, but much of the performance was dominated by non-cyclical sectors. This was particularly exaggerated in Europe, where metals recycler Umicore was one of our weakest stocks.

Activity levels within the portfolio were slightly higher than average, in part because of the theme changes we have made. New thematic stocks over the period include Kansas City Southern, United Technologies, Halliburton, BNP Paribas, UBS, and Mattel. Stocks we have exited, meanwhile, include United Overseas Bank, Swiss Re, Waste Management, Statoil, MTN Group and Heinz.

<b>Sector Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Consumer discretionary	13.13%	13.85%	12.45%
Consumer staples	7.96%	8.76%	9.34%
Energy	11.50%	10.78%	9.92%
Financials	28.11%	27.41%	28.48%
Health care	7.41%	8.63%	9.67%
Industrials	13.31%	12.46%	11.81%
Information technology	3.47%	3.09%	3.40%
Materials	4.79%	5.31%	4.55%
Miscellaneous	3.62%	2.65%	1.52%
Telecommunication services	6.70%	7.06%	8.85%

<b>Regional Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Emerging Markets	4.95%	3.42%	4.65%
Europe ex. UK	24.07%	28.56%	25.59%
Japan	3.84%	2.87%	1.60%
North America	45.69%	44.08%	48.53%
Pacific ex. Japan	11.31%	8.51%	7.38%
United Kingdom	10.14%	12.57%	12.25%

The above tables show the progression of our sector and regional allocations over the period.

**Dividend Update**

H1 is usually marked by many of our European holdings paying out some very attractive dividends (European companies tend to pay annually or bi-annually), and this year that trend continued. We saw strong dividend increases from Sanofi, Swiss Re (which paid out a special dividend in addition to the regular dividend payment), and SES in particular. As in the previous quarter, several of our quarterly dividend payers (primarily in North America) increased their quarterly dividend payments over the previous years' payment. Dividend payments are supported by robust earnings growth, strong free cash flow generation, remarkably strong balance sheets and the potential for an increase in dividend payout ratios.

**Outlook**

Bernanke is playing a confidence trick. He hopes that economic conviction is strong enough to reinforce growth, whilst pitching the removal of stimulus as a positive. But it feels like a gamble. In many (but not all) respects, it also looks curiously like 1994, when political gridlock was removed as Republicans won the House of Representatives. Today, politics everywhere limit structural reform to a glacial speed. The early 90's saw the advent of NAFTA following the Tequila Crisis and the birth of the World Wide Web. Both trends are well entrenched, but are also key to our thinking and are well reflected in the portfolios. Although we continue to see the demand for equities underpinned, given the very patchy pattern of growth across the world, not all companies are well placed to deliver improving returns and therefore stock selection remains critical.

**Investment Review (continued)**

Guy Monson  
Chief Investment Officer  
Sarasin & Partners LLP  
July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

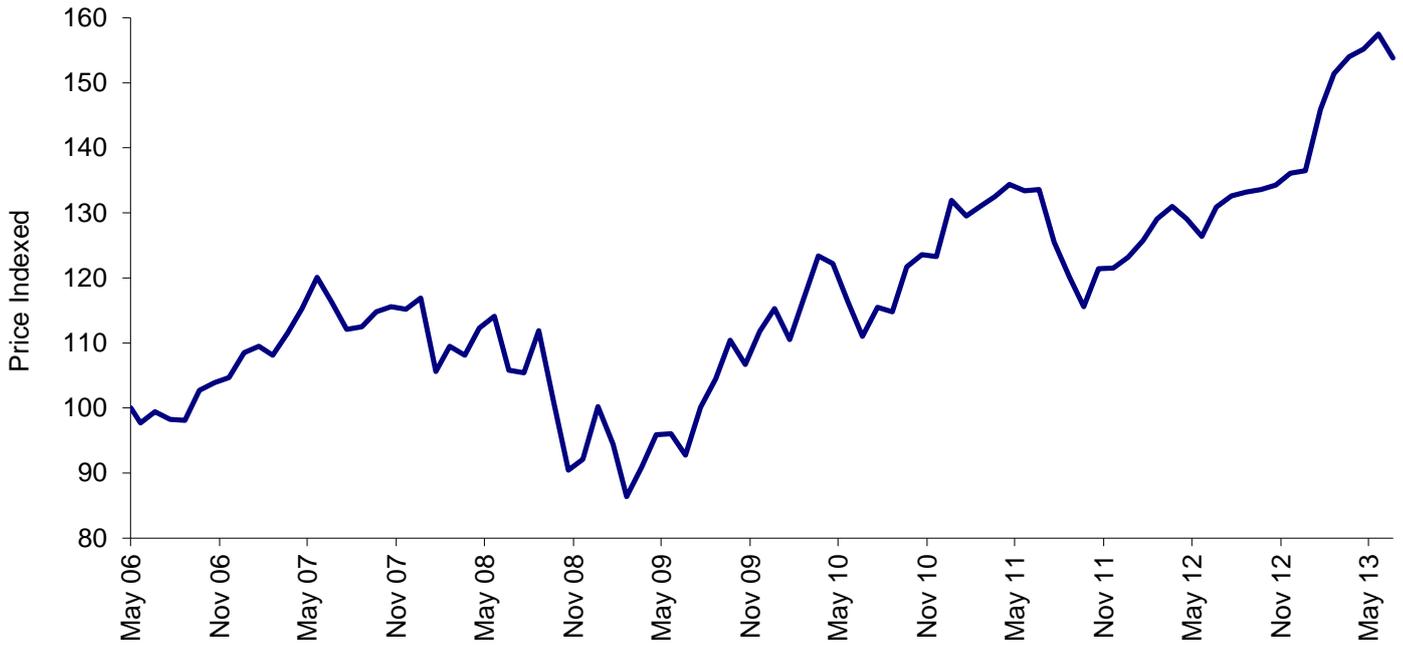
**Top 10 purchases during the period**

BlackRock Sterling Liquity Core Income  
Corrections Corporation of America  
BlackRock ICS Sterling Liquid Heratige 'D' Income  
JPMorgan Chase  
Mattel  
United Technologies  
Associated British Foods,  
Swedbank  
Halliburton  
BNP Paribas

**Top 10 sales during the period**

BlackRock Sterling Liquity Core Income  
HJ Heinz  
US Financial Dividend Growth Basket (Deutsche Bank)  
Swiss Reinsurance  
Reckitt Benckiser  
Waste Management  
Statoil  
Occidental Petroleum  
United Overseas Bank  
MTN Group

**Performance Chart**



Source: Sarasin and Partners LLP 12 May 2006 to 30 June 2013, Bid to Bid, UK Basic Rate, Based In UK Sterling.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium to long term one (i.e. 5-10 years).

## SARASIN International Equity Income Fund

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>International Equity Income Fund 'A' Shares</b>			
<b>Income Shares</b>			
31 December 2010	22,102,491	20,354,022	108.59p
31 December 2011	24,965,018	25,917,376	96.33p
31 December 2012	26,684,838	26,481,285	100.77p
30 June 2013	24,832,340	22,245,923	111.63p
<b>Accumulation Shares</b>			
31 December 2010	14,207,304	10,719,404	132.54p
31 December 2011	16,679,704	13,477,084	123.76p
31 December 2012	17,309,206	12,698,821	136.31p
30 June 2013	12,148,717	7,908,429	153.62p
<b>International Equity Income Fund 'I' Shares</b>			
<b>Income Shares</b>			
31 December 2010	143,249,423	128,418,229	111.55p
31 December 2011	187,838,130	188,588,165	99.60p
31 December 2012	215,916,228	205,885,431	104.87p
30 June 2013	233,732,334	200,481,244	116.59p
<b>Accumulation Shares</b>			
31 December 2009	3,273,022	2,763,711	118.43p
31 December 2010	8,413,877	6,153,979	136.72p
31 December 2011	5,712,839	4,448,764	128.41p
31 December 2012	16,804,777	11,799,827	142.42p
30 June 2013	15,699,918	9,749,514	161.03p
<b>International Equity Income Fund 'X' Shares</b>			
<b>Income Shares</b>			
31 December 2010	55,739,659	51,238,947	108.78p
31 December 2011	62,285,796	64,450,114	96.64p
31 December 2012	65,148,558	64,345,957	101.25p
30 June 2013	70,379,612	62,706,944	112.24p
<b>Accumulation Shares</b>			
31 December 2010	9,624,457	7,254,027	132.68p
31 December 2011	15,066,381	12,141,326	124.09p
31 December 2012	15,278,071	11,162,893	136.86p
30 June 2013	16,287,875	10,549,571	154.39p
<b>International Equity Income Fund 'F' Shares</b>			
<b>Accumulation Shares*</b>			
31 December 2012	9,415	6,932	135.82p
30 June 2013	10,637	6,932	153.45p

\* Share classes launched 16 October 2012.

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN International Equity Income Fund

### Historic Net Asset Values (continued)

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>International Equity Income Fund 'P' Shares</b>			
<b>Income Shares*</b>			
31 December 2012	311,797	308,684	101.01p
30 June 2013	31,277,207	27,814,131	112.45p
<b>Accumulation Shares*</b>			
31 December 2012	25,307	18,534	136.54p
30 June 2013	7,504,038	4,851,242	154.68p
As at	Net Asset Value \$	Number of Base Shares	Net Asset Value Per Share
<b>International Equity Income Fund 'A USD' Shares**</b>			
<b>Income Shares</b>			
31 December 2011	863	1,000	86.29c
31 December 2012	743	1,000	94.62c
30 June 2013	982	1,000	98.17c
<b>Accumulation Shares</b>			
31 December 2011	445,218	504,189	88.30c
31 December 2012	186,274	152,053	101.72c
30 June 2013	162,816	152,053	107.08c
<b>International Equity Income Fund 'I USD' Shares***</b>			
<b>Accumulation Shares</b>			
30 June 2013	2,330,597	2,172,962	107.25c

\* Share classes launched 16 October 2012

\*\* Share class launched 2 June 2011

\*\*\* Shares class launched 15 May 2013

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN International Equity Income Fund

### Historic Net Asset Values (continued)

As at	Net Asset Value €	Number of Base Shares	Net Asset Value Per Share
<b>International Equity Income Fund 'A EUR' Shares*</b>			
<b>Income Shares</b>			
31 December 2012	2,733,907	2,021,334	135.25c
30 June 2013	2,803,639	2,685,958	104.38c
<b>Accumulation Shares</b>			
31 December 2012	3,899,821	2,827,161	137.94c
30 June 2013	9,685,778	8,918,590	108.60c
<b>International Equity Income Fund 'I EUR' Shares*</b>			
<b>Income Shares</b>			
31 December 2012	107,717	79,371	135.71c
30 June 2013	1,048	1,000	104.80c
<b>Accumulation Shares</b>			
31 December 2012	1,382	1,000	138.20c
30 June 2013	8,210,976	7,522,244	109.16c
<b>International Equity Income Fund 'F EUR' Shares**</b>			
<b>Accumulation Shares</b>			
30 June 2013	86,713	79,719	108.77c

\* Share classes launched 7 July 2012

\*\* Share class launched 22 March 2013

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN International Equity Income Fund

### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>International Equity Income Fund 'A' Shares</b>				
2008	111.70p	77.82p	117.60p	84.79p
2009	102.10p	73.61p	117.30p	81.43p
2010	110.70p	91.78p	133.50p	109.30p
2011	110.10p	88.91p	135.60p	110.40p
2012	104.10p	95.61p	138.00p	123.40p
2013	120.40p	101.60p	164.00p	137.40p
<b>International Equity Income Fund 'I' Shares</b>				
2008	112.80p	78.91p	119.50p	86.41p
2009	104.30p	74.84p	120.40p	83.13p
2010	113.60p	93.96p	137.70p	112.40p
2011	113.30p	91.71p	140.40p	114.40p
2012	108.10p	99.13p	144.00p	128.00p
2013	125.60p	105.70p	171.80p	143.60p
<b>International Equity Income Fund 'X' Shares</b>				
2010*	110.80p	91.82p	133.70p	109.30p
2011	110.30p	89.15p	135.90p	110.70p
2012	104.50p	95.92p	138.50p	123.70p
2013	121.00p	102.10p	164.80p	138.00p
<b>International Equity Income Fund 'F' Shares</b>				
2012**	N/A	N/A	138.00p	132.00p
2013	N/A	N/A	163.70p	136.90p
<b>International Equity Income Fund 'P' Shares</b>				
2012**	104.00p	99.48p	138.00p	132.10p
2013	121.10p	101.90p	165.00p	137.70p

\* From Share Class launch 19 January 2010 to 31 December 2010.

\*\* From Share Class launch 16 October 2012 to 31 December 2012.

## **SARASIN International Equity Income Fund**

### **Historic Highest & Lowest Prices per Share (continued)**

<b>Calendar Year</b>	<b>Highest Price (c) Income Share</b>	<b>Lowest Price (c) Income Share</b>	<b>Highest Price (c) Accumulation Share</b>	<b>Lowest Price (c) Accumulation Share</b>
<b>International Equity Income Fund 'A USD' Shares</b>				
2011*	100.00c	79.34c	100.10c	80.11c
2012	95.13c	87.71c	103.60c	88.14c
2013	105.60c	96.62c	114.20c	103.40c
<b>International Equity Income Fund 'I USD' Shares**</b>				
2013**	N/A	N/A	116.50c	106.00c
<b>International Equity Income Fund 'A EUR' Shares</b>				
2012*	105.00c	99.00c	105.00c	99.00c
2013	112.50c	100.20c	136.53c	102.30c
<b>International Equity Income Fund 'I EUR' Shares</b>				
2012*	105.00c	99.00c	105.00c	99.00c
2013	112.90c	100.50c	137.24c	126.06c
<b>International Equity Income Fund 'F EUR' Shares***</b>				
2013***	N/A	N/A	116.10c	106.00c

\* From Share Class launch 2 June 2011 to 31 December 2011.

\*\* From Share Class launch 15 May 2013.

\*\*\* From Share Class launch 22 March 2013.

## SARASIN International Equity Income Fund

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 02.01.2007 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 02.01.2007 (£) Accumulation Share
<b>International Equity Income Fund 'A' Shares</b>				
2008	3.7107	33.22	3.9506	33.62
2009	4.8170	43.12	5.4122	46.06
2010	4.8594	43.50	5.6488	48.07
2011	4.5246	40.51	5.5234	47.01
2012	5.1771	46.35	6.6107	56.26
2013*	3.8472	34.44	5.0266	42.78
<b>International Equity Income Fund 'I' Shares</b>				
2008	3.8907	34.49	4.1790	34.97
2009	4.8199	42.73	5.4475	45.59
2010	4.9678	44.04	5.8437	48.90
2011	4.5403	40.25	5.5808	46.70
2012	5.3663	47.57	6.4326	53.83
2013*	3.9976	35.44	5.2456	43.90
<b>International Equity Income Fund 'X' Shares**</b>				
2010	3.5370	36.04	4.1538	36.37
2011	4.4859	45.70	5.4250	47.50
2012	5.1952	52.94	6.6428	58.16
2013*	3.8832	39.57	5.0689	44.38
<b>International Equity Income Fund 'F' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	N/A	N/A	2.6114	19.21
<b>International Equity Income Fund 'P' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	3.8610	37.76	5.1749	38.13

\* To 31 August 2013

\*\* Per £1,000 invested at Share Class launch 19 January 2010.

\*\*\* Per £1,000 invested at Share Class Launch 16 October 2012.

## SARASIN International Equity Income Fund

### Distribution History (continued)

Calendar Year	Cents Per Income Share	Per £1,000 investment	Cents Per Accumulation Share	Per £1,000 investment
		02.06.2011 (\$) Income Share		02.06.2011 (\$) Accumulation Share
<b>International Equity Income Fund 'A USD' Shares**</b>				
2011	0.6874	6.44	0.6909	6.46
2012	4.2456	42.46	4.2723	42.72
2013*	2.8016	28.01	3.5448	35.45

Calendar Year	Cents Per Income Share	Per £1,000 investment	Cents Per Accumulation Share	Per £1,000 investment
		11.07.12 (€) Income Share		11.07.12 (€) Accumulation Share
<b>International Equity Income Fund 'I USD' Shares***</b>				
2013*	N/A	N/A	0.2909	2.65

\* To 30 June 2013.

\*\* From Share Class launch 2 June 2011

\*\* From Share Class launch 15 May 2013

Calendar Year	Cents Per Income Share	Per £1,000 investment	Cents Per Accumulation Share	Per £1,000 investment
		11.07.12 (€) Income Share		11.07.12 (€) Accumulation Share
<b>International Equity Income Fund 'A EUR' Shares**</b>				
2012	0.8739	8.739	0.8259	8.26
2013*	3.4822	34.82	3.5233	35.23

Calendar Year	Cents Per Income Share	Per £1,000 investment	Cents Per Accumulation Share	Per £1,000 investment
		11.07.12 (€) Income Share		11.07.12 (€) Accumulation Share
<b>International Equity Income Fund 'I EUR' Shares**</b>				
2012	0.8214	8.214	0.8214	8.21
2013*	3.4849	34.85	3.5318	35.32

Calendar Year	Cents Per Income Share	Per £1,000 investment	Cents Per Accumulation Share	Per £1,000 investment
		11.07.12 (€) Income Share		11.07.12 (€) Accumulation Share
<b>International Equity Income Fund 'F EUR' Shares***</b>				
2013*	N/A	N/A	0.8484	7.47

\* To 30 June 2013.

\*\* From Share Class launch 11 July 2012.

\*\*\* From Share Class launch 22 March 2013.

## **SARASIN International Equity Income Fund**

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### **Ongoing Charges Figure (OCF)**

	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>International Equity Income Fund 'A' Income Shares</b>	1.74%	1.74%
<b>International Equity Income Fund 'A' Accumulation Shares</b>	1.74%	1.74%
<b>International Equity Income Fund 'I' Income Shares</b>	1.09%	1.09%
<b>International Equity Income Fund 'I' Accumulation Shares</b>	1.09%	1.09%
<b>International Equity Income Fund 'X' Income Shares</b>	1.59%	1.59%
<b>International Equity Income Fund 'X' Accumulation Shares</b>	1.59%	1.59%
<b>International Equity Income Fund 'F' Accumulation Shares</b>	1.24%	1.24%
<b>International Equity Income Fund 'P' Income Shares</b>	0.99%	0.99%
<b>International Equity Income Fund 'P' Accumulation Shares</b>	0.99%	0.99%
<b>International Equity Income Fund 'A USD' Income Shares*</b>	1.74%	1.74%
<b>International Equity Income Fund 'A USD' Accumulation Shares</b>	1.74%	1.74%
<b>International Equity Income Fund 'I USD' Accumulation Shares</b>	1.09%	N/A
<b>International Equity Income Fund 'A EUR' Income Shares</b>	1.74%	1.74%
<b>International Equity Income Fund 'A EUR' Accumulation Shares</b>	1.74%	1.74%
<b>International Equity Income Fund 'I EUR' Income Shares</b>	1.09%	1.09%
<b>International Equity Income Fund 'I EUR' Accumulation Shares</b>	1.09%	1.09%
<b>International Equity Income Fund 'F EUR Accumulation Shares</b>	1.74%	N/A

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

## Risk and Reward Profile

Lower Risk

Higher Risk

Typically Lower Rewards

Typically Higher Rewards



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 6 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, as company share price movements tend to be more volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- Changes in exchange rates may cause the value of investments to decrease or increase.
- There may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Fund.
- This Fund invests in a specialist sector and it will not perform in line with funds that have a broader investment policy.
- The Fund may actively invest in derivatives, such as futures, options and swaps, which are linked to the rise and fall of other assets. Derivatives can be used both to achieve the investment objective, and to simply reduce risk or manage the Fund more efficiently. The Fund aims to limit capital loss when markets returns are negative through the use of derivatives. The price movements in these assets can result in larger movements of the Fund share price.
- The Fund has some charges deducted from capital. This may reduce the potential for growth.

