

Old Mutual Specialist Funds

Interim Report and Financial Statements (unaudited)
For the period from 1 January 2013 to 30 June 2013

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Fund information

Authorised Corporate Director

Old Mutual Investment Management Limited
Skandia House
Portland Terrace
Southampton
SO14 7EJ

Authorised and regulated by the Financial Conduct Authority.

Depository

National Westminster Bank plc
135 Bishopsgate
London
EC2M 3UR

Authorised and regulated by the Financial Conduct Authority.

Legal Advisers

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Auditors

KPMG Audit PLC
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Administrator

Citibank NA London Branch
Citigroup Centre
Canada Square
Canary Wharf
London
EC14 5LB

Registrar

Citibank NA London Branch
PO Box 27061
227 West George Street
Glasgow
G2 9GT

(The register of shareholders can be inspected at the Registrar's Glasgow office, 145 St Vincent Street, 4th Floor, Glasgow, G2 5JF)

Risk Monitoring Provider

Citibank NA London Branch
Citigroup Centre
Canada Square
Canary Wharf
London
EC14 5LB

Investment Manager

Old Mutual Investment Management Limited
Skandia House
Portland Terrace
Southampton
SO14 7EJ

Authorised and regulated by the Financial Conduct Authority.

Directors of the ACD

JDF Ide
JE Millard (resigned 10 January 2013)
M Dean (appointed 1 January 2013)
PJR Nathan

Fund information (continued)

Investment advisers

Old Mutual Aberdeen Asia Pacific Fund:

Aberdeen Asset Managers Limited
10 Queens Terrace
Aberdeen AB10 1YG

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Artemis Strategic Bond Fund:

Artemis Investment Management LLP
Cassini House,
57 St James's Street,
London,
SW1A 1LD

Authorised and regulated by the Financial Conduct Authority.

Old Mutual BlackRock Gold and General Fund:

BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue
London EC2N 2DL

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Bond 1 Fund

TwentyFour Asset Management LLP
24 Cornhill
London
EC3V 3ND

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Bond 2 Fund:

FIL Pensions Management Limited
Oakhill House
130 Tonbridge Road
Hildenborough, Tonbridge
Kent
TN11 9DZ

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Bond 3

DuPont Capital Management Corporation
Delaware Corporate Center
1 Righter Parkway
Suite 3200
Wilmington
DE 19803
USA

Regulated by the US Securities and Exchange Commission

Old Mutual Fidelity Global Focus Fund:

FIL Pensions Management
Oakhill House, 130 Tonbridge Road
Hildenborough
Tonbridge
Kent TN11 9DZ

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Fidelity Strategic Bond Fund:

FIL Pensions Management
Oakhill House, 130 Tonbridge Road
Hildenborough
Tonbridge
Kent TN11 9DZ

Authorised and regulated by the Financial Conduct Authority.

Fund information (continued)

Old Mutual Gilt Fund:

BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue
London
EC2N 2DL

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Global Property Securities Fund:

Heitman Real Estate Securities LLC
191 North Wacker Drive
Suite 2500
Chicago
IL 60606
USA

Regulated by the US Securities and Exchange Commission

Cohen & Steers Capital Management Inc.
280 Park Avenue
New York
NY 10017
USA

Ceased 6 June 2013

Old Mutual Henderson China Opportunities Fund:

Henderson Global Investors Limited
201 Bishopsgate
London EC2M 3AE

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Henderson European Growth Fund:

Henderson Global Investors Limited
201 Bishopsgate
London EC2M 3AE

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Invesco Perpetual Asian Fund:

Invesco Asset Management Limited
30 Finsbury Square
London EC2A 1AG

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Invesco Perpetual Corporate Bond Fund:

Invesco Asset Management Limited
30 Finsbury Square
London EC2A 1AG

Authorised and regulated by the Financial Conduct Authority.

Old Mutual JPM Emerging Markets Fund:

JPMorgan Asset Management (UK) Limited
Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ

Authorised and regulated by the Financial Conduct Authority.

Old Mutual JPM Natural Resources Fund:

JPMorgan Asset Management (UK) Limited
Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Newton Global Higher Income Fund:

Newton Investment Management Limited (sub-adviser)
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Schroder Tokyo Fund:

Schroder Investment Management Limited
31 Gresham Street
London EC2V 7QA

Authorised and regulated by the Financial Conduct Authority.

Fund information (continued)

Old Mutual Schroder US Mid Cap Fund:

Schroder Investment Management Limited
31 Gresham Street
London EC2V 7QA

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Threadneedle American Select Fund:

Threadneedle Asset Management Limited
60 St Mary Axe
London EC3A 8JQ

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Threadneedle European Select Fund:

Threadneedle Asset Management Limited
60 St Mary Axe
London EC3A 8JQ

Authorised and regulated by the Financial Conduct Authority.

Old Mutual Threadneedle High Yield Bond Fund:

Threadneedle Asset Management Limited
60 St Mary Axe
London EC3A 8JQ

Authorised and regulated by the Financial Conduct Authority.

Report of the Directors of Old Mutual Specialist Funds

Directors' report

The directors present their report and financial statements for the Old Mutual Specialist Funds ("the Fund") for the period from 1 January 2013 to 30 June 2013. The Fund was launched on 19 April 2002 and shares for each sub-fund were first offered for sale at 50 pence/cents each. USD accumulation shares in Skandia Global Property Securities Fund (formerly Skandia Global Real Estate Securities (LaSalle) Fund) were first offered on 29 June 2007 at the USD equivalent of the Sterling price on that day.

Authorised status

The Fund is an Open – Ended Investment Company incorporated as an Investment Company with Variable Capital ("ICVC") under Regulation 12 (authorisation) of the Open-ended Investment Company ("OEIC") Regulations. It is incorporated in the United Kingdom and authorised by the Financial Conduct Authority under the OEIC Regulations 2001 and the Collective Investment Schemes Sourcebook ("the Regulations").

Liability

If the Fund is unable to meet liabilities attributed to any particular sub-fund out of the assets attributed to that sub-fund, excess liabilities may have to be met out of the assets attributable to the other sub-funds. The shareholders have no interest in the scheme property and are not liable for the debts of the Fund.

Renaming the Fund's existing unit classes

The Fund renamed the Accumulation units held by its sub-funds from 'Accumulation' to 'Accumulation 'A''. The Fund also renamed the Income shares held by its sub-funds from 'Income' to 'Income 'A''.

There have been no changes made to the Authorised Corporate Directors's charges on these shares as a result of the name change.

New sub-fund launch

The Fund has launched the following sub-funds since the 31 December 2012 annual accounting period. The reports for these sub-funds will be included in the 31 December 2013 financial statements.

Sub-fund name	Launch date
Old Mutual Aberdeen Asia Pacific Fund	17 July 2013
Old Mutual Artemis Strategic Bond Fund	12 April 2013
Old Mutual Blackrock Gold & General	30 April 2013
Old Mutual Fidelity Global Focus Fund	12 April 2013
Old Mutual Fidelity Strategic Bond Fund	30 April 2013
Old Mutual Henderson China Opps Fund	26 April 2013
Old Mutual Henderson European Growth Fund	1 March 2013
Old Mutual Invesco Perpetual Asian Fund	10 July 2013
Old Mutual Invesco Perpetual Corporate Bond Fund	28 May 2013
Old Mutual JPM Emerging Markets Fund	26 April 2013
Old Mutual JPM Natural Resources Fund	30 April 2013
Old Mutual Newton Global Higher Income Fund	26 April 2013
Old Mutual Schroder Tokyo Fund	1 March 2013
Old Mutual Schroder US Mid Cap Fund	1 March 2013
Old Mutual Threadneedle American Select Fund	1 March 2013
Old Mutual Threadneedle European Select Fund	12 April 2013
Old Mutual Threadneedle High Yield Bond Fund	24 April 2013

Retail distribution review share class launch

Due to the Retail Distribution Review (RDR) and its requirements becoming effective on 31 December 2012, the Fund has launched a new 'R' share class for some of its subfunds.

The new R (GBP) Income Shares are predominantly offered to platforms and independent financial advisers whose business is not eligible for commission, and who in the ACD's reasonable opinion are able to subscribe an amount in excess of the investment minimum of £5,000,000.

'R' shares were launched by the sub-fund, Old Mutual Global Property Securities Fund on 22 February 2013 and by the sub-fund Old Mutual Gilt Fund on 24 May 2013.

Report of the Directors of Old Mutual Specialist Funds (continued)

Share class launch

The Fund has launched new 'U2' share classes for its sub-funds.

The new 'U2' shares are offered only as an investment through designated financial intermediaries and who have agreed specific terms of business with the ACD.