# SARASIN International Equity Income Fund

## Portfolio Statement as at 30 June 2013

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Corporate Restructuring 21.99% (31 December 2012 - 24.81%)</b>			
(1,275)	ENI SPA EUR 14.50 Put Option 19/09/2013*	(144,384)	(0.03)
3,159,745	F&C Asset Management	3,000,178	0.70
655,632	General Electric	10,033,339	2.32
2,148,965	Glencore Xstrata	5,879,568	1.36
452,363	Hartford Financial Services	9,274,748	2.15
152,522	Home Depot	7,636,113	1.77
200,900	Jardine Matherson	7,932,068	1.84
419,739	Leggett & Platt	8,592,084	1.99
340,804	Microsoft	7,743,715	1.80
(1,461)	Occidental Petroleum USD 85 Put Option 17/08/2013*	(141,956)	(0.03)
535,890	Pfizer	9,914,247	2.30
1,702,436	TDC	9,118,767	2.11
564,621	UBS	6,333,674	1.47
5,150,620	Vodafone	9,675,440	2.24
		<b>94,847,601</b>	<b>21.99</b>
<b>Disruption and Innovation 8.23% (31 December 2012 - 0.00%)</b>			
667,846	Admiral	8,815,567	2.04
(1,302)	Amgen USD 105 Put Option 20/07/2013*	(538,511)	(0.12)
832,339	Annaly Capital Management	6,939,801	1.61
415,357	Associated British Foods	7,239,673	1.68
120,361	Costco	8,809,774	2.04
(182)	Reckitt Benckiser GBP 4600 Put Option 20/09/2013*	(301,665)	(0.07)
28,307	Roche	4,548,590	1.05
(549)	SX5E EUR 100 Put Option 20/12/ 2013*	(471)	-
		<b>35,512,758</b>	<b>8.23</b>
<b>Franchise Power 22.50% (31 December 2012 - 0.00%)</b>			
457,277	Altria	10,642,378	2.47
7,110,764	CFS Retail Property Trust	8,601,737	1.99
381,463	Coca-Cola	10,082,524	2.34
254,206	Ei Du Pont de Nemours	8,940,268	2.07
264,700	Halliburton	7,270,909	1.69
1,057,716	Investec	4,382,398	1.02
321,951	Mattel	9,505,079	2.20
227,893	Novartis	10,532,895	2.44
142,800	Sanofi-Aventis	9,771,223	2.27
144,919	United Technologies	8,897,600	2.06
251,466	Verizon Communications	8,419,621	1.95
		<b>97,046,632</b>	<b>22.50</b>
<b>Interlectual Property and Excellence 0.00% (31 December 2012 - 23.70%)</b>			
<b>Pricing Power 0.00% (31 December 2012 - 13.80%)</b>			
<b>Security of Supply 19.44% (31 December 2012 - 14.45%)</b>			
224,585	Boskalis Westminster	5,442,955	1.26
382,905	Corrections Corporation of America	8,592,235	1.99
379,281	Eurocommercial Properties	9,091,239	2.11
96,100	Kabel Deutschland	6,929,417	1.61
89,701	Kansas City Southern	6,341,258	1.47
340,505	Megafon GDR	6,988,043	1.62
759,577	Prosafe	4,354,852	1.01
458,624	SES	8,644,152	2.00

## SARASIN International Equity Income Fund

### Portfolio Statement as at 30 June 2013 (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Security of Supply (continued)</b>			
2,856,100	Singapore Airport Terminal Services	4,845,093	1.12
334,057	SK Telecom ADR	4,298,528	1.00
347,980	Total	11,114,320	2.58
388,314	Weyerhaeuser	7,186,562	1.67
		<b>83,828,654</b>	<b>19.44</b>
<b>Strategic Holdings 1.87% (31 December 2012 - 1.54%)</b>			
4,900,603	3i Infrastructure	6,566,808	1.52
1,500,786	BlackRock ICS Sterling Liquidity Heritage 'D' Income	1,500,786	0.35
		<b>8,067,594</b>	<b>1.87</b>
<b>The Strong get Stronger 23.39% (31 December 2012 - 19.08%)</b>			
155,520	Automatic Data Processing	7,082,735	1.64
234,810	Bank of Nova Scotia	8,208,894	1.90
273,519	BHP Billiton	5,201,044	1.21
190,841	BNP Paribas	6,864,867	1.59
223,268	Emerson Electric	8,117,504	1.88
1,145,331	HSBC	7,831,773	1.82
267,886	JPMorgan Chase	9,347,519	2.17
1,043,170	Nissan Motor	6,942,235	1.61
641,858	Prudential	6,964,159	1.61
342,855	Royal Dutch Shell 'A'	7,215,121	1.67
330,709	Seadrill	8,809,426	2.04
658,000	Sun Hung Kai Properties	5,552,016	1.29
475,051	Swedbank 'A'	7,012,901	1.63
125,957	Yum! Brands	5,756,215	1.33
		<b>100,906,409</b>	<b>23.39</b>
<b>Forward FX Currency Contracts 0.14% (31 December 2012 - 0.00%)</b>			
USD 32,637,000	Bought USD sold GBP 20,812,289 for settlement 19/09/2013	625,675	0.15
ZAR 50,839,000	Bought ZAR sold GBP 3,252,325 for settlement 19/09/2013	48,344	0.01
JPY 132,198,822	Sold JPY bought GBP 881,171 for settlement 01/07/2013	4,901	-
JPY 137,279,234	Sold JPY bought GBP 915,060 for settlement 02/07/2013	5,115	-
ZAR 50,839,000	Sold ZAR bought GBP 3,199,232 for settlement 19/09/2017	(101,437)	(0.02)
		<b>582,598</b>	<b>0.14</b>
<b>Total Value of Investments 97.56% (31 December 2012 - 97.35%)</b>			
	<b>Net Other Assets</b>	420,792,246	97.56
		10,543,523	2.44
	<b>Net Assets</b>	<b>431,335,769</b>	<b>100.00</b>

All holdings are ordinary shares of stock unless otherwise stated.

\* Derivative investment

## **SARASIN International Equity Income Fund**

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### **Portfolio Statement as at 30 June 2013 (continued)**

	<b>Bid Market Value £</b>	<b>% of Net Assets</b>
Asset Allocation of Portfolio of Investments is as follows:		
Equities	419,835,749	97.21
Collective Investment Schemes	1,500,786	0.35
Derivatives	(588,476)	(0.14)
Forward Exchange Contracts	582,598	0.14
Net Other Assets	10,543,523	2.44
	<u>431,335,769</u>	<u>100.00</u>

## SARASIN International Equity Income Fund

### Statement of Total Return (unaudited) For the period ended 30 June 2013

	30.06.2013		30.06.2012	
	£	£	£	£
Income				
Net capital gains		39,082,440		7,451,346
Revenue	13,271,750		10,153,174	
Expenses	(2,675,461)		(2,138,512)	
Finance costs: Interest	(7,089)		-	
Net revenue before taxation	10,589,200		8,014,662	
Taxation	(1,004,597)		(890,876)	
<b>Net revenue after taxation for the period</b>		9,584,603		7,123,786
<b>Total before distribution</b>		48,667,043		14,575,132
Finance costs: Distribution		(7,437,016)		(6,496,909)
<b>Change in net assets attributable to shareholders from investment activities</b>		41,230,027		8,078,223

### Statement of Changes in Net Assets Attributable to Shareholders (unaudited) For the period ended 30 June 2013

	30.06.2013		30.06.2012	
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		361,610,833		312,836,425
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	80,392,247		40,430,132	
Less: amounts paid on cancellation of shares	(52,969,642)		(29,141,626)	
		27,422,605		11,288,506
Dilution levy		-		-
SDRT charge		(20,718)		(10,972)
Change in net assets attributable to shareholders from investment activities (see above)		41,230,027		8,078,223
Retained distribution on Accumulation shares		1,093,022		854,235
<b>Closing net assets attributable to shareholders</b>		431,335,769		333,046,417

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

## **SARASIN International Equity Income Fund**

### **Balance Sheet (unaudited) As at 30 June 2013**

	30.06.2013	31.12.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>422,020,670</b>	352,579,533
<b>Other Assets</b>		
Debtors	6,164,954	1,432,551
Cash and Bank balances	12,060,605	14,592,599
Total other assets	<u>18,225,559</u>	<u>16,025,150</u>
Total assets	<u>440,246,229</u>	<u>368,604,683</u>
<b>Liabilities</b>		
<b>Investment Liabilities</b>	<b>1,228,424</b>	550,950
Creditors	1,615,262	565,374
Bank overdraft	2,496,574	33,821
Distribution payable on income shares	3,570,200	5,843,705
Total other liabilities	<u>7,682,036</u>	<u>6,442,900</u>
Total liabilities	<u>8,910,460</u>	<u>6,993,850</u>
<b>Net assets attributable to shareholders</b>	<b><u>431,335,769</u></b>	<b><u>361,610,833</u></b>

### **Note to the Financial Statements (unaudited)**

#### **1. Accounting Policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN International Equity Income Fund

### Distribution Tables

#### First Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 31 March 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>International Equity Income Fund 'A' Shares</b>				
Gross Income	0.9357	0.6678	1.2006	0.8466
Tax	0.0936	0.0668	0.1201	0.0847
Net Income	0.8421	0.6010	1.0805	0.7619
Equalisation	-	0.2411	-	0.3186
<b>Interim Distribution paid 2013</b>	<b>0.8421</b>	<b>0.8421</b>	<b>1.0805</b>	<b>1.0805</b>
<b>Interim Distribution paid 2012</b>	<b>0.8020</b>	<b>0.8020</b>	<b>1.0290</b>	<b>1.0290</b>
<b>International Equity Income Fund 'I' Shares</b>				
Gross Income	0.9509	0.7841	1.2254	1.0101
Tax	0.0951	0.0784	0.1225	0.1010
Net Income	0.8558	0.7057	1.1029	0.9091
Equalisation	-	0.1501	-	0.1938
<b>Interim Distribution paid 2013</b>	<b>0.8558</b>	<b>0.8558</b>	<b>1.1029</b>	<b>1.1029</b>
<b>Interim Distribution paid 2012</b>	<b>0.8150</b>	<b>0.8150</b>	<b>1.0504</b>	<b>1.0504</b>
<b>International Equity Income Fund 'X' Shares</b>				
Gross Income	1.0080	0.5686	1.2952	1.1686
Tax	0.1008	0.0569	0.1295	0.1169
Net Income	0.9072	0.5117	1.1657	1.0517
Equalisation	-	0.3955	-	0.1140
<b>Interim Distribution paid 2013</b>	<b>0.9072</b>	<b>0.9072</b>	<b>1.1657</b>	<b>1.1657</b>
<b>Interim Distribution paid 2012</b>	<b>0.8640</b>	<b>0.8640</b>	<b>1.1102</b>	<b>1.1102</b>
<b>International Equity Income Fund 'P' Shares</b>				
Gross Income	0.9444	0.6638	1.2762	0.6609
Tax	0.0944	0.0664	0.1276	0.0661
Net Income	0.8500	0.5974	1.1486	0.05948
Equalisation	-	0.2526	-	0.5538
<b>Interim Distribution paid 2013</b>	<b>0.8500</b>	<b>0.8500</b>	<b>1.1486</b>	<b>1.1486</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>International Equity Income Fund 'F' Shares</b>				
Gross Income	N/A	N/A	0.9729	0.2093
Tax	N/A	N/A	0.0973	0.0209
Net Income	N/A	N/A	0.8756	0.1884
Equalisation	N/A	N/A	-	0.6872
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>0.8756</b>	<b>0.8756</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## SARASIN International Equity Income Fund

### Distribution Tables (continued)

#### First Interim distribution in US cents per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 31 March 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>International Equity Income Fund 'A USD' Shares</b>				
Gross Income	0.8789	0.8789	0.9221	0.9221
Tax	0.0879	0.0879	0.0922	0.0922
Net Income	0.7910	0.7910	0.8299	0.8299
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>0.7910</b>	<b>0.7910</b>	<b>0.8299</b>	<b>0.8299</b>
<b>Interim Distribution paid 2012</b>	<b>0.7533</b>	<b>0.7533</b>	<b>0.7904</b>	<b>0.7904</b>

#### First Interim distribution in EUR cents per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 31 March 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>International Equity Income Fund 'A EUR' Shares</b>				
Gross Income	0.8789	0.8789	0.9221	0.9221
Tax	0.0879	0.0879	0.0922	0.0922
Net Income	0.7910	0.7910	0.8299	0.8299
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>0.7910</b>	<b>0.7910</b>	<b>0.8299</b>	<b>0.8299</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

#### International Equity Income Fund 'I EUR' Shares

Gross Income	0.8949	0.8949	0.9148	0.0400
Tax	0.0895	0.0895	0.0915	0.0040
Net Income	0.8054	0.8054	0.8233	0.0360
Equalisation	-	0.0000	-	0.7873
<b>Interim Distribution paid 2013</b>	<b>0.8054</b>	<b>0.8054</b>	<b>0.8233</b>	<b>0.8233</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

#### International Equity Income Fund 'F EUR' Shares

Gross Income	N/A	N/A	1.1486	0.2472
Tax	N/A	N/A	0.1149	0.0247
Net Income	N/A	N/A	1.0337	0.2224
Equalisation	N/A	N/A	-	0.8113
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>1.0337</b>	<b>1.0337</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## SARASIN International Equity Income Fund

### Second Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 April 2013

Group 2 – Shares purchased between 1 April 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>International Equity Income Fund ‘A’ Shares</b>				
Gross Income	1.2337	0.4972	1.5951	0.6697
Tax	0.1234	0.0497	0.1595	0.0670
Net Income	1.1103	0.4475	1.4356	0.6027
Equalisation	-	0.6628	-	0.8329
<b>Interim Distribution paid 2013</b>	<b>1.1103</b>	<b>1.1103</b>	<b>1.4356</b>	<b>1.4356</b>
<b>Interim Distribution paid 2012</b>	<b>1.1093</b>	<b>1.1093</b>	<b>1.4346</b>	<b>1.4346</b>
<b>International Equity Income Fund ‘I’ Shares</b>				
Gross Income	1.2872	0.0817	1.6680	0.6313
Tax	0.1287	0.0082	0.1668	0.0631
Net Income	1.1585	0.0735	1.5012	0.5682
Equalisation	-	1.0850	-	0.9330
<b>Interim Distribution paid 2013</b>	<b>1.1585</b>	<b>1.1585</b>	<b>1.5012</b>	<b>1.5012</b>
<b>Interim Distribution paid 2012</b>	<b>1.1575</b>	<b>1.1575</b>	<b>1.5002</b>	<b>1.5002</b>
<b>International Equity Income Fund ‘X’ Shares</b>				
Gross Income	1.1932	0.3638	1.5451	0.9138
Tax	0.1193	0.0364	0.1545	0.0914
Net Income	1.0739	0.3274	1.3906	0.8224
Equalisation	-	0.7465	-	0.5682
<b>Interim Distribution paid 2013</b>	<b>1.0739</b>	<b>1.0739</b>	<b>1.3906</b>	<b>1.3906</b>
<b>Interim Distribution paid 2012</b>	<b>1.0729</b>	<b>1.0729</b>	<b>1.3896</b>	<b>1.3896</b>
<b>International Equity Income Fund ‘P’ Shares</b>				
Gross Income	1.2154	0.5361	1.6594	0.8185
Tax	0.1215	0.0536	0.1659	0.0818
Net Income	1.0939	0.4825	1.4935	0.7367
Equalisation	-	0.6114	-	0.7568
<b>Interim Distribution paid 2013</b>	<b>1.0939</b>	<b>1.0939</b>	<b>1.4935</b>	<b>1.4935</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>International Equity Income Fund ‘F’ Shares</b>				
Gross Income	N/A	N/A	1.6148	0.8263
Tax	N/A	N/A	0.1614	0.0826
Net Income	N/A	N/A	1.4534	0.7437
Equalisation	N/A	N/A	-	0.7097
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>1.4534</b>	<b>1.4534</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## SARASIN International Equity Income Fund

### Distribution Tables (continued)

#### Second Interim distribution in US cents per share

Group 1 – Shares purchased prior to 1 April 2013

Group 2 – Shares purchased between 1 April 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>International Equity Income Fund 'A USD' Shares</b>				
Gross Income	0.8248	0.8248	0.8532	0.8532
Tax	0.0824	0.0824	0.0853	0.0853
Net Income	0.7416	0.7416	0.7679	0.7679
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>0.7416</b>	<b>0.7416</b>	<b>0.7679</b>	<b>0.7679</b>
<b>Interim Distribution paid 2012</b>	<b>0.7406</b>	<b>0.7406</b>	<b>0.7669</b>	<b>0.7669</b>

#### International Equity Income Fund 'I USD' Shares

Gross Income	N/A	N/A	0.8909	0.4028
Tax	N/A	N/A	0.0891	0.0403
Net Income	N/A	N/A	0.8018	0.3625
Equalisation	N/A	N/A	-	0.4393
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>0.8018</b>	<b>0.8018</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

#### Second Interim distribution in EUR cents per share

Group 1 – Shares purchased prior to 1 April 2013

Group 2 – Shares purchased between 1 April 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>International Equity Income Fund 'A EUR' Shares</b>				
Gross Income	1.1079	0.8335	1.1402	0.6487
Tax	0.1108	0.0833	0.1140	0.0649
Net Income	0.9971	0.7501	1.0262	0.5839
Equalisation	-	0.2470	-	0.4423
<b>Interim Distribution paid 2013</b>	<b>0.9971</b>	<b>0.9971</b>	<b>1.0262</b>	<b>1.0262</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

#### International Equity Income Fund 'I EUR' Shares

Gross Income	1.1107	1.1107	1.1526	0.5906
Tax	0.1111	0.1111	0.1153	0.0591
Net Income	0.9996	0.9996	1.0373	0.5316
Equalisation	-	0.0000	-	0.5057
<b>Interim Distribution paid 2013</b>	<b>0.9996</b>	<b>0.9996</b>	<b>1.0373</b>	<b>1.0373</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

#### International Equity Income Fund 'F EUR' Shares

Gross Income	N/A	N/A	1.2888	0.1886
Tax	N/A	N/A	0.1289	0.0189
Net Income	N/A	N/A	1.1599	0.1697
Equalisation	N/A	N/A	-	0.9902
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>1.1599</b>	<b>1.1599</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### **Investment Objective and Policy**

The Fund seeks to achieve a consistently attractive level of income and in addition seeks long-term capital appreciation in sterling terms. It is intended that the Fund will invest in a portfolio of international securities that satisfy one or more investment themes that are expected to be key drivers of corporate profitability, investment performance and yield.

In order to achieve the investment objective and policy, it is intended that the Fund will invest in a portfolio of investments which may consist of any class of asset available for UCITS schemes under the rules in COLL including, transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities, deposits and derivatives and forward transactions. Cash and near cash may also be held by the Fund. It is the intention of the ACD that any foreign currency exposure should be hedged back into sterling. This will typically be achieved via a currency future or currency option.

It is intended that derivatives will be used and held by the Fund for hedging purposes, to reduce volatility, to protect investor's capital or otherwise to achieve the investment objectives of the Fund. The ACD does not anticipate that such use of derivatives will have any significant effect on the risk profile of the Fund. Further details on the use of derivatives and/or forward transactions in the context of this Fund are available from the ACD on request.

The Fund's investment powers in relation to derivatives and warrants means that for regulatory purposes it will be regarded as a high volatility fund. However, the Investment Adviser's use of derivative techniques and investment in warrants will have the overall intention of reducing the volatility of returns, reflecting the investment policy for the Company generally

### **Sensitivity Analysis**

The Fund invests in equities with a bias to equities with higher yields. The Fund will then use options on individual stocks to implement views on specific stocks and to increase the yield on the Fund by selling options on stocks. In addition the Fund will sell currency exposures gained from overseas equity holdings. This is done through the use of FX forwards, and the Sterling exposure range is from 85% to 100%.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin International Equity Income Fund (Sterling Hedged), as at 30.06.13, was 7.78% (31.12.2012: 5.43%).

### **Investment Review**

It was an extremely strong first half for equity markets in absolute terms, although a market rally eventually gave way to poorer sentiment as the US Federal Reserve's commentary became more hawkish. Many global equity markets had seen 12 consecutive months of positive returns, so a pullback currently standing at around 5% was not hugely surprising. There were however some fundamental, albeit related, concerns about the trajectory of quantitative easing (QE) tapering in the US, rising US Treasury yields, and the China interbank credit crunch.

Over this recent set back, cyclical equities were hardest hit, most notably resource plays and emerging markets (EM), where rising current account deficits, the general rising trend of the US dollar, falling commodities and high EM bond valuations increased concerns. In fact, over the most recent quarter, EM equities underperformed developed markets by the most since 1998.

Regionally, Japan's monetary policy developments were a fascinating spectacle, and the country's equity market produced an eye watering rally in the first quarter, only to give back a significant proportion of the gains thereafter.

Following all of this activity, it is somewhat disappointing to report that the fund underperformed relative to its benchmark, the MSCI World, over the 6 months to 30th June. Some of this underperformance can be attributed to the fund's style bias, where the higher yielding MSCI index underperformed the wider index by 1.5%. This was driven by the US 10 year Treasury yield rising from 1.75% to 2.5% over the same period, causing high yielding equities to underperform other, less yield-sensitive equities as the yield differential began to close.

However, the fund also underperformed as a result of a period of less successful stock picking at the beginning of the period, as well as suffering toward the end as a result of the sell-off in the cyclical exposure of the fund. During the recent set back, energy and material stocks lagged the wider market alongside real estate investment trusts and exposure to EM.

### **Thematic Drivers**

Corporate Restructuring, proved to be one of the better performing themes. Domestic U.S. recovery plays such as Home Depot and Leggett & Platt did well and we remain confident the US housing recovery will enable these companies to drive earnings higher.

Pricing Power also performed well over the period, with insurance companies such as Swiss Re announcing a large special dividend which provided a catalyst for a further re-rating. Our Intellectual Property & Excellence theme outperformed marginally, with Novartis re-rating considerably on better growth prospects and analyst

**Investment Review (continued)**

upgrades, GE on restructuring initiatives, unlocking value, and Verizon, which rallied in recognition of improving wireless margins, driven by efficiencies and falling handset subsidies.

Both the Intellectual Property & Excellence and Pricing Power theme evolved over the period, replaced by Disruption & Innovation and Franchise Power respectively. Unfortunately the performance of our Disruption & Innovation theme has been disappointing, although we are in the midst of building our exposure here. Annaly Capital Management severely de-rated after Ben Bernanke's speech detailing tapering of asset purchases on 22nd May, as mortgage-backed bonds then began to lose value, driving the company's book value lower. Associated British Foods also struggled within this theme, but we believe the disruptive subsidiary Primark will continue to provide superior returns to shareholders.

Franchise Power also did well in its first full quarter, led by Microsoft, as a slew of new product launches gained traction. Although fewer of the companies were within the top performers over the period, there were also very few detractors. Franchise Power companies tend to be strong incumbents within a market, and typically don't suffer from the ebb and flow of demand which puts more marginal competitors at risk (think Coca-Cola).