At the balance sheet date, there have been no subscriptions to the 'U2' share class.

Additional information

The Fund is an umbrella scheme. It comprises a number of sub-funds which have their own investment objective and policy and its investment borrowing powers and restrictions are prescribed by the OEIC Regulations 2001 and "the COLL".

As at 30 June 2013 the Fund had the following 21 sub-funds.

Sub-fund name	Launch date
Old Mutual Artemis Strategic Bond Fund	12 April 2013
Old Mutual Blackrock Gold & General	30 April 2013
Old Mutual Bond 1 Fund	20 August 2003
Old Mutual Bond 2 Fund	19 April 2002
Old Mutual Bond 3 Fund	14 January 2005
Old Mutual Fidelity Global Focus Fund	12 April 2013
Old Mutual Fidelity Strategic Bond Fund	30 April 2013
Old Mutual Gilt Fund	5 February 2003
Old Mutual Global Properties Securities Fund	3 October 2005
Old Mutual Henderson China Opps Fund	26 April 2013
Old Mutual Henderson European Growth Fund	1 March 2013
Old Mutual Invesco Perpetual Corporate Bond Fund	28 May 2013
Old Mutual JPM Emerging Markets Fund	26 April 2013
Old Mutual JPM Natural Resources Fund	30 April 2013
Old Mutual Newton Global Higher Income Fund	26 April 2013
Old Mutual Schroder Tokyo Fund	1 March 2013
Old Mutual Schroder US Mid Cap Fund	1 March 2013
Old Mutual Threadneedle American Select Fund	1 March 2013
Old Mutual Threadneedle European Select Fund	12 April 2013
Old Mutual Threadneedle High Yield Bond Fund	24 April 2013
Japan Alpha Fund	No shares in this sub-fund are currently in issue.

In accordance with the requirements of the Financial Services and Market Act 2000, we hereby certify these financial statements on behalf of the Authorised Corporate Director.



M Dean
Director
Old Mutual Investment Management Limited

28 August 2013



PJR Nathan
Director
Old Mutual Investment Management Limited

28 August 2013

Authorised Corporate Director's report

The purpose of this report is to provide details of the progress of the Fund, and its sub-funds contained within. The report provides details of the performance and the portfolio of each of the sub-funds.

Net asset value of sub-funds

	30 June 2013			31 December 2012		
	Net asset value of sub-fund	Shares in issue	Net asset value per share	Net asset value of sub-fund	Shares in issue	Net asset value per share
Old Mutual Bond 1 Fund – Income 'A'	£252,060,909	580,880,699	43.39p	£216,347,305	492,660,893	43.91p
Old Mutual Bond 2 Fund – Income 'A'	£21,587,484	49,854,215	43.30p	£22,017,334	48,797,200	42.12p
Old Mutual Bond 2 Fund – Accumulation 'A'	£227,561,608	307,692,572	73.96p	£223,804,650	296,450,204	75.49p
Old Mutual Bond 3 Fund – Income 'A'	£151,399,745	359,326,983	42.13p	£151,542,947	352,555,121	42.98p
Old Mutual Gilt Fund – Accumulation 'A'	£168,935,894	237,427,150	71.15p	£171,965,236	232,888,595	73.84p
Old Mutual Gilt Fund – Income 'A'	£1,292,534	1,993,171	64.85p	£1,667,106	2,441,241	68.29p
Old Mutual Gilt Fund – Income 'R'	£8,624	13,294	64.87p	-	-	-
Old Mutual Global Property Securities Fund – Income 'A'	£63,014,612	179,436,409	35.12p	£67,567,590	196,662,990	34.36p
Old Mutual Global Property Securities Fund – Income 'R'	£484,413	1,419,565	34.12p	-	-	-
Old Mutual Global Property Securities Fund - Accumulation US\$	£9,484,775	30,846,920	30.75p	£7,321,529	25,521,637	28.69p
Old Mutual Bond 3 Fund – Income 'A'	£151,399,745	359,326,983	42.13p	£151,542,947	352,555,121	42.98p

Statement of the Authorised Corporate Director's responsibilities

The OEIC Regulations 2001 and the Regulations, as issued and amended by the Financial Conduct Authority, require the Authorised Corporate Director (ACD) to prepare financial statements for each interim and annual accounting period which give a true and fair view of the financial affairs of the Company and of its net revenue and the net gains/(losses) on the property of the Fund for the period. In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the accounting requirements of the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association ("IMA") in October 2010;
- follow generally accepted United Kingdom accounting principles and standards and applicable United Kingdom laws;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the scheme will continue in operation;
- keep proper accounting records which enable it to demonstrate that the financial statements, as prepared, comply with the above requirements; and
- take reasonable steps for the detection and prevention of fraud and non-compliance with laws or regulations.

The ACD is responsible for the management of the Fund in accordance with the Regulations, the Prospectus and the Instrument of Incorporation.

Statement of the Depositary's responsibilities

The Depositary is under a duty to take into custody and to hold the property of the ICVC on behalf of the shareholders. Under the Regulations relating to reports, it is the duty of the Depositary to enquire into the conduct of the Authorised Corporate Director in the management of the Company in each annual accounting period and report thereon to the shareholders in a report which shall contain the matters prescribed by the Regulations.

Aggregated statement of total return

for the period from 1 January 2013 to 30 June 2013

	Notes	01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
Income					
Net capital (losses)/gains			(17,557)		28,221
Revenue		23,836		21,263	
Expenses		(4,786)		(4,202)	
Finance costs: Interest	2	(4)		(6)	
Net revenue/(expense) before taxation		19,046		(17,055)	
Taxation		(112)		(119)	
Net revenue after taxation			18,934		16,936
Total return before distributions			1,377		45,157
Finance costs: Distributions	2		(24,652)		(22,251)
Change in net assets attributable to shareholders from investment activities			(23,275)		22,906

Aggregated statement of change in net assets attributable to shareholders

for the period from 1 January 2013 to 30 June 2013

	01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	*01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
Opening net assets attributable to shareholders		862,233		747,821
Amounts received on issue of shares	79,398		79,484	
Amounts paid on cancellation of shares	(29,617)		(80,606)	
		49,781		(1,122)
Stamp duty reserve tax		(2)		(1)
Change in net assets attributable to shareholders from investment activities		(23,275)		22,906
Retained distribution on accumulation shares		7,089		7,086
Unclaimed distributions		4		-
Undistributed revenue		-		206
Closing net assets attributable to shareholders		895,830		776,896

*Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to the net assets at the start of the current period.

The notes on page 14 form an integral part of these financial statements.

Aggregated balance sheet

as at 30 June 2013

	30.06.13 £'000	30.06.13 £'000	31.12.12 £'000	31.12.12 £'000
Assets				
Investment assets		850,317		820,682
Debtors	26,737		14,376	
Cash and bank balances	43,807		45,796	
Total other assets		70,544		60,172
Total assets		920,861		881,034
Liabilities				
Investment liabilities		(4,454)		(2,812)
Creditors	(12,350)		(9,245)	
Bank overdrafts	(1,188)		(220)	
Distribution payable on income shares	(7,039)		(6,524)	
Total other liabilities		(20,577)		(15,989)
Total liabilities		(25,031)		(18,801)
Net assets attributable to shareholders		895,830		862,233

The notes on page 14 form an integral part of these financial statements.

Notes to the Aggregated financial statements

for the period from 1 January 2013 to 30 June 2013

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice ("SORP") for Authorised Funds, issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 December 2012.

2 Finance costs

Distribution and interest

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

	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000
First Interim (31 March)	7,603	5,483
Second Interim (30 June)	17,338	16,425
	24,941	21,908
Revenue deducted on cancellation of shares	217	850
Revenue received on issue of shares	(506)	(507)
Finance costs: Distributions	24,652	22,251
Finance costs: Interest	4	6
Total finance costs	24,656	22,257
Reconciliation of distributions:		
Net revenue after taxation	18,934	16,936
Capitalised fees	4,786	4,202
CT relief transfer	(107)	(70)
Effective yield adjustment	1,039	977
Undistributed revenue brought forward	-	321
Undistributed revenue carried forward	-	(115)
Finance costs: Distributions	24,652	22,251

Old Mutual Bond 1 Fund

Launch date	20 August 2003
Sector classification	IMA £ Strategic Bond
Investment adviser	TwentyFour Asset Management LLP
Net asset value	£252,060,909

Objective

To achieve a combination of income and capital growth through investment in a well-diversified portfolio consisting of predominantly sterling denominated fixed interest securities. The sub-fund is permitted to invest in overseas bonds and any non-sterling currency exposure will be hedged back into sterling to remove the risk of exchange rate fluctuation.

Policy

The sub-fund predominantly invests in a well diversified portfolio of UK fixed interest securities. The Company has appointed a specialist manager to manage the sub-fund, and continuously monitors this appointment. Investments may be made through collective investment schemes or through directly invested portfolios.

The sub-fund may invest in derivative instruments and forward transactions for the purposes of meeting the investment objective and/or efficient portfolio management.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting year. Shares were first issued at 50p per share.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
31.12.10			
Income 'A'	£91,404,238	219,600,862	41.62
31.12.11			
Income 'A'	£143,072,481	379,327,147	37.72
31.12.12			
Income 'A'	£216,347,305	492,660,893	43.91
30.06.13			
Income 'A'	£252,060,909	580,880,699	43.39

Comparative table

The table below shows the highest and lowest share prices in pence per share since launch.

Calendar year	Highest price	Lowest price
2008		
Income 'A'	47.28	37.82
2009		
Income 'A'	42.40	35.04
2010		
Income 'A'	44.75	42.02
2011		
Income 'A'	43.40	36.79
2012		
Income 'A'	45.05	38.08
2013*		
Income 'A'	45.85	44.31

*to 30 June 2013

The table below shows the net revenue distributed per share in pence for the calendar years indicated below.

Calendar year	Pence per share
2008	
Income 'A'	2.1984
2009	
Income 'A'	1.9697
2010	
Income 'A'	1.7434
2011	
Income 'A'	1.8927
2012	
Income 'A'	2.2801
2013*	
Income 'A'	1.6625

*to ex-dividend date of 30 June 2013 (payable on 30 August 2013)

Investment Manager's Review

The first three months of 2013 saw mixed performances from fixed income assets. Broadly, the first month and a half was characterised by strength in higher risk bonds, in particular local currency emerging market debt as sterling weakened, but also high yield, and to a lesser extent investment-grade corporate bonds. Mid February and March saw renewed strength in government bonds, although risk assets remained surprisingly resilient, not giving back the gains made earlier and in many cases continuing to rise, though not so strongly as government bonds. Gilts remained under-pinned by the generally tepid economic background until May. However, from the latter part of that month onwards markets suffered setbacks, as investors became nervous about remarks from US Federal Reserve officials hinting at a 'tapering' at some point in the US central bank's quantitative easing programme. This led to setbacks and rising yields across developed market government bond markets including gilts and then began to hit the investment grade and high yield sectors in May and June.

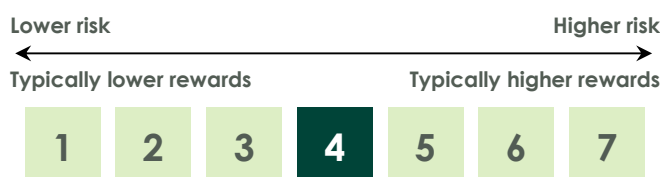
The fund recorded a positive absolute return and outperformed its peer group and benchmark for the first six months of 2013 despite the strong bout of volatility in the final months. Prior to this, UK bonds continued to be underpinned by the rather weak market background and continued QE. In March the portfolio managers elected to increase exposure to hedging positions with a view to mitigating tail risk should it become a more dominant feature of the markets. Consequently a euro currency short was put in place alongside a position in the Crossover Index and a short in French sovereigns. Cash balances were also increased with a view to deploying opportunistically in the event of bad news. The hedges cost a little in terms of portfolio yield in the short term, but have all contributed to the NAV per share and were all intended to be relatively short term positions.

The cash bonds held in the portfolio were well exposed to the very positive technical picture prior to the sell-off seen towards the end of the review period. This generated the strong performance witnessed in the spring, though worries by the portfolio managers about developments in both North Korea and Italy resulted in hedge positions being maintained throughout April, which was a drag on performance, particularly a long position in the iTraxx Crossover index. With a strong pipeline of new issues in the spring, the managers were quite active in rebalancing their favourite names, particularly in the insurance sector where a raft of new issuance was met with very strong demand. Also in April the managers added ten-year Australian government bonds to the portfolio on a currency-hedged basis.

After their long run of strength, the managers trimmed the high yield holding and added a little additional bank capital to take advantage of relative value opportunities in May. The managers also added to the short Euro/Dollar position as the US economy remained stronger than the Euro zone's.

Investor fears sparked by worries of an end to QE in the US led to a downturn in liquidity and a systemic price correction across all sectors of the fixed income bond markets in May and June. As a result, the portfolio was subject to some weakness in the last months of the period. The strategy of further reducing the already relatively short duration of the fund down to a very low 1.8 did help mitigate some of the losses, as did increasing the cash position to 12% early in June, but with a breakdown of inter-market correlations a negative return was almost unavoidable, particularly as some corporate issues experienced considerable volatility in late May and June, nevertheless the fund ended the six month period in positive territory and ahead of the index thanks to earlier gains.

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

sub-funds in category 4 have in the past shown moderate volatility. With a sub-fund of category 4, you have a moderate risk of losing money but your chance for gains is also moderate.

Investment risk - there is no guarantee that the sub-fund will achieve its objective.

Credit risk - the issuer of a Bond or a similar investment within the sub-fund may not pay income or repay capital to the sub-fund when due. Bonds which are rated below investment grade are considered to have a higher risk exposure with respect to meeting their payment obligations.

Interest rate risk - investments in bonds are affected by interest rates and inflation trends which may affect the value of the sub-fund.

Liquidity risk - some investments may become hard to value or sell at a desired time and price. In extreme circumstances this may affect the sub-fund's ability to meet redemption requests upon demand.

Currency risk - the sub-fund may use techniques to try to eliminate the effects of changes in the exchange rate between the currency of the underlying investments and the base currency (i.e. the reporting currency) of the sub-fund. These techniques may not eliminate all the currency risk.

Derivative risk - the sub-fund may use derivatives to generate returns as well as to reduce costs and/or the overall risk of the sub-fund. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet its contractual obligations.

Capital erosion risk - the sub-fund takes charges from capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges. Capital erosion may have the effect of reducing the level of income generated.

For full details of the sub-fund's risks, please see the section in the prospectus headed "Risks".

Portfolio allocation

Europe	68.85%
United Kingdom	20.31%
Asia Pacific (Excluding Japan)	1.78%
Derivatives	(0.43)%

Net other assets	9.49%
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Total	100.00%
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Asset allocation

Euro debt securities	46.59%
Sterling debt securities	36.55%
US Dollar debt securities	5.52%
Australian Dollar debt securities	1.78%
Swiss Franc debt securities	0.50%
Derivatives	(0.43)%

Net other assets	9.49%
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Total	100.00%
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Major holdings	Percentage of portfolio
-----------------------	--------------------------------

LBG Capital No.1 11.04% Guaranteed Bonds 19/03/2020	2.97%
Credit Agricole 8.125% Perpetual Subordinated Bonds	2.94%
Generali Finance 6.214% Guaranteed Perpetual Bonds	2.87%
AXA 6.6666% Perpetual Subordinated European Medium Term Bonds	2.59%
UniCredit SpA 6.375% Subordinated European Medium Term Bonds 16/10/2018	2.59%
Principal Residential Investment Mortgages 6.126% Floating Rate Bonds	2.59%
Scottish Widows 5.125% Perpetual Subordinated Bonds	2.24%
ING Groep 8% Perpetual Subordinated European Medium Term Bonds	2.19%
Banco Bilbao Vizcaya Argentaria 9% Perpetual Subordinated Bonds	2.14%
Whinstone Capital Management 3.15438% Guaranteed Floating Rate Bonds	1.93%

Number of holdings	83
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Ongoing charges figure (OCF)*

31.12.12 Income 'A'	0.99%
30.06.13 Income 'A'	0.97%

*The ongoing charges figure is the ratio of the sub-fund's ongoing charges to the average net assets of the sub-fund.

All information is at 30 June 2013 unless otherwise stated.