Strong get Stronger and Security of Supply have been on the disappointing side, the latter particularly so. Our U.S. Financials dividend basket and J P Morgan provided very strong returns within Strong get Stronger. We are considering the potential for a higher interest rate environment, and financial leverage is currently amongst the lowest in the theme's history. We were also particularly pleased to receive a bid at a 20% premium to the prevailing market price for H J Heinz from Warren Buffet, vindicating our view on the company's ability to provide consistent cash flow returns and sustainable dividends.

Security of Supply is exposed to some challenging areas, such as cyclical materials and energy operating in emerging markets such as Mexico, (Kansas City Southern) which was weak but at the better end of the EM spectrum, benefitting from US near-shoring and stable inflation, and showing continued strength in industrial production and retail sales. Other energy related names such as Statoil, Gazprom and Prosafe de-rated, which was frustrating as these companies deliver high structural dividend flow to the fund which we do not think is at risk to a falling oil price in the short to medium term.

Markets have rallied over the period, but much of the performance was dominated by non-cyclical sectors. This was particularly exaggerated in Europe, where metals recycler Umicore was one of our weakest stocks.

Activity levels within the portfolio were slightly higher than average, in part because of the theme changes we have made. New thematic stocks over the period include Kansas City Southern, United Technologies, Halliburton,

BNP Paribas, UBS, and Mattel. Stocks we have exited, meanwhile, include United Overseas Bank, Swiss Re, Waste Management, Statoil, MTN Group and Heinz.

<b>Sector Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Consumer discretionary	13.13%	13.85%	12.45%
Consumer staples	7.96%	8.76%	9.34%
Energy	11.50%	10.78%	9.92%
Financials	28.11%	27.41%	28.48%
Health care	7.41%	8.63%	9.67%
Industrials	13.31%	12.46%	11.81%
Information technology	3.47%	3.09%	3.40%
Materials	4.79%	5.31%	4.55%
Miscellaneous	3.62%	2.65%	1.52%
Telecommunication services	6.70%	7.06%	8.85%

<b>Regional Allocations</b>	<b>31/12/2011</b>	<b>31/03/2012</b>	<b>30/06/2013</b>
Emerging Markets	4.95%	3.42%	4.65%
Europe ex. UK	24.07%	28.56%	25.59%
Japan	3.84%	2.87%	1.60%
North America	45.69%	44.08%	48.53%
Pacific ex. Japan	11.31%	8.51%	7.38%
United Kingdom	10.14%	12.57%	12.25%

The above tables show the progression of our sector and regional allocations over the period.

**Dividend Update**

H1 is usually marked by many of our European holdings paying out some very attractive dividends (European companies tend to pay annually or bi-annually), and this year that trend continued. We saw strong dividend increases from Sanofi, Swiss Re (which paid out a special dividend in addition to the regular dividend payment), and SES in particular. As in the previous quarter, several of our quarterly dividend payers (primarily in North America) increased their quarterly dividend payments over the previous years' payment. Dividend payments are supported by robust earnings growth, strong free cash flow generation, remarkably strong balance sheets and the potential for an increase in dividend payout ratios.

**Outlook**

Bernanke is playing a confidence trick. He hopes that economic conviction is strong enough to reinforce growth, whilst pitching the removal of stimulus as a positive. But it feels like a gamble. In many (but not all) respects, it also looks curiously like 1994, when political gridlock was removed as Republicans won the House of Representatives. Today, politics everywhere limit structural reform to a glacial speed. The early 90's saw the advent of NAFTA following the Tequila Crisis and the birth of the World Wide Web. Both trends are well entrenched, but are also key to our thinking and are well reflected in the portfolios. Although we continue to see the demand for equities underpinned, given the very patchy pattern of growth across the world, not all companies are well placed to deliver improving returns and therefore stock selection remains critical.

**Investment Review (continued)**

Guy Monson  
Chief Investment Officer  
Sarasin & Partners LLP  
July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

**Top 10 purchases during the period**

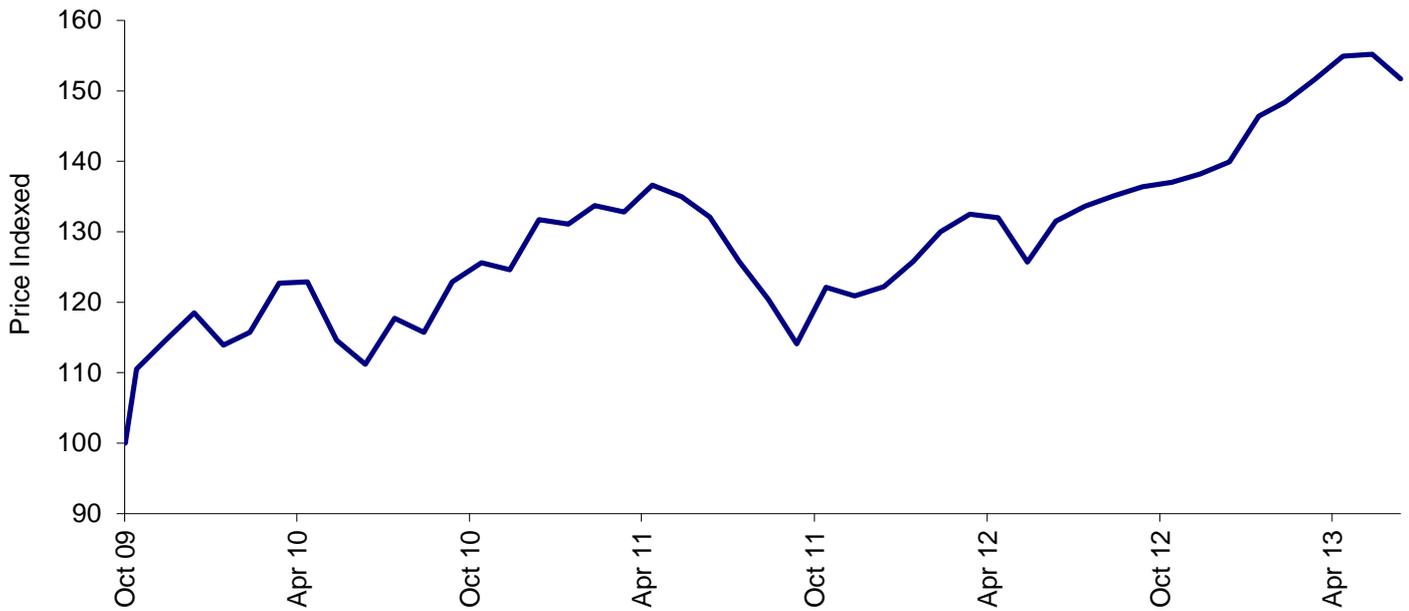
BlackRock ICS Sterling Liquity Heritage 'D' Income  
BlackRock Sterling Liquidity Core Income  
Corrections Corporation of America  
JPMorgan Chase  
Mattel  
United Technologies  
Associated British Foods  
Swedbank  
Halliburton  
BNP Paribas

**Top 10 sales during the period**

BlackRock ICS Sterling Liquity Heritage 'D' Income  
HJ Heinz  
US Financial Dividend Growth Basket (Deutsche Bank)  
Reckitt Benckiser  
Swiss Reinsurance  
Occidental Petroleum  
Statoil  
United Overseas Bank  
Waste Management  
MTN Group

## SARASIN Global Equity Income Fund (Sterling Hedged)

### Performance Chart



Source: Sarasin and Partners LLP 12 May 2009 to 30 June 2013, Bid to Bid, UK Basic Rate, Based In UK Sterling.

The Sarasin Global Equity Income Fund (Sterling Hedged) launched on 12 May 2009.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium to long term one (i.e. 5-10 years).

## SARASIN Global Equity Income Fund (Sterling Hedged)

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>Global Equity Income Fund (Sterling Hedged) 'A' Shares</b>			
<b>Income Shares</b>			
31 December 2010	1,671,724	1,347,403	124.07p
31 December 2011	3,347,214	3,061,308	109.34p
31 December 2012	4,785,581	4,051,297	118.12p
30 June 2013	5,418,296	4,279,943	126.60p
<b>Accumulation Shares</b>			
31 December 2010	844,059	640,910	131.70p
31 December 2011	1,177,226	962,334	122.33p
31 December 2012	1,329,063	955,190	139.14p
30 June 2013	1,263,735	832,323	151.83p
<b>Global Equity Income Fund (Sterling Hedged) 'I' Shares</b>			
<b>Income Shares</b>			
31 December 2010	88,841,216	70,970,896	125.18p
31 December 2011	77,164,224	69,522,175	110.99p
31 December 2012	102,523,595	84,948,079	120.69p
30 June 2013	115,165,918	88,738,547	129.78p
<b>Accumulation Shares</b>			
31 December 2010	2,335,883	1,725,175	135.40p
31 December 2011	3,415,361	2,697,945	126.59p
31 December 2012	9,274,293	6,400,816	144.89p
30 June 2013	14,604,882	9,206,296	158.64p
<b>Global Equity Income Fund (Sterling Hedged) 'X' Shares</b>			
<b>Income Shares</b>			
31 December 2010	26,303,248	21,223,383	123.94p
31 December 2011	33,043,290	30,250,491	109.23p
31 December 2012	37,076,442	31,373,853	118.18p
30 June 2013	42,066,052	33,187,415	126.75p
<b>Accumulation Shares</b>			
31 December 2010	3,047,517	2,270,887	134.20p
31 December 2011	2,304,338	1,848,458	124.66p
31 December 2012	3,857,201	2,716,182	142.01p
30 June 2013	6,702,994	4,321,488	155.11p
<b>Global Equity Income Fund (Sterling Hedged) 'P' Shares</b>			
<b>Income Shares*</b>			
31 December 2012	1,184	1,000	118.39p
30 June 2013	119,384	93,607	127.54p
<b>Accumulation Shares*</b>			
31 December 2012	1,393	1,000	139.31p
30 June 2013	44,194	28,927	152.78p

\* Share classes launched 16 October 2012

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN Global Equity Income Fund (Sterling Hedged)

### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>Global Equity Income Fund (Sterling Hedged) 'A' Shares</b>				
2009*	119.40p	109.80p	119.40p	109.80p
2010	126.50p	106.40p	132.60p	110.10p
2011	127.40p	100.90p	136.40p	110.04p
2012	122.00p	115.80p	141.00p	133.90p
2013	135.70p	119.70p	161.20p	140.90p
<b>Global Equity Income Fund (Sterling Hedged) 'I' Shares</b>				
2009**	119.80p	96.26p	122.20p	96.26p
2010	127.60p	107.00p	136.30p	112.90p
2011	128.80p	102.30p	140.50p	113.90p
2012	124.60p	118.20p	146.80p	139.30p
2013	139.00p	122.30p	168.30p	146.80p
<b>Global Equity Income Fund (Sterling Hedged) 'X' Shares</b>				
2009**	119.30p	96.19p	121.70p	96.21p
2010	126.40p	106.20p	135.10p	112.10p
2011	127.30p	100.80p	139.00p	112.50p
2012	122.00p	115.80p	143.90p	136.60p
2013	135.80p	119.70p	164.60p	143.80p
<b>Global Equity Income Fund (Sterling Hedged) 'P' Shares</b>				
2012***	122.20p	115.90p	141.20p	133.90p
2013	136.50p	119.90p	162.00p	141.10p

\* From Share Class launch 28 September 2009 to 31 December 2009.

\*\* From Share Class launch 12 May 2009 to 31 December 2009.

\*\*\* From Share Class launch 16 October 2012 to 31 December 2012.

## SARASIN Global Equity Income Fund (Sterling Hedged)

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 12.05.2009 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 12.05.2009 (£) Accumulation Share
<b>Global Equity Income Fund (Sterling Hedged) 'A' Shares**</b>				
2009	-	-	-	-
2010	5.3560	48.21	5.4131	48.72
2011	5.3640	48.28	5.7039	51.34
2012	4.9441	44.51	5.5032	49.53
2013*	4.5470	40.94	5.1885	46.70
<b>Global Equity Income Fund (Sterling Hedged) 'I' Shares***</b>				
2009	2.1900	21.90	0.8750	8.75
2010	5.4002	54.00	5.5887	55.89
2011	5.3402	53.40	5.7724	57.72
2012	5.0636	50.64	5.7510	57.51
2013*	4.6015	46.02	5.3325	53.33
<b>Global Equity Income Fund (Sterling Hedged) 'X' Shares***</b>				
2009	2.2223	22.22	1.4258	14.26
2010	5.3696	53.70	5.5518	55.52
2011	5.3636	53.64	5.8009	58.01
2012	4.9663	49.66	5.6321	56.32
2013*	4.5416	45.42	5.2583	52.58
<b>Global Equity Income Fund (Sterling Hedged) 'P' Shares****</b>				
2012	N/A	N/A	N/A	N/A
2013*	4.4931	37.79	5.2458	38.18

\* To 31 August 2013

\*\* Per £1,000 invested at Share Class launch 28 September 2009.

\*\*\* Per £1,000 invested at Share Class launch 12 May 2009.

\*\*\*\* Per £1,000 invested at Share Class launch 16 October 2012.

## **SARASIN Global Equity Income Fund (Sterling Hedged)**

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### **Ongoing Charges Figure (OCF)**

	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>Global Equity Income Fund (Sterling Hedged) 'A' Income Shares</b>	1.75%	1.76%
<b>Global Equity Income Fund (Sterling Hedged) 'A' Accumulation Shares</b>	1.75%	1.76%
<b>Global Equity Income Fund (Sterling Hedged) 'I' Income Shares</b>	1.10%	1.11%
<b>Global Equity Income Fund (Sterling Hedged) 'I' Accumulation Shares</b>	1.10%	1.11%
<b>Global Equity Income Fund (Sterling Hedged) 'X' Income Shares</b>	1.60%	1.61%
<b>Global Equity Income Fund (Sterling Hedged) 'X' Accumulation Shares</b>	1.60%	1.61%
<b>Global Equity Income Fund (Sterling Hedged) 'P' Income Shares</b>	1.00%	1.01%
<b>Global Equity Income Fund (Sterling Hedged) 'P' Accumulation Shares</b>	1.00%	1.01%

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

### Risk and Reward Profile

Lower Risk

Higher Risk

Typically Lower Rewards

Typically Higher Rewards



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 6 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, as company share price movements tend to be more volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- Changes in exchange rates may cause the value of investments to decrease or increase.
- There may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Fund.
- This Fund invests in a specialist sector and it will not perform in line with funds that have a broader investment policy.
- The Fund may actively invest in derivatives, such as futures, options and swaps, which are linked to the rise and fall of other assets. Derivatives can be used both to achieve the investment objective, and to simply reduce risk or manage the Fund more efficiently. The Fund aims to limit capital loss when markets returns are negative through the use of derivatives. The price movements in these assets can result in larger movements of the Fund share price.
- Currency hedging techniques can have an effect on the value of your investment and on the performance of the Fund.
- The Fund has charges deducted from capital. This may reduce the potential for growth.

## SARASIN Global Equity Income Fund (Sterling Hedged)

### Portfolio Statement as at 30 June 2013

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Corporate Restructuring 21.93% (31 December 2012 - 22.51%)</b>			
(553)	ENI SPA EUR 14.50 Put Option 19/09/2013*	(62,623)	(0.03)
1,363,850	F&C Asset Management	1,294,977	0.70
278,420	General Electric	4,260,747	2.30
941,735	Glencore Xstrata	2,576,587	1.39
194,918	Hartford Financial Services	3,996,382	2.16
64,462	Home Depot	3,227,332	1.74
85,860	Jardine Matheson	3,389,982	1.83
180,859	Leggett & Platt	3,702,195	2.00
126,131	Microsoft	2,865,936	1.55
(656)	Occidental Petroleum USD 85 Put Option 17/08/2013*	(63,740)	(0.03)
244,975	Pfizer	4,532,166	2.44
737,848	TDC	3,952,139	2.13
244,605	UBS	2,743,873	1.48
2,242,364	Vodafone	4,212,281	2.27
(223)	SX5E EUR 100 Put Option 20/12/ 2013 *	(191)	-
		<b>40,628,043</b>	<b>21.93</b>
<b>Disruption and Innovation 8.23% (31 December 2012 - 0.00%)</b>			
279,769	Admiral	3,692,951	1.99
(576)	"Amgen USD 105 Put Option 20/07/2013*	(242,017)	(0.13)
369,932	Annaly Capital Management	3,084,386	1.66
173,973	Associated British Foods,	3,032,349	1.64
52,096	Costco	3,813,145	2.06
(79)	Reckitt Benckiser GBP 4600 Put Option 20/09/2013*	(130,943)	(0.07)
12,493	Roche	2,007,474	1.08
		<b>15,257,345</b>	<b>8.23</b>
<b>Franchise Power 22.22% (31 December 2012 - 0.00%)</b>			
195,231	Altria	4,543,684	2.45
2,976,564	CFS Retail Property Trust	3,600,685	1.94
161,861	Coca-Cola	4,278,180	2.31
111,212	Du Pont de Nemours	3,911,257	2.11
113,000	Halliburton	3,103,939	1.67
439,931	Investec	1,822,751	0.98
133,346	Mattel	3,936,824	2.12
97,198	Novartis	4,492,355	2.42
58,870	Sanofi-Aventis	4,028,235	2.17
60,023	United Technologies	3,685,236	1.99
114,156	Verizon Communications	3,822,188	2.06
		<b>41,225,334</b>	<b>22.22</b>
<b>Intellectual Property &amp; Excellence 0.00% (31 December 2012 - 25.71%)</b>			
<b>Pricing Power 0.00% (31 December 2012 - 13.19%)</b>			
<b>Security of Supply 19.44% (31 December 2012 - 14.48%)</b>			
104,827	Boskalis Westminster	2,540,547	1.37
168,517	Corrections Corporation of America	3,781,454	2.04
156,638	Eurocommercial Properties	3,754,561	2.03
43,146	Kabel Deutschland	3,111,099	1.68
139,237	Megafon GDR	2,857,503	1.54
35,722	Kansas City Southern	2,525,305	1.36
325,602	Prosafe	1,866,761	1.01

## SARASIN Global Equity Income Fund (Sterling Hedged)

### Portfolio Statement as at 30 June 2013 (continued)

Holding		Bid Market Value £	% of Net Assets
<b>Security of Supply (continued)</b>			
212,699	SES	4,008,954	2.16
1,164,600	Singapore Airport Terminal Services	1,975,629	1.07
149,975	SK Telecom	1,929,825	1.04
145,065	Total	4,633,309	2.50
164,122	Weyerhaeuser	3,037,421	1.64
		<b>36,022,368</b>	<b>19.44</b>
<b>Strategic Holdings 3.09% (31 December 2012 - 1.51%)</b>			
2,035,051	3i	2,726,968	1.47
3,001,024	Blackrock ICS Sterling Liquity Heritage 'D' Income	3,001,024	1.62
		<b>5,727,992</b>	<b>3.09</b>
<b>The Strong get Stronger 23.56% (31 December 2012 - 19.13%)</b>			
71,822	Automatic Data Processing	3,270,938	1.76
101,731	Bank of Nova Scotia	3,556,488	1.92
124,825	BHP Billiton	2,373,584	1.28
79,901	BNP Paribas	2,874,171	1.55
94,352	Emerson Electric	3,430,419	1.85
497,057	HSBC	3,398,876	1.83
113,114	JPMorgan Chase	3,946,960	2.13
447,490	Nissan Motor	2,978,020	1.61
279,228	Prudential	3,029,624	1.63
150,723	Royal Dutch Shell 'A'	3,171,850	1.71
142,965	Seadrill	3,808,302	2.05
283,000	Sun Hung Kai Properties	2,387,873	1.29
200,887	Swedbank	2,965,578	1.60
54,751	Yum! Brands	2,502,112	1.35
		<b>43,694,795</b>	<b>23.56</b>
<b>Forward FX Currency Contracts -1.45% (31 December 2012 - 0.31%)</b>			
EUR 4,255,000	Bought EUR sold GBP 3,616,452 for settlement 19/09/2013	37,136	0.02
EUR (34,845,000)	Sold EUR bought GBP 29,778,885 for settlement 19/09/2013	(141,038)	(0.08)
USD (134,807,000)	Sold USD bought GBP 85,965,080 for settlement 19/09/2013	(2,584,349)	(1.39)
DKK (24,245,000)	Sold DKK bought GBP 2,778,971 for settlement 19/09/2013	(13,513)	(0.01)
JPY (701,648,000)	Sold JPY bought GBP 4,704,311 for settlement 19/09/2013	49,279	0.03
AUD (8,305,000)	Sold AUD bought GBP 4,988,317 for settlement 19/09/2013	(20,506)	(0.01)
CHF (11,370,000)	Sold CHF bought GBP 7,879,527 for settlement 19/09/2013	(32,706)	(0.02)
ZAR (26,759,000)	Sold ZAR bought GBP 1,683,909 for settlement 19/09/2013	(53,391)	(0.03)
NOK (4,401,000)	Sold NOK bought GBP 488,587 for settlement 19/09/2013	10,923	0.01
SEK (20,305,000)	Sold SEK bought GBP 2,000,591 for settlement 19/09/2013	20,617	0.01
CAD (3,788,000)	Sold CAD bought GBP 2,365,740 for settlement 19/09/2013	(3,230)	-
JPY 136,141,000	Bought JPY sold GBP 904,591 for settlement 19/09/2013	(1,374)	-