Portfolio statement

as at 30 June 2013

Holding	Investment	Market Percentage of	
		Value £'000	total net assets %
Sterling 35.68% (31 December 2012 40.15%)			
Sterling Denominated Corporate Bond 36.55% (31 December 2012 36.62%)			
Sterling Denominated Variable Rate Corporate Bond 4.14% (31 December 2012 4.20%)			
£5,192,000	Paragon Secured Finance 2.50563% Collateralised Mortgage Obligation Floating Rate Bonds 15/11/2035	4,190	1.66
£1,751,000	Residential Mortgage Securities 22 1.40563% Collateralised Mortgage Obligation Floating Rate Bonds 14/11/2039	1,402	0.55
£5,500,000	Whinstone Capital Management 3.15438% Guaranteed Floating Rate Bonds 25/01/2055	4,839	1.93
		10,431	4.14
Sterling Denominated Fixed Rate Corporate Bond 32.41% (31 December 2012 36.62%)			
£2,650,000	Aviva 6.625% Subordinated European Medium Term Bonds 03/06/2041	2,704	1.07
£6,595,000	AXA 6.6666% Perpetual Subordinated European Medium Term Bonds	6,525	2.59
£2,325,000	Barclays Bank 14% Perpetual Subordinated Bonds	3,032	1.20
£1,200,000	Barclays SLCSM Funding 6.14% Guaranteed Perpetual European Medium Term Bonds 29/06/2049	1,190	0.47
£2,500,000	CNP Assurances 7.375% Subordinated Bonds 30/09/2041	2,633	1.04
£4,305,000	Co-Operative Bank 7.875% Subordinated European Medium Term Bonds 19/12/2022	2,959	1.18
£1,600,000	Co-Operative Bank 9.25% Subordinated European Medium Term Bonds 28/04/2021	1,166	0.46
£7,350,000	Credit Agricole 8.125% Perpetual Subordinated Bonds	7,415	2.94
£8,000,000	Generali Finance 6.214% Guaranteed Perpetual Bonds	7,213	2.87
£6,690,000	LBG Capital No.1 11.04% Guaranteed Bonds 19/03/2020	7,493	2.97
£4,500,000	Liverpool Victoria Friendly Society 6.5% Subordinated Bonds 22/05/2043	4,177	1.66
£1,200,000	Nationwide Building Society 7.971% Perpetual Subordinated Bonds	1,162	0.46
£3,100,000	Old Mutual 8% Subordinated European Medium Term Bonds 03/06/2021	3,199	1.27
£2,450,000	RL Finance 6.125% Guaranteed Perpetual Bonds	2,252	0.89
£4,650,000	RSA Insurance 6.701% Guaranteed Perpetual Bonds	4,737	1.88
£5,900,000	Scottish Widows 5.125% Perpetual Subordinated Bonds	5,658	2.24
£1,872,000	Societe Generale 8.875% Perpetual Subordinated Bonds	1,910	0.76
£4,150,000	Telecom Italia 7.375% Senior European Medium Term Bonds 15/12/2017	4,563	1.81
£4,100,000	Towergate Finance 8.5% Senior Bonds 15/02/2018	4,224	1.68
£1,000,000	UniCredit International Bank Luxembourg 8.5925% Guaranteed Perpetual Bonds	948	0.38
£6,700,000	UniCredit 6.375% Subordinated European Medium Term Bonds 16/10/2018	6,521	2.59
		81,681	32.41
Sterling Denominated Derivatives (0.87)% (31 December 2012 (0.67)%)			
Sterling Denominated Open Forward Exchange Contracts (0.87)% (31 December 2012 (0.37)%)			
£2,080,041	Sterling vs Euro Forward Exchange Contract	22	0.01
£4,699,320	Sterling vs Australia dollar Forward Exchange Contract	15	0.01
£2,437,072	Sterling vs Euro Forward Exchange Contract	5	-
£736,680	Sterling vs Euro Forward Exchange Contract	2	-
£667,912	Sterling vs Euro Forward Exchange Contract	2	-
£448,316	Sterling vs Euro Forward Exchange Contract	1	-
£456,891	Sterling vs Euro Forward Exchange Contract	-	-

Portfolio statement (continued)

as at 30 June 2013

Sterling Denominated Open Forward Exchange Contracts (continued)

£1,025,296	Sterling vs Euro Forward Exchange Contract	(2)	-
£442,344	Sterling vs Euro Forward Exchange Contract	(2)	-
£1,579,130	Sterling vs Euro Forward Exchange Contract	(8)	-
£1,351,831	Sterling vs Switzerland franc Forward Exchange Contract	(11)	-
£446,067	Sterling vs Euro Forward Exchange Contract	(3)	-
£233,134	Sterling vs Euro Forward Exchange Contract	(3)	-
£267,086	Sterling vs Euro Forward Exchange Contract	(3)	-
£578,606	Sterling vs Euro Forward Exchange Contract	(3)	-
£602,888	Sterling vs Euro Forward Exchange Contract	(4)	-
£2,114,427	Sterling vs Euro Forward Exchange Contract	(4)	-
£577,871	Sterling vs Euro Forward Exchange Contract	(4)	-
£623,753	Sterling vs Euro Forward Exchange Contract	(13)	-0.01
£623,338	Sterling vs Euro Forward Exchange Contract	(14)	-0.01
£435,778	Sterling vs Euro Forward Exchange Contract	(15)	-0.01
£525,732	Sterling vs Euro Forward Exchange Contract	(18)	-0.01
£303,546	Sterling vs Euro Forward Exchange Contract	(10)	-
£469,236	Sterling vs Euro Forward Exchange Contract	(10)	-
£393,702	Sterling vs Euro Forward Exchange Contract	(21)	-0.01
£2,380,644	Sterling vs Euro Forward Exchange Contract	(22)	-0.01
£1,727,008	Sterling vs Euro Forward Exchange Contract	(32)	-0.01
£858,606	Sterling vs Euro Forward Exchange Contract	(47)	-0.02
£1,075,203	Sterling vs Euro Forward Exchange Contract	(27)	-0.01
£424,718	Sterling vs Euro Forward Exchange Contract	(27)	-0.01
£936,448	Sterling vs Euro Forward Exchange Contract	(58)	-0.02
£2,800,611	Sterling vs Euro Forward Exchange Contract	(61)	-0.02
£4,654,106	Sterling vs United States dollar Forward Exchange Contract	(66)	-0.03
£88,815,491	Sterling vs Euro Forward Exchange Contract	(91)	-0.04
£648,969	Sterling vs Euro Forward Exchange Contract	(53)	-0.02
£648,785	Sterling vs Euro Forward Exchange Contract	(53)	-0.02
£1,881,884	Sterling vs Euro Forward Exchange Contract	(115)	-0.05
£3,173,205	Sterling vs United States dollar Forward Exchange Contract	(127)	-0.05
£2,632,457	Sterling vs Euro Forward Exchange Contract	(148)	-0.06
£7,228,279	Sterling vs United States dollar Forward Exchange Contract	(189)	-0.07
£3,876,991	Sterling vs Euro Forward Exchange Contract	(251)	-0.11
£4,403,070	Sterling vs Euro Forward Exchange Contract	(313)	-0.13
£2,690,245	Sterling vs Euro Forward Exchange Contract	(203)	-0.08
£3,045,541	Sterling vs Euro Forward Exchange Contract	(203)	-0.08
		(2,187)	-0.87

Sterling Denominated Interest Rate Swap 0.00% (31 December 2012 0.30%)

- -

Asia Pacific (Excluding Japan) 1.78% (31 December 2012 0.00%)

Australian Dollar Denominated Government Bond 1.78% (31 December 2012 0.00%)

Australian Dollar Denominated Fixed Rate Government Bond 1.78% (31 December 2012 0.00%)

\$6,500,000	Australia Government 5.5% Senior Bonds 21/04/2023	4,511	1.78
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Portfolio statement (continued)

as at 30 June 2013

European 47.19% (31 December 2012 51.71%)

Euro Denominated Corporate Bond 44.83% (31 December 2012 44.60%)

Euro Denominated Variable Rate Corporate Bond 20.76% (31 December 2012 15.49%)