## SARASIN Global Equity Income Fund (Sterling Hedged)

### Portfolio Statement as at 30 June 2013 (continued)

Holding	Bid Market Value £	% of Net Assets
<b>Forward FX Currency Contracts (continued)</b>		
USD 5,568,000 Bought USD sold GBP 3,614,504 for settlement 19/09/2013	42,896	0.02
	<b>(2,689,256)</b>	<b>(1.45)</b>
<b>Total Value of Investments 97.02%</b> <b>(31 December 2012 - 96.84%)</b>	179,866,621	97.02
<b>Net Other Assets</b>	5,518,834	2.98
<b>Net Assets</b>	<b>185,385,455</b>	<b>100.00</b>
All holdings are ordinary shares of stock unless otherwise stated.		
* Derivative investment		
Asset Allocation of Portfolio of Investments is as follows:		
Equities	180,054,367	97.12
Collective Investment Schemes	3,001,024	1.62
Derivatives	<b>(499,514)</b>	<b>(0.27)</b>
Forward Exchange Contracts	<b>(2,689,256)</b>	<b>(1.45)</b>
Net Other Assets	5,518,834	2.98
	<b>185,385,455</b>	<b>100.00</b>

## SARASIN Global Equity Income Fund (Sterling Hedged)

### Statement of Total Return (unaudited) For the period ended 30 June 2013

	30.06.2013		30.06.2012	
	£	£	£	£
Income				
Net capital gains		11,148,766		4,706,554
Revenue	5,730,101		4,084,911	
Expenses	(1,131,470)		(831,566)	
Finance costs: Interest	(2,553)		(30)	
Net revenue before taxation	4,596,078		3,253,315	
Taxation	(425,151)		(359,441)	
<b>Net revenue after taxation for the period</b>		<u>4,170,927</u>		<u>2,893,874</u>
<b>Total before distribution</b>		<u>15,319,693</u>		<u>7,600,428</u>
Finance costs: Distribution		(3,373,232)		(2,646,664)
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><u>11,946,461</u></u>		<u><u>4,951,764</u></u>

### Statement of Changes in Net Assets Attributable to Shareholders (unaudited) For the period ended 30 June 2013

	30.06.2013		30.06.2012	
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		158,848,752		120,451,653
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	28,498,084		16,104,907	
Less: amounts paid on cancellation of shares	(14,281,737)		(5,437,282)	
		<u>14,216,347</u>		<u>10,667,625</u>
Dilution levy		-		-
SDRT charge		(4,958)		(3,544)
Change in net assets attributable to shareholders from investment activities (see above)		11,946,461		4,951,764
Retained distribution on Accumulation shares		378,853		225,976
<b>Closing net assets attributable to shareholders</b>		<u><u>185,385,455</u></u>		<u><u>136,293,474</u></u>

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

## **SARASIN Global Equity Income Fund (Sterling Hedged)**

### **Balance Sheet (unaudited) As at 30 June 2013**

	30.06.2013	30.06.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>183,216,242</b>	154,492,700
<b>Other Assets</b>		
Debtors	3,350,263	1,103,855
Cash and Bank balances	5,041,687	7,947,774
Total other assets	<u>8,391,950</u>	<u>9,051,629</u>
Total assets	<u>191,608,192</u>	<u>163,544,329</u>
<b>Liabilities</b>		
<b>Investment Liabilities</b>	<b>3,349,621</b>	655,635
Creditors	1,351,157	1,333,186
Bank overdraft	-	296
Distribution payable on income shares	1,521,959	2,706,461
Total other liabilities	<u>2,873,116</u>	<u>4,039,943</u>
Total liabilities	<u>6,222,737</u>	<u>5,011,686</u>
<b>Net assets attributable to shareholders</b>	<b><u>185,385,455</u></b>	<b><u>158,848,752</u></b>

### **Note to the Financial Statements (unaudited)**

#### **1. Accounting Policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN Global Equity Income Fund (Sterling Hedged)

### Distribution Tables

#### First Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 31 March 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>Global Equity Income Fund (Sterling Hedged) 'A' Shares</b>				
Gross Income	1.2623	1.0648	1.4184	1.2541
Tax	0.1262	0.1065	0.1418	0.1254
Net Income	1.1361	0.9583	1.2766	1.1287
Equalisation	-	0.1778	-	0.1479
<b>Interim Distribution paid 2013</b>	<b>1.1361</b>	<b>1.1361</b>	<b>1.2766</b>	<b>1.2766</b>
<b>Interim Distribution paid 2012</b>	<b>1.0820</b>	<b>1.0820</b>	<b>1.2158</b>	<b>1.2158</b>
<b>Global Equity Income Fund (Sterling Hedged) 'I' Shares</b>				
Gross Income	1.2600	0.6746	1.4327	1.0506
Tax	0.1260	0.0675	0.1433	0.1051
Net Income	1.1340	0.6071	1.2894	0.9455
Equalisation	-	0.5269	-	0.3439
<b>Interim Distribution paid 2013</b>	<b>1.1340</b>	<b>1.1340</b>	<b>1.2894</b>	<b>1.2894</b>
<b>Interim Distribution paid 2012</b>	<b>1.0800</b>	<b>1.0800</b>	<b>1.2280</b>	<b>1.2280</b>
<b>Global Equity Income Fund (Sterling Hedged) 'X' Shares</b>				
Gross Income	1.2449	1.0586	1.4187	1.2471
Tax	0.1245	0.1059	0.1419	0.1247
Net Income	1.1204	0.9527	1.2768	1.1224
Equalisation	-	0.1677	-	0.1544
<b>Interim Distribution paid 2013</b>	<b>1.1204</b>	<b>1.1204</b>	<b>1.2768</b>	<b>1.2768</b>
<b>Interim Distribution paid 2012</b>	<b>1.0670</b>	<b>1.0670</b>	<b>1.2160</b>	<b>1.2160</b>
<b>Global Equity Income Fund (Sterling Hedged) 'P' Shares</b>				
Gross Income	1.2683	0.6751	1.5088	1.4787
Tax	0.1268	0.0675	0.1509	0.1479
Net Income	1.1415	0.6076	1.3579	1.3308
Equalisation	-	0.5339	-	0.0271
<b>Interim Distribution paid 2013</b>	<b>1.1415</b>	<b>1.1415</b>	<b>1.3579</b>	<b>1.3579</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## SARASIN Global Equity Income Fund (Sterling Hedged)

### Distribution Tables (continued)

#### Second Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 April 2013

Group 2 – Shares purchased between 1 April 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>Global Equity Income Fund (Sterling Hedged) 'A' Shares</b>				
Gross Income	1.3072	0.8918	1.4782	0.7711
Tax	0.1307	0.0891	0.1478	0.0771
Net Income	1.1765	0.8027	1.3304	0.6940
Equalisation	-	0.3738	-	0.6364
<b>Interim Distribution paid 2013</b>	<b>1.1765</b>	<b>1.1765</b>	<b>1.3304</b>	<b>1.3304</b>
<b>Interim Distribution paid 2012</b>	<b>1.1755</b>	<b>1.1755</b>	<b>1.3294</b>	<b>1.3294</b>
<b>Global Equity Income Fund (Sterling Hedged) 'I' Shares</b>				
Gross Income	1.3481	0.8972	1.5526	0.8262
Tax	0.1348	0.0897	0.1553	0.0826
Net Income	1.2133	0.8075	1.3973	0.7436
Equalisation	-	0.4058	-	0.6537
<b>Interim Distribution paid 2013</b>	<b>1.2133</b>	<b>1.2133</b>	<b>1.3973</b>	<b>1.3973</b>
<b>Interim Distribution paid 2012</b>	<b>1.2123</b>	<b>1.2123</b>	<b>1.3963</b>	<b>1.3963</b>
<b>Global Equity Income Fund (Sterling Hedged) 'X' Shares</b>				
Gross Income	1.3187	0.6546	1.5162	0.7945
Tax	0.1319	0.0654	0.1516	0.0794
Net Income	1.1868	0.5892	1.3646	0.7151
Equalisation	-	0.5976	-	0.6495
<b>Interim Distribution paid 2013</b>	<b>1.1868</b>	<b>1.1868</b>	<b>1.3646</b>	<b>1.3646</b>
<b>Interim Distribution paid 2012</b>	<b>1.1858</b>	<b>1.1858</b>	<b>1.3636</b>	<b>1.3636</b>
<b>Global Equity Income Fund (Sterling Hedged) 'P' Shares</b>				
Gross Income	1.2729	0.6554	1.4977	0.7712
Tax	0.1273	0.0654	0.1498	0.0771
Net Income	1.1456	0.5899	1.3479	0.6941
Equalisation	-	0.5557	-	0.6538
<b>Interim Distribution paid 2013</b>	<b>1.1456</b>	<b>1.1456</b>	<b>1.3479</b>	<b>1.3479</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### Investment Objective and Policy

The Fund seeks to provide a real return to shareholders over the medium term. It is intended that the Fund will invest in a broad, diversified and global portfolio of investments. The Fund will also seek to avoid market set backs by using a variety of protective measures.

In order to achieve the investment objective and policy, the Fund may invest in any class of asset available for UCITS schemes under the rules in COLL including, transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities, deposits and derivatives and forward transactions. Cash and near cash may also be held by the Fund.

It is intended that derivatives will be used and held by the Fund principally as part of its capital protection measures but also in pursuit of the Fund's objectives. Therefore, the ACD does not anticipate that such use of derivatives will have any significant adverse effect on the risk profile of the Fund. Further details on the use of derivatives and/or forward transactions in the context of this Fund are available from the ACD on request.

### Sensitivity Analysis

The Fund invests in equities and bonds. The exposure to equity markets is then reduced through the use of short futures and options. Exposure to foreign currencies is also altered through the use of forwards and occasionally options. The level of equity exposure varies over time depending on how positive the manager is; generally the level has been in the range of 30-70%.

Options are used on individual stocks to implement views on specific stocks. Options or futures on bond indices/swaps are occasionally used to implement yield curve views, and credit exposure on bonds is sometimes hedged using credit default swaps. Views on volatility are sometimes taken using either options or swaps.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin GlobalSar Cautious Fund, as at 30.06.13, was 5.02% (31.12.2012: 2.30%).

### Investment Review

The first quarter of 2013 began and ended with politics, though there were positives in between. In the US, despite tax increases and an only partially resolved fiscal cliff, consumer spending was strong, as were labour and housing markets. UK government debt was downgraded, although the move was widely anticipated. Japan's new government took aim at the strong yen, and nominated known ultra-loose monetary policy proponent Haruhiko Kuroda as central bank governor. However, Europe fared less well, and the quarter closed with Cyprus centre stage, its financial markets in free fall as Cypriot and EU leaders scrambled ineptly to a bailout solution.

For the fund, following on from a good 2012, the opening quarter of 2013 was strong. With both absolute and relative returns pleasing. Broadly speaking, this was driven by the fund being correctly positioned to capture the dispersion in returns between real and nominal assets, as well as by positive stock and bond selection.

Having participated in the very strong rally in corporate credit in 2012, we felt that – whilst credit would continue to outperform government bonds – future returns were no longer as attractive versus equities. We selectively took profits and added to equities. Having had exceptionally low turnover last year, we also made a number of changes to our equity portfolio to take advantage of an improving economic outlook. We took profits and sold Time Warner, United Overseas Bank and Mitsubishi Estate (whose valuation had become stretched after a 31% rally). Kabel Deutschland was the target of takeover speculation and moved up strongly. We initiated new positions in Cemex (a Mexican cement company), UTX (an industrial conglomerate) and Kansas City Southern Railway – all three are sensitive to a continued economic renaissance in the US, driven amongst other factors by re-shoring (manufacturing returning to North America). We also initiated a new theme as the first quarter drew to a close: Disruption & Innovation, which seeks to identify companies that either develop new products or processes, or that allow development of new markets.

While the first quarter was all about politics, the second quarter was dominated by diverging monetary policy. On one side, in April the Bank of Japan pledged to double its balance sheet over the next two years while in May the European Central Bank cut its interest rate to 0.5%. On the opposite side, the US Federal Reserve (Fed) announced that the size of its quantitative easing programme would likely be reduced later this year, and the Bank of China chose to tighten bank liquidity.

Unsurprisingly, it was the Fed's commentary that had the biggest impact, with sharp reactions to the news that 'QE infinity' would possibly only last 12 months. Despite reassurance that the comments indicated less loosening, rather than actual tightening (and were very much data dependent), bond yields saw their biggest jump in several years. While initially only the government bond market felt the pain, it was followed quickly by the credit market and

**Investment Review (continued)**

global equities. These market moves were an uncomfortable blend for the fund, though despite heightened volatility equity markets closed the quarter broadly flat. While the fund's fixed income holdings saw the largest falls, we saw positive relative performance from our thematic equities, helped in particular by our low exposure to emerging markets and materials stocks.

One new addition under our new Disruption & Innovation theme was Carmax, a company seeking to overhaul the traditional image of second-hand car salesmen in the US, with large lots, fixed prices and flat fees. We also trimmed our Pfizer position and initiated a position in Roche, which after a decade of research is developing new drugs that could revolutionise the treatment of cancers.

**Outlook**

With higher bond yields and uncertainty over the extent of tightening in China, there is a good chance that we have entered a period of higher volatility. For this reason we increased the fund's allocation to options, and this gives us some comfort should market sentiment deteriorate further. However, it is important to remember that risk aversion never lasts forever: equities are long-term assets, and when sentiment improves they still have substantial long-term positive drivers. The trigger for QE tapering is a strongly improving US economy, and while emerging market growth has recently slowed, convergence with the West will still be a huge driver of global economic growth over the decades to come.

Guy Monson  
Chief Investment Officer  
Sarasin & Partners LLP  
July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

**Top 10 purchases during the period**

US Treasury 1.375% 31/01/2020  
BlackRock ICS Sterling Liquity Heritage 'D' Income  
UK Treasury Index Linked 0.125% 22/03/2029  
Google 'A'  
JPMorgan Chase  
United Technologies  
Walt Disney  
Halliburton  
Polar Capital Japan  
Cemex ADR

**Top 10 sales during the period**

UK Treasury 4.50% 07/09/2034  
BlackRock ICS Sterling Liquity Heritage 'D' Income  
UK Treasury Index Linked 0.125% 22/03/2044  
Brevan Howard  
UK Treasury Index Linked 0.75% 22/03/2034  
UK Treasury 4.25% 07/12 2027  
Telefonica Emisions 5.597% 12/03/2020  
Mitsubishi Estate  
EM Basic Consumer Goods Basket 12/02/2014  
A.P. Moller-Maersk 'B'

**Performance Chart**



Source: Sarasin and Partners LLP 2 May 2006 to 30 June 2013, Bid to Bid, UK Basic Rate, Based In UK Sterling.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium term one (i.e. over 3 years).

## SARASIN GLOBALSAR - Cautious Fund

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>GLOBALSAR - Cautious Fund 'A' Shares</b>			
<b>Income Shares</b>			
31 December 2010	28,750,980	3,428,515	838.58p
31 December 2011	16,585,530	2,100,704	789.52p
31 December 2012	4,837,896	577,982	837.03p
30 June 2013	2,943,878	339,103	868.14p
<b>Accumulation Shares</b>			
31 December 2010	43,590,788	3,377,767	1,290.52p
31 December 2011	35,554,427	2,856,321	1,244.76p
31 December 2012	32,932,686	2,434,115	1,352.96p
30 June 2013	29,026,364	2,043,833	1,420.19p
<b>GLOBALSAR - Cautious Fund 'IP' Shares</b>			
<b>Income Shares</b>			
31 December 2010	70,338,092	7,815,051	900.03p
31 December 2011	46,503,866	5,453,068	852.80p
31 December 2012	49,255,140	5,412,128	910.09p
30 June 2013	49,904,730	5,273,619	946.31p
<b>Accumulation Shares</b>			
31 December 2010	16,431,297	1,202,444	1,366.49p
31 December 2011	12,604,218	947,950	1,329.63p
31 December 2012	16,147,398	1,107,308	1,458.26p
30 June 2013	1,725,920	112,739	1,530.89p
<b>GLOBALSAR - Cautious Fund 'AP' Shares</b>			
<b>Income Shares</b>			
31 December 2010	5,783,212	5,622,747	102.85p
31 December 2011	2,720,654	2,804,950	96.99p
31 December 2012	1,393,997	1,353,574	102.99p
30 June 2013	856,126	810,309	106.76p
<b>Accumulation Shares</b>			
31 December 2010	11,748,403	10,434,980	112.59p
31 December 2011	10,760,766	9,885,342	108.86p
31 December 2012	8,331,051	7,024,324	118.60p
30 June 2013	6,735,730	5,416,609	124.35p
<b>GLOBALSAR - Cautious Fund 'XP' Shares</b>			
<b>Income Shares</b>			
31 December 2010	24,966,482	24,193,224	103.20p
31 December 2011	22,864,822	23,434,808	97.57p
31 December 2012	22,243,508	21,411,353	103.89p
30 June 2013	20,006,318	18,542,791	107.89p
<b>Accumulation Shares</b>			
31 December 2010	22,118,451	19,554,588	113.11p
31 December 2011	21,334,712	19,451,081	109.68p
31 December 2012	15,724,116	13,120,520	119.84p
30 June 2013	14,183,479	11,265,975	125.90p

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN GLOBALSAR - Cautious Fund

### Historic Net Asset Values (continued)

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>GLOBALSAR - Cautious Fund 'P' Shares</b>			
<b>Income Shares*</b>			
31 December 2012	1,031	1,000	103.15p
30 June 2013	1,072	1,000	107.22p
<b>Accumulation Shares*</b>			
31 December 2012	1,188	1,000	118.82p
30 June 2013	1,252	1,000	125.16p
<b>GLOBALSAR - Cautious Fund 'PP' Shares*</b>			
<b>Income Shares</b>			
31 December 2012	1,032	1,000	103.19p
30 June 2013	1,073	1,000	107.26p
<b>Accumulation Shares</b>			
31 December 2012	1,189	1,000	118.90p
30 June 2013	1,251	1,000	125.10p
<b>GLOBALSAR - Cautious Fund 'I' Shares*</b>			
<b>Accumulation Shares</b>			
30 June 2013	2,203,944	144,277	1,527.57p
<b>GLOBALSAR - Cautious Fund 'X' Shares*</b>			
<b>Income Shares</b>			
30 June 2013	1,224,280	1,138,865	107.50p
<b>Accumulation Shares</b>			
30 June 2013	882,247	707,950	124.62p

\* Share classes launched 16 October 2012

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN GLOBALSAR - Cautious Fund

### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>GLOBALSAR - Cautious Fund 'A' Shares</b>				
2008	940.80p	680.90p	1,362.60p	998.30p
2009	800.20p	659.60p	1,204.00p	981.20p
2010	846.70p	764.80p	1,294.00p	1,157.00p
2011	854.50p	775.30p	1,315.00p	1,208.00p
2012	850.80p	791.70p	1,360.00p	1,245.00p
2013	938.80p	840.10p	1,518.00p	1,358.00p
<b>GLOBALSAR - Cautious Fund 'IP' Shares</b>				
2008	1,002.20p	729.10p	1,428.20p	1,053.30p
2009	852.00p	707.80p	1,266.00p	1,038.00p
2010	909.50p	816.70p	1,371.00p	1,218.00p
2011	919.90p	835.70p	1,397.00p	1,286.00p
2012	926.10p	855.20p	1,466.00p	1,330.00p
2013	1,006.00p	913.50p	1,612.00p	1,464.00p
<b>GLOBALSAR - Cautious Fund 'AP' Shares</b>				
2008	115.40p	83.78p	118.50p	87.68p
2009	97.76p	81.32p	104.80p	86.24p
2010	103.90p	93.65p	112.90p	100.80p
2011	104.90p	95.17p	114.90p	105.50p
2012	104.70p	97.27p	119.20p	108.90p
2013	113.60p	103.40p	130.80p	119.10p
<b>GLOBALSAR - Cautious Fund 'XP' Shares</b>				
2008*	107.70p	83.91p	112.80p	87.89p
2009	98.02p	81.52p	105.20p	86.47p
2010	104.30p	93.91p	113.50p	101.10p
2011	105.40p	95.67p	115.50p	106.20p
2012	105.70p	97.84p	120.50p	109.70p
2013	114.70p	104.30p	132.30p	120.30p
<b>GLOBALSAR - Cautious Fund 'P' Shares</b>				
2012**	104.90p	101.50p	119.40p	115.50p
2013	116.00p	103.60p	133.70p	119.30p
<b>GLOBALSAR - Cautious Fund 'PP' Shares</b>				
2012**	104.90p	101.50p	119.40p	115.50p
2013	114.10p	103.60p	131.40p	119.40p
<b>GLOBALSAR - Cautious Fund 'I' Shares</b>				
2013**	N/A	N/A	1,632.00p	1,498.00p
<b>GLOBALSAR - Cautious Fund 'X' Shares</b>				
2013**	115.60p	106.10p	133.20p	122.20p

\* From Share Class launch 15 July 2008 to 31 December 2008.

\*\* From Share Class launch 16 October 2012 to 31 December 2012.

## SARASIN GLOBALSAR - Cautious Fund

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 02.01.2008 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 02.01.2008 (£) Accumulation Share
<b>GLOBALSAR - Cautious Fund 'A' Shares</b>				
2008	17.6899	18.89	26.8285	19.78
2009	18.5343	19.80	27.3812	20.19
2010	12.5996	13.46	19.0523	14.05
2011	15.9786	17.07	24.5444	18.10
2012	20.4393	21.83	31.9359	23.55
2013*	20.2092	21.58	31.5645	23.28
<b>GLOBALSAR - Cautious Fund 'IP' Shares</b>				
2008	21.9547	22.01	32.2146	22.67
2009	20.6943	20.75	29.4919	20.75
2010	12.7567	12.79	18.9628	13.34
2011	18.5946	18.64	28.0102	19.71
2012	24.6408	24.71	38.1128	26.82
2013*	22.9910	23.06	47.7736	33.62
<b>GLOBALSAR - Cautious Fund 'AP' Shares</b>				
2008	2.1463	18.68	2.1436	18.17
2009	2.2064	19.20	2.2861	19.37
2010	1.4197	12.36	1.4999	12.71
2011	2.0063	17.46	2.1767	18.45
2012	2.5835	22.48	2.8037	23.76
2013*	2.4841	21.62	2.7562	23.36
<b>GLOBALSAR - Cautious Fund 'XP' Shares**</b>				
2009	2.1509	21.51	2.2685	22.69
2010	1.4281	14.28	1.5224	15.22
2011	2.0380	20.38	2.2264	22.26
2012	2.6692	26.69	3.0177	30.18
2013*	2.5079	25.08	2.8942	28.94
<b>GLOBALSAR - Cautious Fund 'P' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	2.5420	24.80	2.9720	25.47
<b>GLOBALSAR - Cautious Fund 'PP' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	2.5300	24.68	2.8750	24.64
<b>GLOBALSAR - Cautious Fund 'I' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	N/A	N/A	16.9995	11.87
<b>GLOBALSAR - Cautious Fund 'X' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	0.7005	6.77	0.9588	8.14

\* To 31 August 2013

\*\* Per £1,000 invested at Share Class launch 15 July 2008.

\*\*\* Per £1,000 invested at Share Class launch 16 October 2012.

## **SARASIN GLOBALSAR - Cautious Fund**

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### **Ongoing Charges Figure (OCF)**

	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>GLOBALSAR - Cautious Fund 'A' Income Shares</b>	2.00%	1.99%
<b>GLOBALSAR - Cautious Fund 'A' Accumulation Shares</b>	2.00%	1.99%
<b>GLOBALSAR - Cautious Fund 'IP' Income Shares</b>	1.10%	1.09%
<b>GLOBALSAR - Cautious Fund 'IP' Accumulation Shares</b>	1.10%	1.09%
<b>GLOBALSAR - Cautious Fund 'AP' Income Shares</b>	1.75%	1.74%
<b>GLOBALSAR - Cautious Fund 'AP' Accumulation Shares</b>	1.75%	1.74%
<b>GLOBALSAR - Cautious Fund 'XP' Income Shares</b>	1.45%	1.44%
<b>GLOBALSAR - Cautious Fund 'XP' Accumulation Shares</b>	1.45%	1.44%
<b>GLOBALSAR - Cautious Fund 'P' Income Shares</b>	1.25%	1.24%
<b>GLOBALSAR - Cautious Fund 'P' Accumulation Shares</b>	1.25%	1.24%
<b>GLOBALSAR - Cautious Fund 'PP' Income Shares</b>	1.00%	0.99%
<b>GLOBALSAR - Cautious Fund 'PP' Accumulation Shares</b>	1.00%	0.99%
<b>GLOBALSAR - Cautious Fund 'I' Accumulation Shares</b>	1.35%	N/A
<b>GLOBALSAR - Cautious Fund 'X' Income Shares</b>	1.70%	N/A
<b>GLOBALSAR - Cautious Fund 'X' Accumulation Shares</b>	1.70%	N/A

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

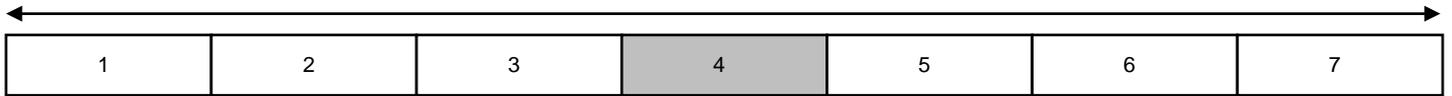
## Risk and Reward Profile

Lower Risk

Higher Risk

Typically Lower Rewards

Typically Higher Rewards



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 4 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, but lower than a fund which invests solely in company shares as bond price movements tend to be less volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- Changes in exchange rates may cause the value of investments to decrease or increase.
- There may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Fund.
- Investing in other funds may expose you to increased risk due to restrictions on withdrawals, less strict regulations and use of derivatives.
- The Fund may actively invest in derivatives, such as futures, options and swaps, which are linked to the rise and fall of other assets. Derivatives can be used both to achieve the investment objective, and to simply reduce risk or manage the Fund more efficiently. The Fund aims to limit capital loss when markets returns are negative through the use of derivatives. The price movements in these assets can result in larger movements of the Fund share price.
- Investing in bonds offers you the chance to earn returns through growing your capital and generating income. Nevertheless, there is a risk that the organisation which issued the bond will fail, which would result in a loss of income to the Fund, along with its initial investment. Bond values are likely to fall if interest rates rise.

**Portfolio Statement as at 30 June 2013**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Fixed Interest 35.53% (31 December 2012 - 40.70%)</b>			
498,071	American Movil 5.75% 28/06/2030	498,071	0.38
690,313	Arqiva Finance 4.04% 30/06/2020	690,313	0.53
580,542	AT&T 4.875% 01/06/2044	580,542	0.45
579,099	Bank of America 6.125% 15/09/2021	579,099	0.45
959,351	Bank of Scotland 9.375% 15/05/2021	959,351	0.74
908,250	Barclays Bank 14.00% 15/06/2019	908,250	0.70
1,099,666	Centrica 7.00% 19/09/2018	1,099,666	0.85
654,338	Dignity Finance 8.151% 31/12/2031	654,338	0.50
414,786	European Bank for Reconstruction & Development 5.50% 16/10/2015	414,786	0.32
595,790	European Investment Bank 5.375% 07/06/2021	595,790	0.46
1,066,462	GE Capital 4.375% 31/07/2019	1,066,462	0.82
938,818	GlaxoSmithKline 3.375% 20/12/2027	938,818	0.72
953,090	Great Rolling Stock 6.875% 27/07/2035	953,090	0.73
851,390	Hutchinson Whampoa 12.60% Perpetual Floating Rate Note	851,390	0.66
753,876	Intesa Sanpaolo 3.875% 16/01/2018	753,876	0.58
1,004,050	Legal & General 6.385% Floating Rate Note 02/05/2049	1,004,050	0.77
1,110,157	Motability Operations 6.625% 10/12/2019	1,110,157	0.86
770,438	Old Mutual 8.00% 03/06/2021	770,438	0.59
1,007,614	Porterbrook Rail Finance 7.125% 20/10/2026	1,007,614	0.78
818,544	Prudential 5.875% 11/05/2029	818,544	0.63
647,590	Reseau Ferre de France 5.5% 01/12/2021	647,590	0.50
891,991	Royal Bank of Scotland 6.375% 07/12/2028	891,991	0.69
1,125,657	Scottish & Southern 5.00% 01/10/2018	1,125,657	0.87
838,716	SPI Electricity & Gas 7.125% 26/06/2018	838,716	0.65
3,121,430	UK Treasury 4.25% 07/12/2027	3,121,430	2.41
3,455,293	UK Treasury 0.125% Index Linked 22/03/2029	3,455,293	2.66
1,739,964	UK Treasury 0.75% Index Linked 22/03/2034	1,739,964	1.34
1,549,389	UK Treasury 1.25% Index Linked 22/11/2027	1,549,389	1.19
2,810,273	UK Treasury 3.75% 07/09/2020	2,810,273	2.17
3,985,986	UK Treasury 4.00% 07/03/2022	3,985,986	3.07
2,732,544	UK Treasury 4.25% 07/12/2040	2,732,544	2.11
875,676	UK Treasury 4.75% 07/09/2015	875,676	0.68
2,510,060	UK Treasury 8.00% 07/06/2021	2,510,060	1.94
3,543,729	US Treasury 1.375% 31/01/2020	3,543,729	2.73
		<b>46,082,943</b>	<b>35.53</b>
<b>Corporate Restructuring 10.81% (31 December 2012 - 8.00%)</b>			
280,314	BP	280,314	0.22
1,745,465	Citigroup	1,745,465	1.35
1,028,574	Danone	1,028,574	0.79
916,332	General Electric	916,332	0.71
1,199,599	Glencore Xstrata	1,199,599	0.92
949,079	Hartford Financial Services	949,079	0.73
1,041,566	Home Depot	1,041,566	0.80
1,413,491	International Business Machines	1,413,491	1.09
1,259,946	Interpublic Group	1,259,946	0.97
777,809	Jardine Matheson	777,809	0.60
671,159	Occidental Petroleum	671,159	0.52
1,172,933	Pfizer	1,172,933	0.90
(41,408)	Starwood Hotels & Resorts GBP 60 Put Option 16/11/2013*	(41,408)	(0.03)
834,994	TDC	834,995	0.64
774,012	UBS	774,012	0.60
		<b>14,023,866</b>	<b>10.81</b>

**Portfolio Statement as at 30 June 2013 (continued)**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Intellectual Property and Excellence 0.00% (31 December 2012 - 12.69%)</b>			
<b>Disruption and Innovation 9.37% (31 December 2012 - 0.00%)</b>			
896,837	Amgen	896,837	0.69
1,119,094	ASML	1,119,094	0.86
1,282,360	Associated British Foods	1,282,360	0.99
709,526	Borg warner	709,526	0.55
858,456	Carmax	858,456	0.66
1,171,113	Costco	1,171,113	0.90
714,174	Credicorp	714,174	0.55
2,165,036	Google 'A'	2,165,036	1.67
858,905	Henkel	858,905	0.66
885,846	Novozymes	885,846	0.68
579,439	Reckitt Benckiser	579,439	0.45
915,921	Roche	915,921	0.71
		<b>12,156,707</b>	<b>9.37</b>
<b>Pricing Power 0.00% (31 December 2012 - 6.15%)</b>			
<b>Franchise Power 8.75% (31 December 2012 - 0.00%)</b>			
996,456	Coca-Cola	996,456	0.77
797,571	Du Pont de Nemours	797,571	0.61
487,255	Grupo Financiero Santander Mexico 'B' ADR	487,255	0.38
1,497,033	Halliburton	1,497,033	1.15
1,031,168	International Flavors & Fragrances	1,031,168	0.80
1,003,795	Mattel	1,003,795	0.77
1,189,944	Novartis	1,189,944	0.92
718,826	Unicharm	718,826	0.55
1,473,529	United Technologies	1,473,529	1.14
1,000,446	Verizon Communications	1,000,446	0.77
1,154,409	Walt Disney	1,154,409	0.89
		<b>11,350,432</b>	<b>8.75</b>
<b>Security of Supply 9.54% (31 December 2012 - 7.90%)</b>			
379,040	Aggreko	379,040	0.29
1,348,200	BG	1,348,200	1.04
894,827	Boskalis Westminster	894,827	0.69
520,435	Cameco	520,435	0.40
940,332	Cemex ADR	940,332	0.72
1,109,192	Fresenius Medical Care	1,109,192	0.86
866,452	German Reflation Basket (UBS Perles)*	866,452	0.67
886,908	Kabel Deutschland	886,908	0.69
685,725	Kansas City Southern	685,725	0.53
841,426	Megafon GDR	841,426	0.65
1,489,087	SES	1,489,088	1.15
730,138	Total	730,138	0.56
844,799	Umicore	844,800	0.65
829,118	Wayerhaeuser	829,118	0.64
		<b>12,365,681</b>	<b>9.54</b>
<b>Strategic Holdings 14.50% (31 December 2012 - 13.33%)</b>			
452,283	Airlie Select US High Yield C4 GBP H Inc	452,283	0.35
640,500	Alcentra European Floating Rate Income Fund	640,500	0.49
2,508,923	BlueCrest AllBlue	2,508,923	1.93

**Portfolio Statement as at 30 June 2013 (continued)**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Strategic Holdings (continued)</b>			
(131,280)	Euro Stoxx 50 Index EUR 2450 Put Options 20/09/2013*	(131,280)	(0.10)
44,876	Euro Stoxx 50 Index EUR 2850 Call Options 20/09/2013*	44,876	0.03
1,227,626	Findlay Park Latin American Income**	1,227,626	0.95
176,040	FTSE 100 GBP 7200 Call Options 19/12/2014*	176,040	0.14
1,749,372	International Public Partnerships	1,749,372	1.35
2,648,744	JGF-Global Convertable	2,648,744	2.04
1,004,397	JO Hambro Emerging Markets	1,004,397	0.77
1,890,690	Muzinich Enhanced Yield Short Term Hedged**	1,890,690	1.46
2,014,936	NB Distressed Debt	2,014,936	1.55
1,332,000	Polar Capital Japan	1,332,000	1.03
(90,599)	S&P 500 Index GBP 1450 Put Options 21/09/2013*	(90,599)	(0.07)
200,893	S&P 500 Index GBP 1550 Put Options 21/09/2013*	200,893	0.16
2,230,570	Sarasin IE Real Estate	2,230,570	1.72
911,625	TwentyFour Income Fund**	911,625	0.70
		<b>18,811,596</b>	<b>14.50</b>
<b>The Strong get Stronger 7.86% (31 December 2012 - 10.26%)</b>			
622,800	3i	622,800	0.48
1,133,277	Barclays	1,133,277	0.87
1,650,469	JPMorgan Chase	1,650,469	1.27
1,476,731	Nissan Motor	1,476,731	1.14
1,710,220	Prudential	1,710,220	1.32
(67,580)	Prudential GBP 1100 Call Options 20/09/2013*	(67,580)	(0.05)
1,342,626	Samsung Electric	1,342,626	1.04
669,570	Valero Energy	669,570	0.52
741,229	Varian Medical Systems	741,229	0.57
909,016	Yum! Brands	909,016	0.70
		<b>10,188,358</b>	<b>7.86</b>
<b>Forward FX Currency Contracts -0.36% (31 December 2012 - 0.20%)</b>			
JPY (300,617,000)	Sold JPY bought GBP 2,015,535 for settlement 19/09/2013	21,113	0.02
EUR (5,422,000)	Sold EUR bought GBP 4,633,695 for settlement 19/09/2013	(21,946)	(0.02)
USD (27,118,000)	Sold USD bought GBP 17,292,878 for settlement 19/09/2013	(519,872)	(0.40)
USD 3,559,477	Bought USD sold EUR 2,657,000 for settlement 19/09/2013	56,627	0.04
		<b>(464,078)</b>	<b>(0.36)</b>
<b>Total Value of Investments 96.00% (31 December 2012 - 99.23%)</b>		124,515,505	96.00
<b>Net Other Assets</b>		5,191,159	4.00
<b>Net Assets</b>		<b>129,706,664</b>	<b>100.00</b>

All holdings are ordinary shares of stock unless otherwise stated.

\* Derivative investment

\*\* Collective investment schemes

**Portfolio Statement as at 30 June 2013 (continued)**

	<b>Bid Market Value £</b>	<b>% of Net Assets</b>
Asset Allocation of Portfolio of Investments is as follows:		
Equities	73,909,305	56.98
Bonds	46,082,943	35.53
Collective Investment Schemes	4,029,941	3.11
Derivatives	957,394	0.74
Forward Exchange Contracts	(464,078)	(0.36)
Net Other Assets	5,191,159	4.00
	<b>129,706,664</b>	<b>100.00</b>

**Statement of Total Return (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
Income				
Net capital gains/(losses)		7,596,681		3,344,098
Revenue	2,029,144		2,650,748	
Expenses	(1,504,906)		(1,219,997)	
Finance costs: Interest	(549)		-	
Net revenue before taxation	523,689		1,430,751	
Taxation	(102,815)		(129,487)	
<b>Net revenue after taxation for the period</b>		420,874		1,301,264
<b>Total before distribution</b>		8,017,558		4,645,362
Finance costs: Distribution		(1,597,047)		(2,308,602)
<b>Change in net assets attributable to shareholders from investment activities</b>		6,420,511		2,336,760

**Statement of Changes in Net Assets Attributable to Shareholders (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		150,870,232		168,928,995
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	3,228,190		4,029,819	
Less: amounts paid on cancellation of shares	(31,453,851)		(17,376,758)	
		(28,225,661)		(13,346,939)
SDRT charge		(1,428)		(1,047)
Change in net assets attributable to shareholders from investment activities (see above)		6,420,511		2,336,760
Retained distribution on Accumulation shares		643,010		994,364
<b>Closing net assets attributable to shareholders</b>		129,706,664		158,912,133

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

**Balance Sheet (unaudited)  
As at 30 June 2013**

	30.06.2013	30.06.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>125,057,323</b>	149,875,308
<b>Other Assets</b>		
Debtors	4,907,927	1,199,090
Cash and Bank balances	3,934,971	1,420,087
Total other assets	<u>8,842,898</u>	<u>2,619,177</u>
Total assets	<u>133,900,221</u>	<u>152,494,485</u>
<b>Liabilities</b>		
<b>Investment Liabilities</b>	<b>541,818</b>	170,130
Creditors	2,612,710	409,945
Bank overdraft	153,673	73,375
Distribution payable on income shares	885,356	970,803
Total other liabilities	<u>3,651,739</u>	<u>1,454,123</u>
Total liabilities	<u>4,193,557</u>	<u>1,624,253</u>
<b>Net assets attributable to shareholders</b>	<b><u>129,706,664</u></b>	<b><u>150,870,232</u></b>

**Note to the Financial Statements (unaudited)****1. Accounting Policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN GLOBALSAR - Cautious Fund

### Distribution Tables

#### Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>GLOBALSAR - Cautious Fund 'A' Shares</b>				
Gross Income	11.6626	7.7620	18.5189	9.6462
Tax	1.1663	0.7776	1.8519	0.9646
Net Income	10.4963	6.9986	16.6670	8.6816
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>10.4963</b>	<b>10.4963</b>	<b>16.6670</b>	<b>16.6670</b>
<b>Interim Distribution paid 2012</b>	<b>10.6500</b>	<b>10.6500</b>	<b>16.7706</b>	<b>16.7706</b>
<b>GLOBALSAR - Cautious Fund 'IP' Shares</b>				
Gross Income	12.6466	3.5758	32.7728	32.1762
Tax	1.2647	0.3576	3.2723	3.2176
Net Income	11.3819	3.2182	29.4505	289586
Equalisation	-	1.1637	-	0.4919
<b>Interim Distribution paid 2013</b>	<b>11.3819</b>	<b>11.3819</b>	<b>29.4505</b>	<b>29.4505</b>
<b>Interim Distribution paid 2012</b>	<b>12.8710</b>	<b>12.8710</b>	<b>20.0956</b>	<b>20.0956</b>
<b>GLOBALSAR - Cautious Fund 'AP' Shares</b>				
Gross Income	1.4290	1.3469	1.5487	1.3830
Tax	0.1429	0.1347	0.1549	0.1383
Net Income	1.2861	1.2122	1.3938	1.2447
Equalisation	-	0.0739	-	0.1491
<b>Interim Distribution paid 2013</b>	<b>1.2861</b>	<b>1.2861</b>	<b>1.3938</b>	<b>1.3938</b>
<b>Interim Distribution paid 2012</b>	<b>1.3662</b>	<b>1.3662</b>	<b>1.4560</b>	<b>1.4560</b>
<b>GLOBALSAR - Cautious Fund 'XP' Shares</b>				
Gross Income	1.3848	1.2474	1.6009	0.8973
Tax	0.1385	0.1247	0.1601	0.0897
Net Income	1.2463	1.1227	1.4408	0.8076
Equalisation	-	0.1236	-	0.6333
<b>Interim Distribution paid 2013</b>	<b>1.2463</b>	<b>1.2463</b>	<b>1.4408</b>	<b>1.4408</b>
<b>Interim Distribution paid 2012</b>	<b>1.3926</b>	<b>1.3926</b>	<b>1.6012</b>	<b>1.6012</b>
<b>GLOBALSAR - Cautious Fund 'P' Shares</b>				
Gross Income	1.5233	1.5233	1.7900	1.7900
Tax	0.1523	0.1523	0.1790	0.1790
Net Income	1.3710	1.3710	1.6110	1.6110
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.3710</b>	<b>1.3710</b>	<b>1.6110</b>	<b>1.6110</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>GLOBALSAR - Cautious Fund 'PP' Shares</b>				
Gross Income	1.4778	1.4778	1.6500	1.6500
Tax	0.1478	0.1478	0.1650	0.1650
Net Income	1.3300	1.3300	1.4850	1.4850
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>1.3300</b>	<b>1.3300</b>	<b>1.4850</b>	<b>1.4850</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## SARASIN GLOBALSAR - Cautious Fund

### Distribution Tables (continued)

#### Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>GLOBALSAR - Cautious Fund 'I' Shares</b>				
Gross Income	N/A	N/A	18.8883	6.8052
Tax	N/A	N/A	1.8888	0.6806
Net Income	N/A	N/A	16.9995	6.1247
Equalisation	N/A	N/A	-	10.8748
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>16.9995</b>	<b>16.9995</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>GLOBALSAR - Cautious Fund 'X' Shares</b>				
Gross Income	0.7783	0.4792	1.0653	0.0000
Tax	0.0778	0.0479	0.1065	0.0000
Net Income	0.7005	0.4313	0.9588	0.0000
Equalisation	-	0.2692	-	0.9588
<b>Interim Distribution paid 2013</b>	<b>0.7005</b>	<b>0.7005</b>	<b>0.9588</b>	<b>0.9588</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### **Investment Objective and Policy**

Sarasin Sterling Bond Fund seeks to achieve an income at a premium to the FTSE Gilts All Stocks Index and to achieve a total return higher than that index over the medium term. The Fund is expected to invest predominantly either directly or indirectly in fixed income assets with the majority invested either directly or indirectly in sterling denominated government, corporate, assetbacked, index-linked, convertible and structured bonds.