€1,697,000	AyT Genova Hipotecario VIII Fondo de Titulizacion Hipotecaria 0.423% Floating Rate Bonds 15/05/2039	1,075	0.43
€1,143,000	Bankinter 6 Fondo de Titulizacion de Activos 1.549% Floating Rate Bonds 26/08/2038	694	0.28
€6,400,000	BBVA Consumo 2 Fondo de Titulizacion de Activos 0.47% Floating Rate Bonds 20/12/2020	4,769	1.89
€2,950,000	Dolphin Master Issuer 8.222% Collateralised Mortgage Obligation Floating Rate Bonds 28/08/2099	2,632	1.04
€2,000,000	Dryden X-Euro 2005 2.053% Collateralised Loan Obligations Floating Rate Bonds 25/01/2022	1,461	0.58
€2,000,000	Dryden XV-Euro 2006 1.729% Collateralised Loan Obligations Floating Rate Bonds 15/04/2023	1,373	0.54
€4,900,000	Eurocredit VIII 3.58% Collateralised Debt Obligation Bonds 04/12/2020	3,689	1.46
€3,700,000	Eurosail-NL 2007-2 2.41% Collateralised Mortgage Obligation Floating Rate Bonds 17/10/2040	2,162	0.86
€602,000	Holland Homes MBS 2003-1 3.972% Floating Rate Bonds	467	0.19
€3,000,000	Holland Mortgage Backed Series Hermes X 0.609% Floating Rate Bonds 18/09/2039	2,379	0.94
€998,000	Holland Mortgage Backed Series Hermes XI 0.959% Floating Rate Bonds 18/09/2040	805	0.32
€900,000	Holland Mortgage Backed Series Hermes XII 0.599% Floating Rate Bonds 18/12/2038	680	0.27
€1,000,000	Holland Mortgage Backed Series Hermes XV 9.21% Floating Rate Bonds 17/04/2042	880	0.35
€4,200,000	Leo-Mesdag 0.391% Floating Rate Notes 29/08/2019	3,234	1.28
€3,500,000	Leopard II 2.722% Collateralised Loan Obligations Floating Rate Bonds 7/04/2019	2,102	0.83
€4,000,000	Mercator I 1.967% Collateralised Loan Obligation Floating Rate Bonds 12/10/2023	2,917	1.16
€6,000,000	Mercator II 1.802% Collateralised Loan Obligation Floating Rate Bonds 18/02/2024	3,603	1.43
€1,000,000	Mercator II 4.152% Collateralised Loan Obligation Floating Rate Bonds 18/02/2024	635	0.25
€4,699,000	Money Partners Securities 2 2.103% Collateralised Mortgage Obligation Floating Rate Bonds 14/05/2039	2,869	1.14
€7,000,000	Principal Residential Investment Mortgages 6.126% Floating Rate Bonds 28/11/2040	6,512	2.59
€5,600,000	Ruralpyme 2 FTPYME Fondo de Titulizacion de Activos 0.507% Floating Rate Bonds 25/04/2030	4,044	1.60
€3,000,000	Static Loan Funding 7.373% Floating Rate Bonds 31/07/2017	2,554	1.01
€1,100,000	Whinstone Capital Management 2.857% Guaranteed Floating Rate Bonds 25/01/2055	802	0.32
		52,338	20.76

Euro Denominated Fixed Rate Corporate Bond 24.07% (31 December 2012 31.55%)

€2,000,000	AG Spring Finance 7.5% Senior Bonds 01/06/2018	1,628	0.65
€5,250,000	Allied Irish Banks 5.625% Senior European Medium Term Bonds 12/11/2014	4,598	1.82
€2,750,000	Bank of Ireland 10% Subordinated European Medium Term Bonds 12/02/2020	2,510	1.00
€2,600,000	Cirsa Funding Luxembourg 8.75% Guaranteed Bonds 15/05/2018	2,244	0.89
€900,000	Codere Finance Luxembourg 8.25% Senior Bonds 15/06/2015	464	0.18
€2,600,000	Codere Finance Luxembourg 8.25% Senior Bonds 15/06/2015	1,339	0.54
€2,500,000	Eileme 2 11.75% Senior Bonds 31/01/2020	2,427	0.96
€2,900,000	ELM for Swiss Life Insurance & Pension 5.849% Perpetual Subordinated European Medium Term Bonds	2,437	0.97
€1,365,000	HeidelbergCement Finance Luxembourg 7.5% Guaranteed Bonds 03/04/2020	1,366	0.54
€6,250,000	ING Groep 8% Perpetual Subordinated European Medium Term Bonds	5,520	2.19
€3,500,000	Intesa Sanpaolo 9.5% Perpetual Subordinated Bonds	3,065	1.22
€2,350,000	La Financiere Atalian 7.25% Senior Bonds 15/01/2020	1,971	0.78
€1,300,000	Lecta 8.875% Senior European Medium Term Bonds 15/05/2019	1,044	0.41
€2,400,000	Loxam SAS 7.375% Subordinated Bonds 24/01/2020	2,031	0.81

Portfolio statement (continued)

as at 30 June 2013

Euro Denominated Fixed Rate Corporate Bond (continued)

€4,700,000	Nara Cable Funding 8.875% Senior Bonds 01/12/2018	4,229	1.68
€1,300,000	Nara Cable Funding II 8.5% Senior Bonds 01/03/2020	1,187	0.47
€1,700,000	New World Resources 7.875% Senior Bonds 01/05/2018	879	0.35
€2,350,000	New World Resources 7.875% Senior Bonds 15/01/2021	601	0.24
€3,090,000	NorCell 1B 12.4% Senior Bonds 01/12/2019	2,627	1.04
€2,450,000	Numericable Finance 12.375% Senior Bonds 15/02/2019	2,440	0.96
€2,750,000	Polish Television 11.25% Senior European Medium Term Bonds 15/05/2017	2,449	0.97
€3,635,000	ProSecure Funding 4.668% Subordinated Bonds 30/06/2016	3,137	1.24
€1,850,000	Societe Generale 9.375% Perpetual Subordinated Bonds	1,745	0.69
€3,000,000	Takko Luxembourg 2 S.C.A 9.875% Senior European Medium Term Bonds 15/04/2019	2,338	0.93
€3,400,000	Telecom Italia 7.75% Subordinated Bonds 20/03/2073	2,888	1.15
€1,100,000	UBS 7.152% Perpetual Subordinated European Medium Term Bonds	1,015	0.40
€2,800,000	Wind Acquisition Finance 12.25% Senior Bonds 15/07/2017	2,486	0.99
		60,665	24.07

Euro Denominated Government Bond 1.76% (31 December 2012 4.96%)

Euro Denominated Fixed Rate Government Bond 1.76% (31 December 2012 4.96%)

€2,100,000	Agence Francaise de Developpement 4.605% Perpetual Subordinated Bonds	1,759	0.70
€500,000	Agence Francaise de Developpement 4.615% Perpetual Subordinated Bonds	424	0.17
€2,700,000	Portugal Obrigacoes do Tesouro OT 4.35% Senior Bonds 16/10/2017	2,233	0.89
		4,416	1.76

Swiss Franc Denominated Corporate Bond 0.50% (31 December 2012 0.58%)

Swiss Franc Denominated Fixed Rate Corporate Bond 0.50% (31 December 2012 0.58%)

1,750,000	Aguila 3 7.875% Senior Bonds 31/01/2018	1,256	0.50
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Euro Denominated Derivatives 0.10% (31 December 2012 0.11%)

Euro Denominated Open Forward Exchange Contracts 0.10% (31 December 2012 0.14%)

€6,016,418	Euro vs Sterling Forward Exchange Contract	155	0.06
€751,037	Euro vs Sterling Forward Exchange Contract	48	0.02
€543,643	Euro vs Sterling Forward Exchange Contract	28	0.01
€556,783	Euro vs Sterling Forward Exchange Contract	25	0.01
€3,331,467	Euro vs Sterling Forward Exchange Contract	20	0.01
€264,297	Euro vs Sterling Forward Exchange Contract	3	-
€825,521	Euro vs Sterling Forward Exchange Contract	(3)	-
€1,570,020	Euro vs Sterling Forward Exchange Contract	(2)	-
€1,120,799	Euro vs Sterling Forward Exchange Contract	(2)	-
€2,332,811	Euro vs Sterling Forward Exchange Contract	(8)	-
€1,677,448	Euro vs Sterling Forward Exchange Contract	(15)	-0.01
		249	0.10

Euro Denominated Interest Rate Swap 0.00% (31 December 2012 (0.03)%)

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Portfolio statement (continued)

as at 30 June 2013

North American 5.86% (31 December 2012 4.43%)

US Dollar Denominated Corporate Bond 5.52% (31 December 2012 4.43%)

US Dollar Denominated Variable Rate Corporate Bond 0.00% (31 December 2012 3.45%)

- -

US Dollar Denominated Fixed Rate Corporate Bond 5.52% (31 December 2012 0.96%)

\$8,600,000	Banco Bilbao Vizcaya Argentaria 9% Perpetual Subordinated Bonds	5,383	2.14
\$4,500,000	Claudius for Credit Suisse 8.25% Perpetual Subordinated European Medium Term Bonds	3,009	1.19
\$4,400,000	Cooperatieve Centrale Raiffeisen-Boerenleenbank 8.375% Perpetual Subordinated Bonds	3,061	1.21
\$3,500,000	Natixis 10% Perpetual Subordinated Bonds	2,466	0.98
		13,919	5.52

US Dollar Denominated Derivatives 0.34% (31 December 2012 (0.01)%)

United States dollar Denominated Open Forward Exchange Contracts 0.00% (31 December 2012 (0.01)%)

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United States dollar Denominated Credit Default Swap 0.15% (31 December 2012 0.00%)

\$25,000,000	CDS Buy Protection French Republic 25bps 20/06/2018	401	0.15
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United States dollar Denominated Interest Rate Swap 0.19% (31 December 2012 0.00%)