In order to achieve the investment objective and policy, it is intended that the Fund will invest in a portfolio of investments which may consist of any class of asset available for UCITS schemes under the rules in COLL including, transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities, deposits and derivatives and forward transactions. Cash and near cash may also be held by the Fund.

It is intended that derivatives will be used and held by the Fund for hedging purposes, to reduce volatility, to protect investor's capital or otherwise to achieve the investment objectives of the Fund. The ACD does not anticipate that such use of derivatives will have any significant effect on the risk profile of the Fund. Further details on the use of derivatives and/or forward transactions in the context of this Fund are available from the ACD on request.

### **Sensitivity Analysis**

The Fund invests in bonds. Exposure to certain parts of the yield curve has been done through swaps, swaptions, or options. Occasionally small currency positions are implemented through forwards or options to implement views on currencies and credit exposure on bonds is sometimes hedged using credit default swaps.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin Sterling Bond Fund, as at 30.06.13, was 4.14% (31.12.2012: 3.36%).

### **Investment Review**

#### **Market Commentary**

Markets globally in the first half of 2013 have become increasingly focused on and confident in the US economic recovery. What is clear is that US housing prices continue

to rise strongly and this is adding to consumer confidence as evidenced in the various surveys. An increase in housing construction should help the employment situation and a virtuous economic cycle should be generated. The timing of the employment improvement is a matter of some debate but the US Federal Reserve has now expressed itself confident that progress should be strong enough to allow them to reduce their purchases of mortgage-backed and Treasury bonds, potentially ending completely by the middle of next year. Of course they reserve the right to remain highly flexible but the bond market has recently convinced itself that the start of this tapering process could be soon and US bond yields have adjusted accordingly. Unfortunately the US sets the tone for other developed markets and the UK and European markets have also seen bond yields rise significantly even though there is little prospect of removal of central bank stimulus this side of the Atlantic – indeed the opposite could be the case.

Financial crises seem to be an enduring feature in the Eurozone landscape. The re-structuring of Cypriot banks in March now feels like a minor speed bump, although the somewhat clumsy handling of the situation caused some consternation at the time. A permanent legacy however has been a reduction in the security enjoyed by holders of senior bank bonds. The consensus amongst influential leaders on a single Eurozone-wide banking regime is that ordinary depositors should receive preferential treatment in the event of a bank needing to be re-structured. This would place them ahead of senior bond holders which was not clearly the case previously. In other words, it is likely that the risks for senior bond holders will be greater in future. This has been an important factor in credit spreads during the last couple of months where subordinate bank debt has outperformed seniors.

### **Portfolio Activity and Outlook**

At the start of the year we slightly reduced our government bond exposure to fund selective purchases of some of the more attractive new corporate issues. Corporates have continued to outperform gilts and this put the Fund modestly ahead of benchmark throughout the first half of the year. More recently we have taken our corporate exposure up adding bonds such as Scottish Widows with a 7% coupon, UPP, the English university campus accommodation provider, with a 4.9% coupon and Arqiva, the UK broadcasting infrastructure owner, with a 4.8% coupon. We have also added to some third party vehicles that specialise in the higher income areas of the market such as secured loans, US high yield and distressed debt. The focus, therefore, has been on securing a long-term income stream for the future.

We were somewhat surprised by the vigour of the market reaction to the Fed's tapering announcement but had a partial hedge in place at the time. US government 10-year bond yields were 0.7% higher at the end of June, the UK equivalent up 0.6% and the market predicted a dramatic increase in Sterling short term interest rates as early as September. Calm has since reappeared and UK yields are 0.25% lower again. We are, however, at the bottom of the interest rate cycle and this introduces short term

### **Investment Review (continued)**

uncertainty in markets. In what we anticipate will be a temperamental market environment, we will continue to examine our corporate bond premium against the business risk. We believe that a modest UK recovery is under way and the new Governor of the Bank of England will be keen to help it along. Interest rates should remain steady for some time yet, whilst longer dated yields have already discounted a first move upwards.

From 1st July, the benchmark will move to a 50:50 split between UK gilts and Sterling non-gilts which will more closely represent the investment policy in practice. We have always aimed to enhance the return by the use of corporate bonds. The allocation was 56% government 44% corporate at the end of last year and is 53%:47% currently. The benchmark adjustment will reduce the variability of relative performance without altering the investment philosophy.

Guy Monson  
Chief Investment Officer  
Sarasin & Partners LLP  
July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

### **Top 10 purchases during the period**

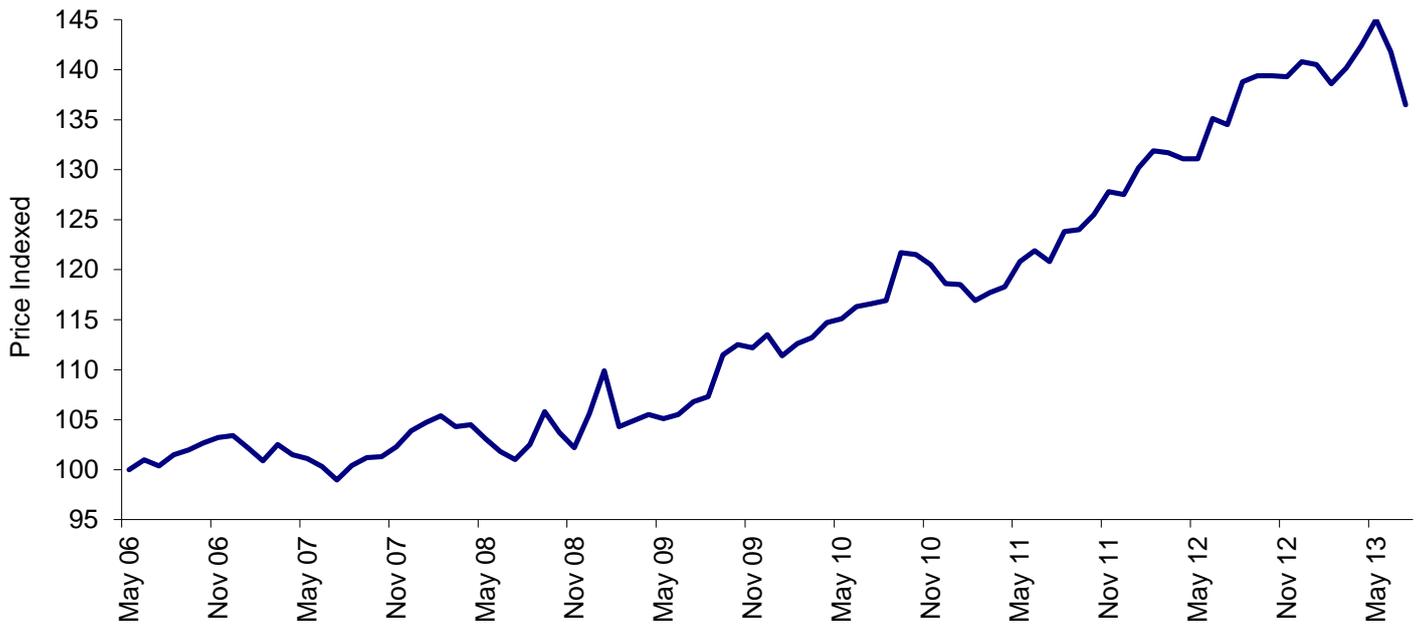
US Treasury 1.375% 31/01/2020  
UK Treasury 4.50% 07/12/2042  
United Utilities Water 5.625% 20/12/2027  
Tesco Property Finance 5 5.6611% 13/10/2041  
Telecom Italia 5.875% 19/05/2023  
TwentyFour Income Fund  
RBS 6.875% 17/05/2025  
Arqiva Finance 4.882% 31/12/2032  
Transport for London 3.625% 15/05/2045  
Electricite de France 6.125% 02/06/2034

### **Top 10 sales during the period**

UK Treasury 4.25% 07/12/2040  
UK Treasury 4.25% 07/03/2036  
UK Treasury Index Linked 0.125% 22/03/2044  
UK Treasury Index Linked 0.125% 22/03/2029  
F&C Commercial Property 5.23% 30/06/2017  
RBS 6.875% 17/05/2025  
UK Treasury 5.25% 15/11/2028  
Telefonica Emisiones 5.597% 12/03/2020  
Tesco Property Finance 5.744% 13/04/2040  
Canada 4.50% 01/06/2015

## SARASIN Sterling Bond Fund

### Performance Chart



Source: Sarasin and Partners LLP 4 May 2006 to 30 June 2013, Bid to Bid, UK Basic Rate, Based In UK Sterling.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium term one (i.e. over 3 years).

## SARASIN Sterling Bond Fund

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>Sterling Bond Fund 'A' Shares</b>			
<b>Income Shares</b>			
31 December 2010	493,516	503,682	97.98p
31 December 2011	739,864	714,622	103.53p
31 December 2012	1,361,645	1,258,505	108.20p
30 June 2013	1,508,887	1,456,412	103.60p
<b>Accumulation Shares</b>			
31 December 2010	155,550	131,670	118.14p
31 December 2011	1,776,865	1,369,980	129.70p
31 December 2012	724,418	516,926	140.14p
30 June 2013	374,023	274,239	136.39p
<b>Sterling Bond Fund 'I' Shares</b>			
<b>Income Shares</b>			
31 December 2010	166,442,405	169,145,676	98.40p
31 December 2011	146,917,461	140,480,871	104.58p
31 December 2012	149,887,099	137,091,686	109.33p
30 June 2013	128,380,250	122,276,374	104.99p
<b>Accumulation Shares</b>			
31 December 2010	2,661,940	2,243,332	118.66p
31 December 2011	1,615,969	1,233,020	131.06p
31 December 2012	2,679,626	1,890,160	141.77p
30 June 2013	3,891,474	2,808,970	138.54p
<b>Sterling Bond Fund 'P' Shares</b>			
<b>Income Shares*</b>			
31 December 2012	1,084	1,000	108.43p
30 June 2013	8,672	8,312	104.32p
<b>Accumulation Shares*</b>			
31 December 2012	1,406	1,000	140.59p
30 June 2013	1,374	1,000	137.35p

\* Share classes launched 16 October 2012

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN Sterling Bond Fund

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### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>Sterling Bond Fund 'A' Shares</b>				
2009*	98.89p	93.24p	N/A	N/A
2010	103.10p	96.31p	122.30p	111.50p
2011	105.10p	96.08p	130.40p	115.90p
2012	109.90p	103.30p	141.20p	129.80p
2013	111.60p	104.00p	145.60p	135.70p
<b>Sterling Bond Fund 'I' Shares</b>				
2008	100.10p	91.14p	109.90p	100.10p
2009	99.20p	92.16p	113.80p	103.20p
2010	103.40p	96.19p	122.70p	111.50p
2011	106.20p	96.57p	131.80p	116.50p
2012	111.00p	104.30p	142.60p	104.80p
2013	113.00p	105.40p	147.70p	137.80p
<b>Sterling Bond Fund 'P' Shares</b>				
2012**	110.00p	107.80p	141.40p	138.50p
2013	112.10p	104.60p	146.50p	136.70p

\* From Share Class launch 1 July 2009 to 31 December 2009.

\*\* From Share Class launch 16 October 2012 to 31 December 2012.

## SARASIN Sterling Bond Fund

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 02.01.2007 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 02.01.2007 (£) Accumulation Share
<b>Sterling Bond Fund 'A' Shares**</b>				
2010	3.5542	37.79	1.7208	17.63
2011	3.7711	40.10	4.4499	45.58
2012	3.7578	39.96	4.7415	48.58
2013*	1.7651	18.77	2.3453	24.03
<b>Sterling Bond Fund 'I' Shares</b>				
2008	3.8510	39.35	4.0076	38.28
2009	3.8228	39.06	4.3032	41.10
2010	3.8890	39.74	4.5269	43.24
2011	3.9373	40.23	4.8437	46.26
2012	3.8140	38.97	4.7638	45.50
2013*	1.8574	18.98	2.3690	22.63
<b>Sterling Bond Fund 'P' Shares***</b>				
2012	N/A	N/A	N/A	N/A
2013*	1.7851	16.39	2.4680	17.63

\* To 31 August 2013.

\*\* Per £1,000 invested at Share Class launch 1 July 2009.

\*\*\* Per £1,000 invested at Share Class launch 16 October 2012.

## **SARASIN Sterling Bond Fund**

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### **Ongoing Charges Figure (OCF)**

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	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>Sterling Bond Fund 'A' Income Shares</b>	1.47%	1.46%
<b>Sterling Bond Fund 'A' Accumulation Shares</b>	1.47%	1.46%
<b>Sterling Bond Fund 'I' Income Shares</b>	0.72%	0.71%
<b>Sterling Bond Fund 'I' Accumulation Shares</b>	0.72%	0.71%
<b>Sterling Bond Fund 'P' Income Shares</b>	0.72%	0.71%
<b>Sterling Bond Fund 'P' Accumulation Shares</b>	0.72%	0.71%

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

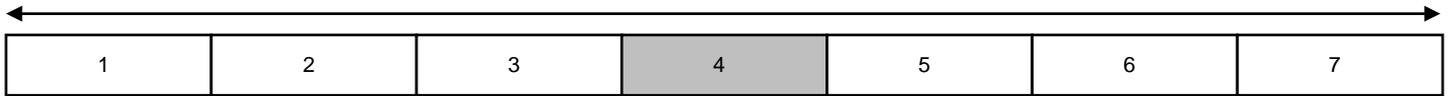
### Risk and Reward Profile

Lower Risk

Higher Risk

Typically Lower Rewards

Typically Higher Rewards



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 4 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, but lower than a fund which invests solely in company shares as bond price movements tend to be less volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- There may be cases where the organisation from which we buy an asset (usually a financial institution such as a bank) fails to carry out its obligations, which could cause losses to the Fund.
- The Fund may actively invest in derivatives, such as futures, options and swaps, which are linked to the rise and fall of other assets. Derivatives can be used both to achieve the investment objective, and to simply reduce risk or manage the Fund more efficiently. The Fund aims to limit capital loss when markets returns are negative through the use of derivatives. The price movements in these assets can result in larger movements of the Fund share price.
- Investing in bonds offers you the chance to earn returns through growing your capital and generating income. Nevertheless, there is a risk that the organisation which issued the bond will fail, which would result in a loss of income to the Fund, along with its initial investment. Bond values are likely to fall if interest rates rise.
- The Fund has charges deducted from capital. This may reduce the potential for growth.

## SARASIN Sterling Bond Fund

### Portfolio Statement as at 30 June 2013

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Alternative Investments 1.66% (31 December 2012 - 0.46%)</b>			
USD 1,000,000	NB Distressed Debt Investment Fund*	777,967	0.58
GBP 1,350,000	TwentyFour Income Fund	1,447,875	1.08
		<b>2,225,842</b>	<b>1.66</b>
<b>Sterling Government Bonds 44.29% (31 December 2012 - 47.33%)</b>			
GBP 2,000,000	EIB 8.75% 25/08/2017	2,591,478	1.93
GBP 5,000,000	UK Treasury 3.75% 07/09/2019	5,626,835	4.19
GBP 5,000,000	UK Treasury 3.75% 07/09/2021	5,599,735	4.17
GBP 5,750,000	UK Treasury 4.00% 07/03/2022	6,548,405	4.88
GBP 5,000,000	UK Treasury 4.25% 07/03/2036	5,719,735	4.26
GBP 7,300,000	UK Treasury 4.25% 07/12/2027	8,439,420	6.29
GBP 1,700,000	UK Treasury 4.25% 07/12/2040	1,945,978	1.45
GBP 3,000,000	UK Treasury 4.50% 07/09/2034	3,548,121	2.65
GBP 3,800,000	UK Treasury 4.50% 07/12/2042	4,516,870	3.37
GBP 3,600,000	UK Treasury 4.75% 07/09/2015	3,940,542	2.94
GBP 2,000,000	UK Treasury 4.75% 07/09/2015	2,476,090	1.85
GBP 5,900,000	UK Treasury 8.00% 07/06/2021	8,462,488	6.31
		<b>59,415,697</b>	<b>44.29</b>
<b>Overseas Government Bonds 2.74% (31 December 2012 - 2.09%)</b>			
USD 5,750,000	US Treasury 1.375% 31/01/2020	3,671,431	2.74
<b>UK Corporate Bonds 33.57% (31 December 2012 - 33.01%)</b>			
GBP 1,000,000	Aviva 6.625% 03/06/2041	1,019,550	0.76
GBP 500,000	Aviva 6.875% 20/05/2058	489,031	0.36
GBP 1,100,000	BAA 6% 20/03/2020	1,209,947	0.90
GBP 1,000,000	Bank of Scotland 9.375% 15/05/2021	1,199,189	0.89
GBP 1,000,000	Barclays Bank 14.00% Variable 15/06/2019	1,297,500	0.97
GBP 1,200,000	BP 4.325% 10/12/2018	1,321,838	0.99
GBP 700,000	Centrica 7% 19/09/2033	926,493	0.69
GBP 1,000,000	CPUK 7.239% 28/02/2042	1,178,929	0.88
GBP 17,584	Dignity Finance 6.31% 31/12/2023	20,847	0.02
GBP 900,000	Dignity Finance 8.151% 31/12/2031	1,226,884	0.91
GBP 800,000	Eastern Power Networks 6.25% 12/11/2036	962,652	0.72
GBP 1,000,000	FirstGroup 5.25% 29/11/2022	1,009,890	0.75
GBP 900,000	Fuller, Smith & Turner 6.875% 30/04/2028	1,017,000	0.76
GBP 1,000,000	GlaxoSmithKline 5.25% 19/12/2033	1,145,559	0.85
GBP 1,000,000	Great Rolling Stock 6.875% 27/07/2035	1,191,363	0.89
GBP 950,000	Harbourvest Senior Loans Europe	510,625	0.38
GBP 900,000	High Speed Rail Finance 1 4.375% 01/11/2038	890,722	0.66
GBP 750,000	John Lewis 8.375% 08/04/2019	948,285	0.71
GBP 1,500,000	Legal & General 6.385% 02/05/2049	1,506,075	1.12
GBP 1,000,000	LloydsTSB 10.75% 16/12/2021	1,166,733	0.87
GBP 172,302	Marstons 15/07/2020 Floating Rate Note	162,060	0.12
GBP 900,000	Motability 5.625% 29/11/2030	1,060,274	0.79
GBP 1,000,000	National Grid Finance 5.625% FRN 18/06/2073	984,375	0.73
GBP 1,250,000	Nationwide Building Society 5.25% 23/11/2020	1,237,018	0.92
GBP 840,000	Nationwide Building Society 6.00% FRN 29/03/2049	680,400	0.51
GBP 1,500,000	Network Rail Infrastructure Finance 4.375% 09/12/2030	1,665,461	1.24
GBP 800,000	Northumbrian Water Finance 5.125% 23/01/2042	835,850	0.62
GBP 750,000	Old Mutual 8.00% 03/06/2021	770,438	0.57
GBP 500,000	Pendragon 6.875% 01/05/2020	496,460	0.37
GBP 500,000	Pennon Group 6.75% FRN Perpetual	504,765	0.38
GBP 1,000,000	Porterbrook Rail Finance 7.125% 20/10/2026	1,259,518	0.94

## SARASIN Sterling Bond Fund

### Portfolio Statement as at 30 June 2013 (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
<b>UK Corporate Bonds (continued)</b>			
GBP 800,000	Prudential 11.375% FRN 29/05/2039	1,082,682	0.81
GBP 1,000,000	RBS 6.875% 17/05/2025	1,191,820	0.89
GBP 700,000	RL Finance 6.125% FRN Perpetual	642,833	0.48
GBP 1,000,000	Sanctuary Capital 5.00% 26/04/2047	1,083,772	0.81
GBP 1,000,000	Scottish Widows 7.00% 16/06/2043	973,793	0.73
GBP 950,000	Southern Gas Networks 5.125% 02/11/2018	1,065,817	0.79
GBP 1,000,000	SSE 5.453% FRN Perpetual	1,025,650	0.76
GBP 1,492,667	Tesco Property Finance 5.6611% 13/10/2041	1,563,711	1.17
GBP 1,000,000	Thames Water 4.625% 04/06/2046	960,602	0.72
GBP 1,200,000	Transport for London 3.625% 15/05/2045	1,090,408	0.81
GBP 1,000,000	United Utilities Water 5.625% 20/12/2027	1,150,803	0.86
GBP 1,500,000	Wellcome Trust Finance 4.625% 25/07/2036	1,630,424	1.22
GBP 1,600,000	WM Morrison 4.625% 08/12/2023	1,680,116	1.25
		<b>45,038,162</b>	<b>33.57</b>

### Overseas Corporate Bonds 17.23% (31 December 2012 - 14.13%)

GBP 1,350,000	Alcentra European Floating Rate Note	1,441,124	1.07
GBP 1,250,000	America Movil 5.00% 27/10/2026	1,325,304	0.99
GBP 7,500	Andbank Asset Management Airlie Select US High Yield	753,805	0.56
GBP 1,250,000	Arqiva Finance 4.882% 31/12/2032	1,224,875	0.91
GBP 500,000	Bank Nederlandse Gemeenten 5.375% 07/06/2021	589,205	0.44
USD 1,000,000	Bank of America 6.125% 15/09/2021	1,158,197	0.86
BRL 2,000,000	Council of Europe 7.53% 23/07/2015	567,314	0.42
GBP 1,000,000	Electricite de France 6.125% 02/06/2034	1,126,653	0.84
EUR 1,000,000	Elm 5.252% FRN Perpetual	863,697	0.64
GBP 1,000,000	GE Capital 4.375% 31/07/2019	1,066,462	0.79
USD 1,200,000	Hutchison Whampoa International 12 6.00% Perpetual Floating Rate Note	817,335	0.61
USD 1,700,000	Intesa Sanpaolo 3.875% 16/01/2018	1,067,991	0.80
GBP 800,000	IPIC 6.875% 14/03/2026	952,000	0.71
GBP 500,000	JPMorgan Chase 4.25% 25/01/2017	533,200	0.40
GBP 556,000	KFW 5.00% 09/06/2036	682,370	0.51
GBP 500,000	Muenchener Rueckversicherungs 6.625% 26/05/2042	564,928	0.42
GBP 400,000	Pfizer 6.50% 03/06/2038	528,377	0.39
GBP 400,000	Reseau Ferre de France 5.25% 31/01/2035	432,090	0.32
GBP 1,000,000	Siemens 2.75% 10/09/2025	921,377	0.69
GBP 650,000	SPI Australia 5.125% 11/02/2021	720,130	0.54
GBP 1,150,000	Statoil 6.875% 11/03/2031	1,547,369	1.16
GBP 1,400,000	Telecom Italia 5.875% 19/05/2023	1,319,482	0.98
GBP 1,000,000	Teliasonera 4.375% 05/12/2042	945,677	0.70
GBP 1,000,000	Upp Bond Issuer 4.9023% 28/02/2040	988,046	0.74
GBP 1,000,000	Wells Fargo 4.625% 02/11/2035	987,170	0.74
		<b>23,124,178</b>	<b>17.23</b>

### Inflation Linked Bonds 0.00% (31 December 2012 - 3.19%)

### Forward FX Currency Contracts 0.00% (31 December 2012 - 0.01%)

## SARASIN Sterling Bond Fund

### Portfolio Statement as at 30 June 2013 (continued)

	Bid Market Value £	% of Net Assets
<b>Total Value of Investments 99.49%</b> <b>(31 December 2012 - 100.22%)</b>	133,475,310	99.49
<b>Net Other Assets</b>	689,371	0.51
<b>Net Assets</b>	<b>134,164,681</b>	<b>100.00</b>

All holdings are ordinary shares of stock unless otherwise stated.