\$15,000,000	Receive LIBOR USD 3 months Pay 2.305% 10/06/2023	290	0.12
\$15,000,000	Receive LIBOR USD 3 months Pay 2.46% 13/06/2023	153	0.06
\$10,000,000	Receive LIBOR USD 3 months Pay 2.61% 25/06/2023	19	0.01
		462	0.19

Investment assets*

228,142 90.51

Net other assets

23,919 9.49

Total net assets

252,061 100.00

* Including investment liabilities

Statement of total return

for the period from 1 January 2013 to 30 June 2013

		01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
	Notes				
Income					
Net capital (losses)/gains			(2,308)		8,545
Revenue		7,939		5,899	
Expenses		(1,202)		(769)	
Finance costs: Interest	2	(2)		(1)	
Net revenue before taxation		6,735		5,129	
Taxation		-		-	
Net revenue after taxation			6,735		5,129
Total return before distributions			4,427		13,674
Finance costs: Distributions	2		(7,937)		(5,898)
Change in net assets attributable to shareholders from investment activities			(3,510)		7,776

Statement of change in net assets attributable to shareholders

for the period from 1 January 2013 to 30 June 2013

		01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	*01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
Opening net assets attributable to shareholders			216,347		143,072
Amounts received on issue of shares		42,527		25,915	
Amounts paid on cancellation of shares		(3,303)		(10,678)	
			39,224		15,237
Change in net assets attributable to shareholders from investment activities			(3,510)		7,776
Closing net assets attributable to shareholders			252,061		166,085

* Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

The notes on page 25 form an integral part of these financial statements.

Balance sheet

as at 30 June 2013

	30.06.13 £'000	30.06.13 £'000	31.12.12 £'000	31.12.12 £'000
Assets				
Investment assets		230,405		212,331
Debtors	7,375		3,704	
Cash and bank balances	28,130		8,201	
Total other assets		35,505		11,905
Total assets		265,910		224,236
Liabilities				
Investment liabilities		(2,263)		(1,945)
Creditors	(7,119)		(3,325)	
Bank overdrafts	(960)		-	
Distribution payable on income shares	(3,507)		(2,619)	
Total other liabilities		(11,586)		(5,944)
Total liabilities		(13,849)		(7,889)
Net assets attributable to shareholders		252,061		216,347

The notes on page 25 form an integral part of these financial statements.

Notes to the financial statements

for the period from 1 January 2013 to 30 June 2013

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 December 2012.

2 Finance costs

Distribution and interest

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

	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000
First Interim (31 March)	3,761	3,050
Second Interim (30 June)	4,383	2,948
	8,144	5,998
Revenue deducted on cancellation of shares	30	84
Revenue received on issue of shares	(237)	(184)
Finance costs: Distributions	7,937	5,898
Finance costs: Interest	2	1
Total finance costs	7,939	5,899
Reconciliation of distributions:		
Net revenue after taxation	6,735	5,129
Capitalised fees	1,202	769
Finance costs: Distributions	7,937	5,898

Details of the interim distributions per share are set out in the table on page 26.

Distribution table

Second Interim distribution

Group 1: Shares purchased prior to 1 April 2013
 Group 2: Shares purchased from 1 April 2013 to 30 June 2013

	Gross revenue pence per share	Income tax pence per share**	Net revenue pence per share	Equalisation pence per share*	Distribution paid 30.08.13 pence per share	Distribution paid 31.08.12 pence per share
Income 'A' Shares						
Group 1	0.7546	0.1509	0.6037	-	0.6037	0.5717
Group 2	0.6221	0.1244	0.4977	0.1060	0.6037	0.5717

First Interim distribution

Group 1: Shares purchased prior to 1 January 2013
 Group 2: Shares purchased from 1 January 2013 to 31 March 2013

	Gross revenue pence per share	Income tax pence per share**	Net revenue pence per share	Equalisation pence per share*	Distribution paid 31.05.13 pence per share	Distribution paid 31.05.12 pence per share
Income 'A' Shares						
Group 1	0.6590	0.1318	0.5272	-	0.5272	0.6622
Group 2	0.3395	0.0679	0.2716	0.2556	0.5272	0.6622

* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

** There may be no tax in the case of interest distributions paid gross to shareholders

Old Mutual Bond 2 Fund

Launch date	19 April 2002
Sector classification	UK Corporate Bonds
Investment adviser	FIL Pensions Management Limited
Net asset value	£249,149,092

Objective

To achieve capital growth through investment in a well-diversified portfolio consisting predominantly of sterling denominated debt securities. The sub-fund is permitted to invest in overseas bonds, and any non-sterling currency exposure will be hedged back into sterling to remove the risk of exchange rate fluctuation.

Policy

The sub-fund invests in a well diversified portfolio of UK fixed interest securities. The Company has appointed a specialist manager to manage the sub-fund, and continuously monitors this appointment. Investments may be made through collective investment schemes or through directly invested portfolios.

The sub-fund may invest in derivative instruments and forward transactions for the purposes of meeting the investment objective and/or efficient portfolio management.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting year. Shares were first issued at 50p per share.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
31.12.10			
Accumulation 'A'	£194,420,880	305,613,689	63.62
Income 'A'	£7,666,543	18,511,176	41.42
31.12.11			
Accumulation 'A'	£195,147,818	289,262,404	67.46
Income 'A'	£17,477,735	41,570,756	42.04
31.12.12			
Accumulation 'A'	£223,804,650	296,450,204	75.49
Income 'A'	£22,017,334	48,797,200	45.12
30.06.13			
Accumulation 'A'	£227,561,608	307,692,572	73.96
Income 'A'	£21,587,484	49,854,215	43.30

Comparative table

The table below shows the highest and lowest share prices per share in pence for the calendar year indicated below.

Calendar year	Highest price	Lowest price
2008		
Accumulation 'A'	61.33	50.18
Income 'A'	46.81	37.29
2009		
Accumulation 'A'	59.87	46.98
Income 'A'	41.93	33.86
2010		
Accumulation 'A'	66.58	58.44
Income 'A'	44.34	39.88
2011		
Accumulation 'A'	68.38	62.79
Income 'A'	43.55	40.88
2012		
Accumulation 'A'	76.21	67.45
Income 'A'	46.49	42.04
2013*		
Accumulation 'A'	79.27	73.88
Income 'A'	47.36	44.14

*to 30 June 2013

The table below shows the net revenue distributed/accumulated per share in pence for the calendar years indicated below.

Calendar year	Pence per share
2008	
Accumulation 'A'	3.0753
Income 'A'	2.3791
2009	
Accumulation 'A'	3.0660
Income 'A'	2.2542
2010	
Accumulation 'A'	3.0069
Income 'A'	2.0800
2011	
Accumulation 'A'	2.8368
Income 'A'	1.8708
2012	
Accumulation 'A'	2.9081
Income 'A'	1.8326
2013*	
Accumulation 'A'	2.9834
Income 'A'	1.8312

*ex dividend date of 30 June 2013 and payable on 30 August 2013

Investment Manager's review

The first three months of 2013 saw mixed performances from fixed income assets. Broadly, the first month and a half was characterised by strength in higher risk bonds, in particular local currency emerging market debt as sterling weakened, but also high yield, and to a lesser extent investment-grade corporate bonds. Mid February and March saw renewed strength in government bonds, although risk assets remained surprisingly resilient, not giving back the gains made earlier and in many cases continuing to rise, though not so strongly as government bonds. Gilts remained underpinned by the generally tepid economic background until May. However, from the latter part of that month markets were unsettled in the wake of remarks from US Federal Reserve officials hinting at a 'tapering' at some point in the US central bank's quantitative easing programme. The prospects that the Fed might soon cut back on QE unnerved investors. As a result, most fixed income asset classes sold-off in the second half of May and June. US treasury yields backed up, which also affected fixed income securities issued by the UK government (gilts), German bunds and the wider global market for high grade corporate bonds. Investors also saw a significant widening in credit spreads as the fall in the government bond market cascaded to other asset classes as well. Overall, UK corporate bonds outperformed UK gilts. High-yield bonds proved more resilient, outperforming other asset classes over the quarter. Meanwhile, the Bank of England's (BoE) Monetary Policy Committee voted in favour of maintaining its £375 billion asset purchase target unchanged. The BOE also announced an extension to the funding for Lending Scheme until early 2015.

Performance

Despite outperforming in the first quarter, the pronounced volatility that arose in May and June hurt overall returns and as a result the sub-fund trailed the index for the six month review period as a whole.

In the first three months, the sub-fund mostly benefited from the extra carry earned from the preference for lower-rated investment grade bonds. An overweight stance in BBB rated corporate bonds was the most significant contributor to performance as investors continued to chase higher yielding assets. For instance, a bias towards Iberdrola and Thames Water within utilities and Great Rolling Stock and Eversholt Rail in transport enhanced performance. Furthermore, an overweight stance in defensive securities in the consumer non-cyclical sector, plus a bias to telecoms issues also boosted returns.

However, in the financial sector an underweight stance and unproductive selection in banks hurt relative returns. Detractors included Barclays and HSBC. An underweight holding in insurance securities such as American International Group and Friends Life also held back performance. But losses within the sector were partially offset by an overweight stance in covered bonds.

But most of the weakness for the portfolio took place in the final two months amid the sharp rise in volatility. Nevertheless, the bias towards BBB rated bonds went some way to offset losses from widening credit spreads at this time.

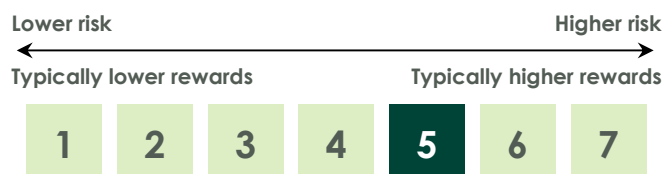
Meanwhile, although the sub-fund's short duration stance weighed on returns as gilt yields declined over the first quarter, being short duration in the last three months boosted performance as gilt yields rose in the second half of the review period. And the portfolio's tilt towards sectors more immune to the economic environment was helpful in keeping performance relatively resilient in the face of second quarter setbacks.

The manager reduced the credit risk over the first three months of 2013 but maintained an overall positive credit beta position. This was achieved by going further underweight in financials by reducing exposure to Santander and Royal Bank of Scotland. However, the sub-fund retained a significant exposure to covered bonds issued by UK banks such as Lloyds Banking Group, Abbey National and Clydesdale Bank. Within non-financials, a bias towards sectors less sensitive to the economic cycle, such as the consumer staples, telecoms, utilities and transport areas was maintained. The new issue market continued to provide good opportunities for adding preferred issuers at attractive prices during much of the review period.

Although markets were spooked by Federal Reserve hints late in the period of curbs on QE, high debt levels remain the key structural problem afflicting developed economies, which makes them highly sensitive to interest rates. Therefore, despite hints to the contrary by the US Fed, the manager believes that quantitative easing will be maintained for some time to try and keep markets on an even keel. The manager therefore likes high-quality investment grade bonds from robust multinational companies. Meanwhile, maintaining high levels of diversification, plus prudent liquidity management, is essential as bond markets remain subject to volatility.

The manager retains a preference for BBB-rated corporate bonds built from bottom-up bond selection. The focus remains on finding bonds in defensive sectors that offer a premium over gilts.

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-funds in category 5 have in the past shown moderately high volatility. With a fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately high.

Investment risk - there is no guarantee that the sub-fund will achieve its objective.

Credit risk - the issuer of a Bond or a similar investment within the sub-fund may not pay income or repay capital to the sub-fund when due. Bonds which are rated below investment grade are considered to have a higher risk exposure with respect to meeting their payment obligations.

Interest rate risk - investments in bonds are affected by interest rates and inflation trends which may affect the value of the sub-fund.

Liquidity risk - some investments may become hard to value or sell at a desired time and price. In extreme circumstances this may affect the sub-fund's ability to meet redemption requests upon demand.

Currency risk - the sub-fund may use techniques to try to eliminate the effects of changes in the exchange rate between the currency of the underlying investments and the base currency (i.e. the reporting currency) of the sub-fund. These techniques may not eliminate all the currency risk.

Derivative risk - the sub-fund may use derivatives to generate returns as well as to reduce costs and/or the overall risk of the sub-fund. Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in a disproportionately large movement in the price of the derivative investment. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet its contractual obligations.

Capital erosion risk - the sub-fund takes charges from capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges. Capital erosion may have the effect of reducing the level of income generated.

For full details of the sub-fund's risks, please see the section in the prospectus headed "Risks".

Portfolio allocation

United Kingdom	59.64%
Europe	26.13%
United States	6.48%
Asia Pacific (Excluding Japan)	1.12%
Derivatives	0.04%

Net other assets	6.59%
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Total	100.00%
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Asset allocation

Sterling debt securities	83.04%
Euro debt securities	5.09%
US Dollar debt securities	5.24%
Sterling Equities	–%
Derivatives	0.04%

Net other assets	6.59%
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Total	100.00%
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Major holdings

	Percentage of portfolio
United Kingdom 6% Bonds 07/12/2028	3.55%
United Kingdom 4.25% Bonds 07/12/2027	2.32%
United Kingdom 1.75% Bonds 07/09/2022	2.08%
United Kingdom 3.5% Bonds 22/07/2068	1.56%
Great Rolling Stock 6.875% Senior European Medium Term Bonds 27/07/2035	1.24%
Lloyds TSB Bank 6% Guaranteed Bonds 08/02/2030	1.23%
Aspire Defence Finance 4.674% Bonds 31/03/2040	1.18%
Russian Railways 7.487% Senior Bonds 25/03/2031	1.15%
United Kingdom 3.75% Bonds 07/09/2021	1.01%
Eversholt Funding 6.697% Senior European Medium Term Bonds 22/02/2035	0.96%

Number of holdings	257
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Ongoing charges figure (OCF)*

31.12.12 Accumulation 'A'	1.00%
31.12.12 Income 'A'	1.00%
30.06.13 Accumulation 'A'	0.99%
30.06.13 Income 'A'	0.99%

*The ongoing charges figure is the ratio of the sub-fund's ongoing charges to the average net assets of the sub-fund.

All information is at 30 June 2013 unless otherwise stated.

Portfolio Statement

as at 30 June 2013

Holding	Investment	Market	Percentage of
		Value	total net
		£'000	assets
			%
Sterling 82.99% (31 December 2012 86.24%)			
Sterling Denominated Corporate Bond 69.83% (31 December 2012 80.03%)			
Sterling Denominated Fixed Rate Corporate Bond 69.83% (31 December 2012 80.03%)			
£500,000	AA 4.7201% Senior European Medium Term Bonds 02/07/2043	506	0.20
£1,800,000	Abbey National Treasury Services 5.125% Guaranteed European Medium Term Bonds 14/04/2022	2,051	0.82
£950,000	Abbey National Treasury Services 5.25% Guaranteed European Medium Term Bonds 16/02/2030	1,077	0.43
£650,000	Abbey National Treasury Services 5.75% Guaranteed European Medium Term Bonds 02/03/2027	780	0.31
£750,000	ABP Finance 6.25% Senior European Medium Term Bonds 14/12/2026	841	0.34
£300,000	America Movil 4.375% Guaranteed Bonds 07/08/2041	267	0.11
£500,000	American International 5% Senior European Medium Term Bonds 26/04/2023	539	0.22
£600,000	Anglian Water Services Financing 4.5% Senior European Medium Term Bonds 05/10/2027	624	0.25
£200,000	Anglian Water Services Financing 5.837% Senior European Medium Term Bonds 30/07/2022	235	0.09
£350,000	Arqiva Financing 4.04% Senior European Medium Term Bonds 30/06/2035	345	0.14
£650,000	Arqiva Financing 4.882% Senior European Medium Term Bonds 31/12/2032	632	0.25
£2,949,000	Aspire Defence Finance 4.674% Bonds 31/03/2040	2,938	1.18
£1,700,000	Aspire Defence Finance 4.674% Bonds 31/03/2040	1,693	0.68
£500,000	Assicurazioni Generali 6.269% Perpetual Subordinated Bonds	400	0.16
£500,000	Assicurazioni Generali SpA 6.416% Perpetual Subordinated Bonds	417	0.17
£1,900,000	Aviva 6.125% Perpetual Subordinated Bonds	1,813	0.72
£1,000,000	Aviva 6.875% Subordinated European Medium Term Bonds 20/05/2058	974	0.39
£850,000	AXA 6.6862% Perpetual Subordinated European Medium Term Bonds	816	0.33
£750,000	Bank of Scotland 4.875% Guaranteed European Medium Term Bonds 08/11/2016	833	0.33
£975,000	Barclays Bank 4.25% Guaranteed European Medium Term Bonds 12/01/2022	1,062	0.43
£580,000	Barclays Bank 6% Perpetual Subordinated Bonds	504	0.20
£1,000,000	Barclays SLCSM Funding 6.14% Guaranteed Perpetual European Medium Term Bonds	992	0.40
£750,000	BAT International Finance 6% Guaranteed European Medium Term Bonds 24/11/2034	906	0.36
£1,200,000	BAT International Finance 6.375% Guaranteed European Medium Term Bonds 12/12/2019	1,462	0.59
£850,000	BAT International Finance 7.25% Guaranteed European Medium Term Bonds 12/03/2024	1,105	0.44
£1,133,000	Bishopsgate Asset Finance 4.808% Bonds 14/08/2044	1,035	0.42
£650,000	BL Superstores Finance 4.482% Bonds 04/10/2030	702	0.28
£500,000	BNP Paribas 5.945% Perpetual Subordinated Bonds	449	0.18
£1,000,000	British Land 5.357% Bonds 31/03/2028	1,041	0.42
£500,000	British Sugar 10.75% Bonds 02/07/2013	485	0.19
£650,000	British Telecommunications 6.375% Senior European Medium Term Bonds 23/06/2037	771	0.31
£500,000	British Telecommunications 8.5% Senior Bonds 07/12/2016	604	0.24
£475,000	Centrica 4.25% Senior European Medium Term Bonds 12/09/2044	436	0.17
£850,000	Centrica 6.375% Senior European Medium Term Bonds 10/03/2022	1,038	0.41
£1,100,000	Clydesdale Bank 4.625% Guaranteed European Medium Term Bonds 08/06/2026	1,189	0.48
£1,050,000	Comcast 5.5% Guaranteed Bonds 23/11/2029	1,184	0.48
£500,000	Commonwealth Bank of Australia 3% Guaranteed European Medium Term Bonds 04/09/2026	464	0.19