\* Derivative investments

Asset Allocation of Portfolio of Investments is as follows:

Bonds	132,697,343	98.91
Derivatives	777,967	0.58
Net Other Liabilities	689,371	0.51
	<b>134,164,681</b>	<b>100.00</b>

## SARASIN Sterling Bond Fund

### Statement of Total Return (unaudited) For the period ended 30 June 2013

	30.06.2013		30.06.2012	
	£	£	£	£
Income				
Net capital gains		(4,584,794)		3,482,178
Revenue	2,772,480		3,211,110	
Expenses	(535,100)		(649,653)	
Finance costs: Interest	-		(1,178)	
Net revenue before taxation	<u>2,237,380</u>		<u>2,560,279</u>	
Taxation	-		-	
<b>Net revenue after taxation for the period</b>		<u>2,237,380</u>		<u>2,560,279</u>
<b>Total before distribution</b>		<u>(2,347,414)</u>		<u>6,042,457</u>
Finance costs: Distribution		<u>(3,152,731)</u>		<u>(3,505,956)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>		<u><u>(5,500,145)</u></u>		<u><u>2,536,501</u></u>

### Statement of Changes in Net Assets Attributable to Shareholders (unaudited) For the period ended 30 June 2013

	30.06.2013		30.06.2012	
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		154,655,278		151,050,159
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	8,390,322		7,445,518	
Less: amounts paid on cancellation of shares	<u>(23,450,559)</u>		<u>(7,272,918)</u>	
		(15,060,237)		172,600
Dilution levy		-		-
SDRT charge		(15)		-
Change in net assets attributable to shareholders from investment activities (see above)		(5,500,145)		2,536,501
Retained distribution on Accumulation shares		<u>69,800</u>		<u>71,454</u>
<b>Closing net assets attributable to shareholders</b>		<u><u>134,164,681</u></u>		<u><u>153,830,714</u></u>

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

## SARASIN Sterling Bond Fund

### Balance Sheet (unaudited) As at 30 June 2013

	30.06.2013	30.06.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>133,475,310</b>	154,996,466
<b>Other Assets</b>		
Debtors	3,018,927	1,938,485
Cash and Bank balances	1,228,307	841,355
Total other assets	<u>4,247,234</u>	<u>2,779,840</u>
Total assets	<u>137,722,544</u>	<u>157,776,306</u>
<b>Liabilities</b>		
<b>Investment Liabilities</b>	-	-
Creditors	2,394,567	1,582,700
Bank overdraft	-	205,002
Distribution payable on income shares	1,163,296	1,333,326
Total other liabilities	<u>3,557,863</u>	<u>3,121,028</u>
Total liabilities	<u>3,557,863</u>	<u>3,121,028</u>
<b>Net assets attributable to shareholders</b>	<b><u>134,164,681</u></b>	<b><u>154,655,278</u></b>

### Note to the Financial Statements (unaudited)

#### 1. Accounting Policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN Sterling Bond Fund

### Distribution Tables

#### First Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 31 March 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>Sterling Bond Fund 'A' Shares</b>				
Gross Income	0.9716	0.9344	1.2859	0.5947
Tax	0.0972	0.0934	0.1286	0.0595
Net Income	0.8744	0.8410	1.1573	0.5352
Equalisation	-	0.0334	-	0.6221
<b>Interim Distribution paid 2013</b>	<b>0.8744</b>	<b>0.8744</b>	<b>1.1573</b>	<b>1.1573</b>
<b>Interim Distribution paid 2012</b>	<b>0.9635</b>	<b>0.9635</b>	<b>1.1921</b>	<b>1.1921</b>
<b>Sterling Bond Fund 'I' Shares</b>				
Gross Income	1.0186	0.4488	1.2913	0.5677
Tax	0.1019	0.0449	0.1291	0.0568
Net Income	0.9167	0.4039	1.1622	0.5109
Equalisation	-	0.5128	-	0.6513
<b>Interim Distribution paid 2013</b>	<b>0.9167</b>	<b>0.9167</b>	<b>1.1622</b>	<b>1.1622</b>
<b>Interim Distribution paid 2012</b>	<b>0.9188</b>	<b>0.9188</b>	<b>1.1546</b>	<b>1.1546</b>
<b>Sterling Bond Fund 'P' Shares</b>				
Gross Income	1.0444	1.0444	1.3489	1.3489
Tax	0.1044	0.1044	0.1349	0.1349
Net Income	0.9400	0.9400	1.2140	1.2140
Equalisation	-	0.0000	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>0.9400</b>	<b>0.9400</b>	<b>1.2140</b>	<b>1.2140</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## SARASIN Sterling Bond Fund

### Distribution Tables (continued)

#### Second Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 April 2013

Group 2 – Shares purchased between 1 April 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>Sterling Bond Fund 'A' Shares</b>				
Gross Income	0.9897	0.7801	1.3200	0.9069
Tax	0.0990	0.0780	0.1320	0.0907
Net Income	0.8907	0.7021	1.1880	0.8162
Equalisation	-	0.1886	-	0.3718
<b>Interim Distribution paid 2013</b>	<b>0.8907</b>	<b>0.8907</b>	<b>1.1880</b>	<b>1.1880</b>
<b>Interim Distribution paid 2012</b>	<b>0.9121</b>	<b>0.9121</b>	<b>1.1745</b>	<b>1.1745</b>
<b>Sterling Bond Fund 'I' Shares</b>				
Gross Income	1.0452	0.6640	1.3409	0.6719
Tax	0.1045	0.0664	0.1341	0.0672
Net Income	0.9407	0.5976	1.2068	0.6047
Equalisation	-	0.3431	-	0.6021
<b>Interim Distribution paid 2013</b>	<b>0.9407</b>	<b>0.9407</b>	<b>1.2068</b>	<b>1.2068</b>
<b>Interim Distribution paid 2012</b>	<b>1.0104</b>	<b>1.0104</b>	<b>1.2597</b>	<b>1.2597</b>
<b>Sterling Bond Fund 'P' Shares</b>				
Gross Income	0.9390	0.3533	1.3933	1.3933
Tax	0.0939	0.0353	0.1393	0.1393
Net Income	0.8451	0.3180	1.2540	1.2540
Equalisation	-	0.5271	-	0.0000
<b>Interim Distribution paid 2013</b>	<b>0.8451</b>	<b>0.8451</b>	<b>1.2540</b>	<b>1.2540</b>
<b>Final Distribution payable 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

### Investment Objective and Policy

The Fund seeks to achieve capital appreciation. In order to achieve its investment objective, the Fund will invest in a global and diversified portfolio of investments which provide exposure to the agricultural sector. The Fund will be permitted to invest in a broad range of investments permitted for UCITS Schemes under COLL including transferable securities, units in collective investment schemes, exchange traded funds ("ETFs"), exchange traded commodities ("ETCs"), money market instruments, warrants, government and public securities, deposits and derivative and forward transactions. Cash and near cash may also be held by the Fund.

The ACD intends to take full advantage of the ability to invest directly in derivatives in order to achieve the objective of the Fund. In particular, it is expected that the Fund will combine core conventional long-only holdings with synthetic equity swaps, contracts for differences (CFDs) for long and short equity positions, stock indices or stock index options, equity derivatives and equity derivatives baskets.

The Fund's investment powers in relation to derivatives and warrants means that for regulatory purposes it will be regarded as a high volatility fund. However, the Investment Adviser's use of derivative techniques and investment in warrants will have the overall intention of reducing the volatility of returns, reflecting the investment policy for the Company generally. Further details on the role of derivatives in the context of this Fund are available from the ACD on request.

### Sensitivity Analysis

The Fund invests in equities and Exchange Traded Funds. The Fund will then use options on individual stocks to implement views on specific stocks. Exposure to foreign currencies is also altered through the use of forwards.

The Value at Risk (VaR) is independently calculated by RBS Luxembourg (RBSL) who evaluates the volatility and correlation of the Fund's holdings over a period of 250 days. RBSL assess the sensitivity of each of the holdings to various factors, such as global stock-markets, currencies, interest rates and commodity prices and then run a series of simulations to determine the responses of the overall Fund.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure RBSL produce one thousand, 20-day simulations, and the "99% / 20-day VaR" figure is the result exceeded only by the worst 1% of those 1,000 simulations.

The "99% / 20-day VaR" for the Sarasin AgriSar Fund, as at 30.06.13, was 6.70% (31.12.2012: 4.90%).

### Investment Review

The first half of 2013 was marked by an enthusiastic return of animal spirits in the US stock market, with the Dow Jones and the S&P 500 indices hitting record highs. 'Abenomics' also worked miracles for the Japanese stock market. In contrast, European and emerging market

equities were depressed. BRICs are seeing slow growth in their major export markets and lower commodity prices, shrinking their large external surpluses and tightening monetary conditions. Necessary reforms in all the BRICS are proving hard to implement but as a result, we may see them keep interest rates lower for longer, weakening currencies and ultimately providing support for asset markets and probably requiring a tolerance of higher inflation.

The gentle forward progress of AgriSar was interrupted in June as equity markets saw a setback. Emerging market equities and currencies were particularly weak (the MSCI Emerging Market Index underperformed the MSCI World Index by 18% in H1), and AgriSar has a relatively high exposure to those areas.

Conversely AgriSar has relatively low exposure to US recovery-oriented equities or Japan, which were the sprinters leading the markets during the first half. The fund had only one holding in Japan, which we sold on valuation grounds in April. Without large exposure to these regions, the fund could not keep up with the MSCI World Index, but the marathon runners we do own still made relatively good progress. The unit price rose 7.5% in H1.

A research trip to Asia in March confirmed our continued slight caution on China but we returned with enhanced enthusiasm for many individual growth markets across the wider region, like confectionary and dairy consumption. Having visited New Zealand and Hong Kong to research some of the opportunities in the dairy market we chose to buy a major new Chinese holding, China Mengniu Dairy. The government and milk producers in China are now making strenuous efforts to improve the quality of the local milk supply chain and ease consumer fears. Despite the safety concerns, the demand for dairy products such as yoghurts, cheese and desserts remains remarkably strong. China Mengniu is currently restructuring its entire business model to enhance raw milk safety and traceability, optimise operational efficiencies and increase brand penetration. From first buying shares in April, the price had risen by over 20% by the end of June on the back of well received acquisitions and the announcement of partnerships with Western companies including Danone.

A meeting with Indonesian chocolate producer Petra Foods highlighted the scale and speed of the potential increase in discretionary spending at a basic level: out of a total population of 240 million people in Indonesia, Petra believe that just 30 million can currently afford to be regular consumers of their basic 'Top' chocolate bar which costs 500 Rupiah or about 5 US cents. But as incomes grow rapidly from very low levels, millions of new consumers each year can afford a little indulgence.

At the other end of our field-to-fork spectrum, the key to our strategy in food production is to seek individually successful long-term businesses rather than to seek gearing to short-term crop prices. There have been a number of strong performances from food production

### Investment Review (continued)

related companies in the portfolio: Cranswick delivered particularly strong sales growth in pork, sausages and ham, Archer Daniels Midland shares gained in anticipation of a larger US harvest and Novozymes shares saw a rise of over 25% as the market better understood the potential for their enzymes business.

The aquaculture names in AgriSar were also strong performers over the period after an ultimately unsuccessful bid by Marine Harvest for Cermaq highlighted the value and growth potential in the sector. Demand for farmed salmon has increased significantly over the last 10 years, both in developed and developing markets, but production headwinds mean that supply growth is slowing and the outlook for companies in the sector looks promising.

The Eastern European grain farming companies Black Earth Farming and Trigon Agri were among the weakest performers in the first half of 2012 as investors moved money out of perceived riskier stocks in the region. A meeting with the CEO of Black Earth in June reinforced how that company is in fact de-risking earnings through an off-take agreement with PepsiCo and the use of crop insurance to cover production volatility.

### Fund Structure and Changes

Regional Allocations	31/12/2012	31/03/2013	30/06/2013
Emerging Markets	23.3%	24.6%	20.7%
Europe ex. UK	29.3%	27.8%	29.9%
Japan	2.6%	1.4%	0.0%
North America	28.4%	29.5%	30.0%
Pacific ex. Japan	8.3%	10.2%	12.6%
United Kingdom	8.1%	6.6%	6.8%

The sale of Kubota through March and April brought our Japanese exposure down to zero. Weak performance has reduced our emerging markets weighting while North America has marginally increased. The purchase of China Mengniu Dairy increases the Pacific ex. Japan exposure.

We have taken profits from several names across the portfolio over the half, notably reducing our weighting to the feeds and equipment sectors. With the sale of Jain Irrigation we have cut out our exposure to the Water sector. Overall there is little change to the balance of the portfolio.

### Outlook

It is the long-term convergence trends in emerging markets that remain the powerful driver for AgriSar: consumption in the emerging markets is set to double from \$12 trillion per annum to \$24 trillion in the next 10 years, a growth rate of over 7% p.a., and food will be a large component of this consumption growth. This trend remains robustly unaffected by fears of slowing macro growth and we continue to identify pinch points within the food and agricultural spectrum where companies are able to sustainably generate high growth in returns.

Guy Monson  
Chief Investment Officer  
Sarasin & Partners LLP  
July 2013

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

### Top 10 purchases during the period

BlackRock ICS Sterling Liquid Heritage 'D' Inc  
China Mengniu Dairy  
Archer Daniels  
Mosaic  
Fresenius Medical Care  
Nestle  
Amsterdam Commodities  
Costco  
Boskalis Westminster  
Yum! Brands

### Top 10 sales during the period

Kubota  
Associated British Foods  
Nutreco  
K&S  
Coca-Cola  
Weyerhaeuser  
Novozymes  
Cosan Industria  
Agrium  
Citigroup C/Warrant (Jain Irrigation) 24/10/2012

**Performance Chart**



Source: Sarasin and Partners LLP 31 Mar 2008 to 30 June 2013, Bid to Bid, UK Basic Rate, Based In UK Sterling.

Please remember that past performance should not be seen as an indication of future performance.

The value of investments and the revenue from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies.

There is no minimum investment period, though we would recommend you view your investment as a medium to long term one (i.e. 5-10 years).

## SARASIN AGRISAR Fund

### Historic Net Asset Values

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>AGRISAR Fund 'AP' Shares</b>			
<b>Income Shares</b>			
31 December 2010	6,204,359	5,150,694	120.46p
31 December 2011	10,942,311	10,915,160	100.25p
31 December 2012	11,197,695	10,071,949	111.18p
30 June 2013	9,733,948	8,199,465	118.71p
<b>Accumulation Shares</b>			
31 December 2010	51,833,626	42,919,112	120.77p
31 December 2011	67,709,306	66,596,156	101.67p
31 December 2012	65,790,848	57,715,279	113.99p
30 June 2013	71,492,980	38,270,749	122.69p
<b>AGRISAR Fund 'IP' Shares</b>			
<b>Income Shares</b>			
31 December 2010	32,822,901	26,986,415	121.63p
31 December 2011	36,504,124	35,894,739	101.70p
31 December 2012	41,793,355	36,922,317	113.19p
30 June 2013	30,300,060	25,024,371	121.08p
<b>Accumulation Shares</b>			
31 December 2010	45,601,416	37,330,927	122.15p
31 December 2011	37,176,618	35,926,007	103.48p
31 December 2012	28,916,387	24,789,255	116.65p
30 June 2013	21,958,727	17,435,624	125.94p
<b>AGRISAR Fund 'XP' Shares</b>			
<b>Income Shares</b>			
31 December 2010	9,858,847	8,223,488	119.89p
31 December 2011	8,305,343	8,317,479	99.85p
31 December 2012	8,850,342	7,985,853	110.83p
30 June 2013	9,475,441	8,002,383	118.41p
<b>Accumulation Shares</b>			
31 December 2010	5,426,236	4,554,768	119.13p
31 December 2011	2,888,863	2,877,230	100.40p
31 December 2012	1,859,377	1,649,431	112.73p
30 June 2013	2,203,625	1,814,604	121.44p
<b>AGRISAR Fund 'A' Shares</b>			
<b>Income Shares*</b>			
31 December 2012	626,367	615,408	101.78p
30 June 2013	1,016,327	935,515	108.64p
<b>Accumulation Shares*</b>			
31 December 2012	6,761,706	6,560,435	103.07p
30 June 2013	11,512,788	10,388,539	110.82p

\* Share classes launched 16 October 2012

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN AGRISAR Fund

### Historic Net Asset Values (continued)

As at	Net Asset Value £	Number of Base Shares	Net Asset Value Per Share
<b>AGRISAR Fund 'X' Shares</b>			
<b>Income Shares</b>			
31 December 2012	1,018	1,000	101.78p
30 June 2013	1,088	1,000	108.76p
<b>Accumulation Shares</b>			
31 December 2012	1,031	1,000	103.14p
30 June 2013	198,875	179,094	111.04p
<b>AGRISAR Fund 'FP' Shares</b>			
<b>Accumulation Shares</b>			
31 December 2012	4,712	4,156	113.38p
30 June 2013	67,430	55,113	122.35p
<b>AGRISAR Fund 'I' Shares**</b>			
<b>Income Shares</b>			
31 December 2012	9,689	8,508	113.88p
30 June 2013	22,213	18,234	121.80p
<b>Accumulation Shares</b>			
31 December 2012	N/A	N/A	N/A
30 June 2013	1,176,817	936,654	125.64p
<b>AGRISAR Fund 'P' Shares</b>			
<b>Income Shares*</b>			
31 December 2012	14,934	14,642	101.99p
30 June 2013	6,264,557	5,735,336	109.23p
<b>Accumulation Shares*</b>			
31 December 2012	56,533	54,672	103.40p
30 June 2013	1,002,022	897,071	111.70p
<b>AGRISAR Fund 'PP' Shares</b>			
<b>Income Shares*</b>			
31 December 2012	1,113	1,000	111.34p
30 June 2013	1,680,850	1,412,303	119.01p
<b>Accumulation Shares*</b>			
31 December 2012	1,141	1,000	114.11p
30 June 2013	2,044,912	1,657,846	123.35p
<b>AGRISAR Fund 'F' Shares**</b>			
<b>Accumulation Shares</b>			
31 December 2012	N/A	N/A	N/A
30 June 2013	20,126	18,103	111.18p

\* Share classes launched 16 October 2012

\*\* Share classes launched on 5 February 2013

Note: These notional prices are calculated by dividing the Net Asset Value by the number of base shares.

## SARASIN AGRISAR Fund

### Historic Highest & Lowest Prices per Share

Calendar Year	Highest Price (p) Income Share	Lowest Price (p) Income Share	Highest Price (p) Accumulation Share	Lowest Price (p) Accumulation Share
<b>AGRISAR Fund 'AP' Shares</b>				
2008*	110.70p	66.14p	109.60p	65.57p
2009	101.00p	70.58p	100.70p	70.20p
2010	120.80p	95.44p	121.10p	95.58p
2011	121.50p	92.23p	121.80p	93.19p
2012	112.90p	100.70p	115.10p	102.20p
2013	129.00p	112.30p	132.30p	115.10p
<b>AGRISAR Fund 'IP' Shares</b>				
2008*	109.90p	65.98p	109.20p	65.52p
2009	101.60p	70.38p	101.20p	70.12p
2010	122.00p	95.93p	122.50p	96.32p
2011	122.70p	93.54p	123.20p	94.70p
2012	115.00p	102.50p	117.80p	104.20p
2013	131.70p	114.30p	135.70p	117.80p
<b>AGRISAR Fund 'XP' Shares</b>				
2008**	109.10p	65.31p	109.50p	65.56p
2009	100.20p	69.72p	99.33p	70.41p
2010	120.20p	94.68p	119.50p	94.31p
2011	120.90p	91.87p	120.20p	91.99p
2012	112.50p	100.40p	113.80p	101.00p
2013	128.70p	111.90p	130.90p	113.80p
<b>AGRISAR Fund 'A' Shares</b>				
2012***	103.20p	92.12p	104.00p	92.12p
2013	118.00p	102.90p	119.50p	104.20p
<b>AGRISAR Fund 'X' Shares</b>				
2012***	103.20p	92.07p	104.00p	92.07p
2013	118.20p	102.90p	119.80p	104.20p
<b>AGRISAR Fund 'FP' Shares</b>				
2012***	N/A	N/A	114.30p	114.30p
2013	N/A	N/A	131.90p	114.50p
<b>AGRISAR Fund 'I' Shares</b>				
2012***	115.10p	111.20p	N/A	N/A
2013	132.40p	115.10p	135.50p	121.30p
<b>AGRISAR Fund 'P' Shares</b>				
2012***	103.50p	98.92p	104.30p	99.70p
2013	118.80p	103.10p	120.40p	104.50p
<b>AGRISAR Fund 'PP' Shares</b>				
2012***	112.90p	108.00p	115.10p	110.10p
2013	129.40p	112.50p	132.90p	115.20p
<b>AGRISAR Fund 'F' Shares</b>				
2013****	N/A	N/A	119.80p	107.30p

\* From Share Class launch 31 March 2008 to 31 December 2008.

\*\* From Share Class launch 4 April 2008 to 31 December 2008.

\*\*\* From Share Class launch 16 October 2012 to 31 December 2012.

\*\*\*\* From Share Class launch 15 October 2012.

## SARASIN AGRISAR Fund

### Distribution History

Calendar Year	Pence Per Income Share	Per £1,000 investment 31.03.2008 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 31.03.2008 (£) Accumulation Share
<b>AGRISAR Fund 'AP' Shares**</b>				
2008	-	-	-	-
2009	0.3915	3.92	0.3924	3.92
2010	0.3984	3.98	0.4648	4.65
2011	0.8983	8.98	0.9001	9.00
2012	0.9930	9.93	0.9972	9.97
2013*	1.5383	15.38	1.5649	15.65
<b>AGRISAR Fund 'IP' Shares**</b>				
2008	-	-	-	-
2009	0.6435	6.44	0.6443	6.44
2010	0.7785	7.79	0.7376	7.38
2011	1.1389	11.39	1.0541	10.54
2012	1.2652	12.65	1.2762	12.76
2013*	1.8582	18.58	1.9095	19.09
<b>AGRISAR Fund 'XP' Shares***</b>				
2008	-	-	-	-
2009	0.4384	4.38	0.4583	4.58
2010	0.5695	5.70	0.2916	2.92
2011	0.9186	9.19	0.911	9.11
2012	1.0463	10.46	1.0566	10.57
2013*	1.5970	15.97	1.6203	16.20
<b>AGRISAR Fund 'A' Shares****</b>				
2012	0.7129	7.13	0.7292	7.29
2013*	1.2963	12.96	1.3159	13.16
<b>AGRISAR Fund 'X' Shares****</b>				
2012	0.7570	7.57	0.7570	7.57
2013*	1.4160	14.16	1.4023	14.02
<b>AGRISAR Fund 'FP' Shares*****</b>				
2012	N/A	N/A	N/A	N/A
2013*	N/A	N/A	1.0744	9.49
<b>AGRISAR Fund 'I' Shares*****</b>				
2012	N/A	N/A	N/A	N/A
2013*	1.2685	11.23	1.0882	9.41
<b>AGRISAR Fund 'P' Shares*****</b>				
2012	N/A	N/A	N/A	N/A
2013*	1.5565	15.29	1.5677	15.28
<b>AGRISAR Fund 'PP' Shares*****</b>				
2012	N/A	N/A	N/A	N/A
2013*	1.7084	15.38	1.7464	15.43

\* To 31 August 2013

\*\* Per £1,000 invested at Share Class launch 31 March 2008.

\*\*\* Per £1,000 invested at Share Class launch 4 April 2008.

\*\*\*\* Per £1,000 at Share Class launch 9 March 2012.

\*\*\*\*\* Per £1,000 at Share Class launch 9 March 2012.

\*\*\*\*\* Per £1,000 at Share Class launch 16 October 2012.

## SARASIN AGRISAR Fund

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### Distribution History (continued)

Calendar Year	Pence Per Income Share	Per £1,000 investment 31.03.2008 (£) Income Share	Pence Per Accumulation Share	Per £1,000 investment 31.03.2008 (£) Accumulation Share
<b>AGRISAR Fund 'F' Shares**</b>				
2013*	N/A	N/A	0.9376	9.14

\* To 31 August 2013

\*\* Per £1,000 at Share Class launch 15 October 2012.

## **SARASIN AGRISAR Fund**

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### **Ongoing Charges Figure (OCF)**

	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>AGRISAR Fund 'AP' Income Shares</b>	1.74%	1.74%
<b>AGRISAR Fund 'AP' Accumulation Shares</b>	1.74%	1.74%
<b>AGRISAR Fund 'IP' Income Shares</b>	1.09%	1.09%
<b>AGRISAR Fund 'IP' Accumulation Shares</b>	1.09%	1.09%
<b>AGRISAR Fund 'XP' Income Shares</b>	1.59%	1.59%
<b>AGRISAR Fund 'XP' Accumulation Shares</b>	1.59%	1.59%
<b>AGRISAR Fund 'A' Income Shares</b>	1.99%	1.99%
<b>AGRISAR Fund 'A' Accumulation Shares</b>	1.99%	1.99%
<b>AGRISAR Fund 'X' Income Shares</b>	1.84%	1.84%
<b>AGRISAR Fund 'X' Accumulation Shares</b>	1.84%	1.84%
<b>AGRISAR Fund 'FP' Accumulation Shares</b>	1.24%	1.24%
<b>AGRISAR Fund 'I' Income Shares</b>	1.34%	1.34%
<b>AGRISAR Fund 'I' Accumulation Shares</b>	1.34%	N/A
<b>AGRISAR Fund 'P' Income Shares</b>	1.24%	1.24%
<b>AGRISAR Fund 'P' Accumulation Shares</b>	1.24%	1.24%
<b>AGRISAR Fund 'PP' Income Shares</b>	0.99%	0.99%
<b>AGRISAR Fund 'PP' Accumulation Shares</b>	0.99%	0.99%
<b>AGRISAR Fund 'F' Accumulation Shares</b>	1.49%	N/A

The Ongoing Charges Figure is the ratio of the Fund's total discloseable costs (excluding overdraft interest) to the average net assets of the Fund.

The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Fund and is calculated based on the last period's figures.

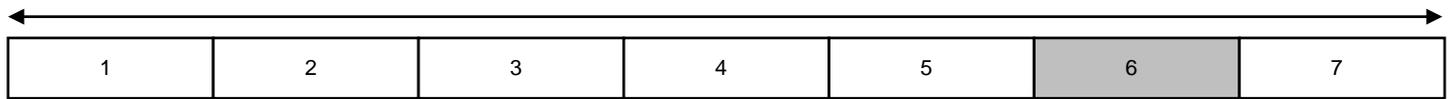
## Risk and Reward Profile

Lower Risk

Higher Risk

Typically Lower Rewards

Typically Higher Rewards



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The above risk and reward rank is based upon how the Fund has performed in the past and you should note that the Fund may well perform differently in the future.

The Fund is ranked at 6 reflecting observed historical returns. This ranking is typically higher than a fund which invests in cash deposits, as company share price movements tend to be more volatile.

The following risks may not be fully captured by the Risk and Reward Indicator:

- Changes in exchange rates may cause the value of investments to decrease or increase.
- Investing in other funds may expose you to increased risk due to restrictions on withdrawals, less strict regulations and use of derivatives.
- This Fund invests in a specialist sector and it will not perform in line with funds that have a broader investment policy.
- The Fund may actively invest in derivatives, such as futures, options and swaps, which are linked to the rise and fall of other assets. Derivatives can be used both to achieve the investment objective, and to simply reduce risk or manage the Fund more efficiently. The Fund aims to limit capital loss when markets returns are negative through the use of derivatives. The price movements in these assets can result in larger movements of the Fund share price.
- The Fund has some charges deducted from capital. This may reduce the potential for growth.

**Portfolio Statement as at 30 June 2013**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Corporate Restructuring 10.47% (31 December 2012 - 17.17%)</b>			
164,200	Agco	5,530,108	3.25
10,195,000	Asian Citrus	2,319,363	1.36
2,200,000	China Mengniu Dairy	5,166,725	3.04
2,580,000	Petra Foods	4,791,634	2.82
		<b>17,807,830</b>	<b>10.47</b>
<b>Disruption and Innovation 7.14% (31 December 2012 - 0.00%)</b>			
69,600	Costco	5,094,344	2.99
164,760	Genus	2,267,098	1.33
89,000	Kerry Group	3,234,691	1.90
1,932,000	Plant Health Care	1,564,920	0.92
		<b>12,161,053</b>	<b>7.14</b>
<b>Franchise Power 31.90% (31 December 2012 - 0.00%)</b>			
223,740	Archer Daniels	4,948,661	2.91
7,600	Barry Callebaut	4,582,244	2.69
226,300	BRF-Brasil Foods	3,247,280	1.91
97,000	Bunge	4,523,313	2.66
39,590	Deere	2,155,461	1.27
100,000	International Flavors & Fragrances	4,982,931	2.93
91,000	Nestle	3,908,634	2.30
273,000	New Britain Palm Oil	1,324,050	0.78
4,091,090	Olam International	3,470,066	2.04
23,800	Syngenta	6,067,383	3.57
2,942,580	Tat Konserve	2,802,090	1.65
231,450	Unilever	6,024,324	3.54
3,320,500	Universal Robina	6,206,802	3.65
		<b>54,243,239</b>	<b>31.90</b>
<b>Intellectual Property and Excellence 0.00% (31 December 2012 - 17.33%)</b>			
<b>Pricing Power 0.00% (31 December 2012 - 14.67%)</b>			
<b>Security of Supply 24.42% (31 December 2012 - 32.49%)</b>			
36,400	Agrium	2,062,226	1.21
197,870	Boskalis Westminster	4,795,501	2.82
347,100	Cermaq	3,964,924	2.33
100,520	Fresenius Medical Care	4,688,645	2.76
6,470,000	Marine Harvest	4,381,619	2.57
107,200	Mosaic	3,787,751	2.22
196,400	Potash Corporation of Saskatchewan	4,987,817	2.93
54,000	Quimica Y Minera ADR	1,419,131	0.83
214,000	Uralkali GDR	4,651,746	2.73
155,500	Weyerhaeuser	2,877,853	1.69
151,100	Yara International	3,971,480	2.33
		<b>41,588,693</b>	<b>24.42</b>
<b>Strategic Holdings 10.04% (31 December 2012 - 3.02%)</b>			
97,000	Amsterdam Commodities	1,194,983	0.70
1,421,166	Black Earth Farming	971,289	0.57
9,000,060	BlackRock ICS Sterling Liquid Heritage 'D' Inc	9,000,060	5.29
7,212,232	Phaunos Timber	2,438,484	1.43

**Portfolio Statement as at 30 June 2013 (continued)**

Holding	Investment	Bid Market Value £	% of Net Assets
<b>Strategic Holdings (continued)</b>			
485,200	SLC Agricola	2,743,184	1.61
2,504,390	Trigon Agriculture	748,220	0.44
		<b>17,096,220</b>	<b>10.04</b>
<b>The Strong get Stronger 14.45% (31 December 2012 - 13.44%)</b>			
7,237,000	Charoen Pokphand Foods	3,906,340	2.30
243,500	Cosan Industria E Comercio	3,166,656	1.86
384,420	Cranswick	4,466,960	2.62
796,450	Dairy Farm International	6,274,554	3.69
148,200	Yum! Brands	6,772,717	3.98
		<b>24,587,227</b>	<b>14.45</b>
<b>Forward FX Currency Contracts 0.19% (31 December 2012 - -0.01%)</b>			
USD 16,797,560	Bought USD sold GBP 10,711,637 for settlement 19/09/2013	<b>322,022</b>	<b>0.19</b>
<b>Total Value of Investments 98.61%</b>			
<b>(31 December 2012 - 98.11%)</b>		167,806,284	98.61
<b>Net Other Assets</b>		2,366,502	1.39
<b>Net Assets</b>		<b>170,172,786</b>	<b>100.00</b>
All holdings are ordinary shares of stock unless otherwise stated.			
* Derivative investment			
Asset Allocation of Portfolio of Investments is as follows:			
	Equities	158,484,202	93.13
	Collective Investment Schemes	9,000,060	5.29
	Forward Exchange Contracts	322,022	0.19
	Net Other Assets	2,366,502	1.39
		<b>170,172,786</b>	<b>100.00</b>

**Statement of Total Return (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
Income				
Net capital gains		10,975,201		8,535,934
Revenue	2,163,135		1,961,504	
Expenses	(1,261,922)		(1,852,420)	
Finance costs: Interest	(591)		-	
Net revenue before taxation	900,622		109,084	
Taxation	(294,084)		(211,876)	
<b>Net revenue/(expense) after taxation for the period</b>		606,538		(102,792)
<b>Total before distribution</b>		11,581,739		8,433,142
Finance costs: Distribution		(1,360,915)		(1,008,626)
<b>Change in net assets attributable to shareholders from investment activities</b>		10,220,824		7,424,516

**Statement of Changes in Net Assets Attributable to Shareholders (unaudited)  
For the period ended 30 June 2013**

	30.06.2013		30.06.2012	
	£	£	£	£
<b>Opening net assets attributable to shareholders*</b>		165,886,248		163,526,565
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares	37,011,592		16,194,902	
Less: amounts paid on cancellation of shares	(43,839,350)		(33,103,140)	
		(6,827,758)		(16,908,238)
SDRT charge		(4,296)		(8,207)
Change in net assets attributable to shareholders from investment activities (see above)		10,220,824		7,424,516
Retained distribution on Accumulation shares		897,768		587,901
<b>Closing net assets attributable to shareholders</b>		170,172,786		154,624,537

\* The opening net assets attributable to shareholders for 2013 differs to the closing comparative position by the change in shareholders' net assets for the second half of the comparative financial year.

**Balance Sheet (unaudited)  
As at 30 June 2013**

	30.06.2013	30.06.2012
	£	£
<b>Assets</b>		
<b>Investment Assets</b>	<b>167,806,284</b>	162,767,147
<b>Other Assets</b>		
Debtors	1,696,239	3,554,116
Cash and Bank balances	2,909,775	3,063,475
Total other assets	<u>4,606,014</u>	<u>6,617,591</u>
Total assets	<u>172,412,298</u>	<u>169,384,738</u>
<b>Liabilities</b>		
Investment Liabilities	-	19,304
Creditors	1,731,039	3,086,308
Distribution payable on income shares	508,473	392,878
Total other liabilities	<u>2,239,512</u>	<u>3,479,186</u>
Total liabilities	<u>2,239,512</u>	<u>3,498,490</u>
<b>Net assets attributable to shareholders</b>	<b><u>170,172,786</u></b>	<b><u>165,886,248</u></b>

**Note to the Financial Statements (unaudited)****1. Accounting Policies**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable UK accounting standards and with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association in October 2010.

The Accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and are described in those financial statements.

## SARASIN AGRISAR Fund

### Distribution Tables

#### Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>AGRISAR Fund 'AP' Shares</b>				
Gross Income	1.0307	0.6632	1.0581	0.6390
Tax	0.1031	0.0663	0.1058	0.0639
Net Income	0.9276	0.5969	0.9523	0.5751
Equalisation	-	0.3307	-	0.3772
<b>Interim Distribution paid 2013</b>	<b>0.9276</b>	<b>0.9276</b>	<b>0.9523</b>	<b>0.9523</b>
<b>Interim Distribution paid 2012</b>	<b>0.6063</b>	<b>0.6063</b>	<b>0.6083</b>	<b>0.6083</b>
<b>AGRISAR Fund 'IP' Shares</b>				
Gross Income	1.2304	0.6580	1.2854	0.5594
Tax	0.1230	0.0658	0.1285	0.0559
Net Income	1.1074	0.5922	1.1569	0.5035
Equalisation	-	0.5152	-	0.6534
<b>Interim Distribution paid 2013</b>	<b>1.1074</b>	<b>1.1074</b>	<b>1.1569</b>	<b>1.1569</b>
<b>Interim Distribution paid 2012</b>	<b>0.7394</b>	<b>0.7394</b>	<b>0.7425</b>	<b>0.7425</b>
<b>AGRISAR Fund 'XP' Shares</b>				
Gross Income	1.0659	0.7216	1.0899	0.8577
Tax	0.1066	0.0722	0.1090	0.0858
Net Income	0.9593	0.6494	0.9809	0.7719
Equalisation	-	0.3099	-	0.2090
<b>Interim Distribution paid 2013</b>	<b>0.9593</b>	<b>0.9593</b>	<b>0.9809</b>	<b>0.9809</b>
<b>Interim Distribution paid 2012</b>	<b>0.6329</b>	<b>0.6329</b>	<b>0.6428</b>	<b>0.6428</b>
<b>AGRISAR Fund 'A' Shares</b>				
Gross Income	0.8780	0.6589	0.8978	0.6328
Tax	0.0878	0.0659	0.0898	0.0633
Net Income	0.7902	0.5930	0.8080	0.5695
Equalisation	-	0.1972	-	0.2385
<b>Interim Distribution paid 2013</b>	<b>0.7902</b>	<b>0.7902</b>	<b>0.8080</b>	<b>0.8080</b>
<b>Interim Distribution paid 2012</b>	<b>0.7129</b>	<b>0.7129</b>	<b>0.7292</b>	<b>0.7292</b>
<b>AGRISAR Fund 'X' Shares</b>				
Gross Income	0.9711	-	0.9526	-
Tax	0.0971	-	0.0953	-
Net Income	0.8740	-	0.8573	-
Equalisation	-	0.8740	-	0.8573
<b>Interim Distribution paid 2013</b>	<b>0.8740</b>	<b>0.8740</b>	<b>0.8573</b>	<b>0.8573</b>
<b>Interim Distribution paid 2012</b>	<b>0.7570</b>	<b>0.7570</b>	<b>0.7570</b>	<b>0.7570</b>
<b>AGRISAR Fund 'FP' Shares</b>				
Gross Income	N/A	N/A	1.1938	0.1224
Tax	N/A	N/A	0.1194	0.0122
Net Income	N/A	N/A	1.0744	0.1102
Equalisation	N/A	N/A	-	0.9642
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>1.0744</b>	<b>1.0744</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## SARASIN AGRISAR Fund

### Distribution Tables (continued)

#### Interim distribution in pence per share

Group 1 – Shares purchased prior to 1 January 2013

Group 2 – Shares purchased between 1 January 2013 and 30 June 2013

Share	Income Shares		Accumulation Shares	
	Group 1	Group 2	Group 1	Group 2
<b>AGRISAR Fund 'I' Shares</b>				
Gross Income	1.1680	1.1347	1.2091	0.6833
Tax	0.1168	0.1135	0.1209	0.0683
Net Income	1.0512	1.0212	1.0882	0.6150
Equalisation	-	0.0300	-	0.4732
<b>Interim Distribution paid 2013</b>	<b>1.0512</b>	<b>1.0512</b>	<b>1.0882</b>	<b>1.0882</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>AGRISAR Fund 'P' Shares</b>				
Gross Income	1.0836	0.1396	1.0863	0.2459
Tax	0.1084	0.0140	0.1086	0.0246
Net Income	0.9752	0.1256	0.9777	0.2213
Equalisation	-	0.8496	-	0.7564
<b>Interim Distribution paid 2013</b>	<b>0.9752</b>	<b>0.9752</b>	<b>0.9777</b>	<b>0.9777</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>AGRISAR Fund 'PP' Shares</b>				
Gross Income	1.1804	0.6946	1.2160	0.8368
Tax	0.1180	0.0695	0.1216	0.0837
Net Income	1.0624	0.6251	1.0944	0.7531
Equalisation	-	0.4373	-	0.3413
<b>Interim Distribution paid 2013</b>	<b>1.0624</b>	<b>1.0624</b>	<b>1.0944</b>	<b>1.0944</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>AGRISAR Fund 'F' Shares</b>				
Gross Income	N/A	N/A	1.0418	1.0418
Tax	N/A	N/A	0.1042	0.1042
Net Income	N/A	N/A	0.9376	0.9376
Equalisation	N/A	N/A	-	-
<b>Interim Distribution paid 2013</b>	<b>N/A</b>	<b>N/A</b>	<b>0.9376</b>	<b>0.9376</b>
<b>Interim Distribution paid 2012</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>



SARASIN