Portfolio Statement (continued)

as at 30 June 2013

Sterling Denominated Fixed Rate Corporate Bond (continued)

£250,000	Community Finance 1 5.017% European Medium Term Bonds 31/07/2034	282	0.11
£200,000	Cooperatieve Centrale Raiffeisen-Boerenleenbank 5.25% Subordinated European Medium Term Bonds 14/09/2027	198	0.08
£1,220,000	Co-Operative Bank 4.75% Guaranteed Bonds 11/11/2021	1,261	0.51
£233,000	CPUK Finance 11.625% Senior European Medium Term Bonds 28/02/2042	258	0.10
£1,050,000	CPUK Finance 4.811% Senior European Medium Term Bonds 28/02/2042	1,114	0.45
£550,000	Daily Mail & General Trust 6.375% Senior Bonds 21/06/2027	563	0.23
£1,000,000	Dali Capital 4.79924% Bonds 21/12/2037	944	0.38
£1,850,000	Deutsche Telekom International Finance 6.5% Guaranteed European Medium Term Bonds 08/04/2022	2,247	0.89
£1,260,000	Deutsche Telekom International Finance 8.875% Guaranteed Bonds 27/11/2028	1,859	0.75
£971,000	Dignity Finance 6.31% Bonds 31/12/2023	1,152	0.47
£100,000	Dignity Finance 8.151% Bonds 31/12/2031	136	0.05
£500,000	Direct Line Insurance 9.25% Guaranteed Bonds 27/04/2042	593	0.24
£1,950,000	DIRECTV 4.375% Guaranteed Bonds 14/09/2029	1,827	0.74
£400,000	Dwr Cymru Financing 6.015% European Medium Term Bonds 31/03/2028	477	0.19
£600,000	Dwr Cymru Financing 6.907% European Medium Term Bonds 31/03/2021	742	0.30
£550,000	Eastern Power Networks 4.75% Senior European Medium Term Bonds 30/09/2021	600	0.24
£1,007,000	Edinburgh Investment Trust 7.75% Bonds 30/09/2022	1,269	0.51
£1,000,000	Electricite de France 5.5% Senior European Medium Term Bonds 17/10/2041	1,035	0.42
£1,000,000	Electricite de France 6% Perpetual Subordinated European Medium Term Bonds	988	0.40
£1,000,000	Electricite de France 6.125% Senior European Medium Term Bonds 02/06/2034	1,131	0.45
£1,500,000	Electricite de France 6.25% Senior European Medium Term Bonds 30/05/2028	1,748	0.69
£200,000	Enel Finance International 5.625% Guaranteed European Medium Term Bonds 14/08/2024	196	0.08
£500,000	Enterprise Inns 6% Bonds 03/02/2014	504	0.20
£2,290,000	Enterprise Inns 6.375% Bonds 26/09/2031	1,903	0.77
£1,075,000	Enterprise Inns 6.5% Bonds 06/12/2018	1,052	0.42
£2,000,000	Eversholt Funding 6.697% Senior European Medium Term Bonds 22/02/2035	2,390	0.96
£500,000	Experian Finance 4.75% Guaranteed European Medium Term Bonds 23/11/2018	551	0.22
£1,000,000	First Active 3.05163% Subordinated Floating Rate European Medium Term Bonds 04/04/2018	880	0.35
£1,900,000	Firstgroup 5.25% Guaranteed Bonds 29/11/2022	1,934	0.78
£50,000	Firstgroup 6.125% Guaranteed Bonds 18/01/2019	54	0.02
£1,000,000	Foreign & Colonial Investment Trust 11.25% Bonds 31/12/2014	1,112	0.45
£1,100,000	Gatwick Funding 5.25% Senior European Medium Term Bonds 23/01/2026	1,192	0.48
£550,000	Gatwick Funding 5.75% Senior European Medium Term Bonds 23/01/2039	597	0.24
£500,000	Gatwick Funding 6.125% Senior European Medium Term Bonds 02/03/2028	579	0.23
£2,000,000	GE Capital UK Funding 6.75% Guaranteed European Medium Term Bonds 06/08/2018	2,369	0.95
£1,000,000	GlaxoSmithKline Capital 3.375% Guaranteed European Medium Term Bonds 20/12/2027	940	0.38
£500,000	Glencore Finance Europe 6% Guaranteed Bonds 03/04/2022	529	0.21
£500,000	Great Portland Estates 5.625% Bonds 31/01/2029	515	0.21
£1,400,000	Great Rolling Stock 6.25% Senior European Medium Term Bonds 27/07/2020	1,620	0.65
£2,600,000	Great Rolling Stock 6.875% Senior European Medium Term Bonds 27/07/2035	3,093	1.24
£500,000	HBOS Sterling Finance Jersey 7.881% Guaranteed Perpetual Bonds	489	0.20
£150,000	Heathrow Funding 5.875% Senior European Medium Term Bonds 31/05/2043	170	0.07
£1,500,000	Heathrow Funding 6.75% Senior European Medium Term Bonds 03/12/2028	1,871	0.75
£950,000	High Speed Rail Finance 1 4.375% Senior European Medium Term Bonds 01/11/2038	949	0.38
£1,000,000	Housing Finance 8.625% Senior Bonds 13/11/2023	1,408	0.57
£850,000	HSBC 6% Subordinated European Medium Term Bonds 29/03/2040	890	0.36
£750,000	HSBC 6.75% Subordinated Bonds 11/09/2028	862	0.35
£800,000	HSBC 7% Subordinated European Medium Term Bonds 07/04/2038	937	0.37

Portfolio Statement (continued)

as at 30 June 2013

Sterling Denominated Fixed Rate Corporate Bond (continued)			
£700,000	HSBC Bank 5% Subordinated European Medium Term Bonds 20/03/2023	743	0.30
£1,300,000	HSBC Bank Capital Funding Sterling 5.844% Guaranteed Perpetual Bonds	1,234	0.50
£350,000	Iberdrola Finanzas 7.375% Guaranteed European Medium Term Bonds 29/01/2024	406	0.16
£500,000	Imperial Tobacco Finance 5.5% Guaranteed European Medium Term Bonds 28/09/2026	555	0.22
£1,000,000	Imperial Tobacco Finance 7.75% Guaranteed European Medium Term Bonds 24/06/2019	1,251	0.50
£1,600,000	Imperial Tobacco Finance 9% Guaranteed European Medium Term Bonds 17/02/2022	2,174	0.88
£1,000,000	Infinis 7% Senior Bonds 15/02/2019	1,001	0.40
£1,207,000	Intu SGS Finance 3.875% Senior European Medium Term Bonds 17/03/2028	1,195	0.48
£436,000	Intu SGS Finance 4.625% Senior European Medium Term Bonds 17/03/2033	436	0.17
£1,500,000	Johnson & Johnson 5.5% Bonds 06/11/2024	1,818	0.73
£1,004,000	Juturna European Loan Conduit No 16 5.0636% Mortgage-Backed European Medium Term Bonds 10/08/2033	1,092	0.44
£150,000	Koninklijke KPN 5.75% Senior European Medium Term Bonds 17/09/2029	158	0.06
£1,300,000	Lafarge 10% Senior European Medium Term Bonds 30/05/2017	1,557	0.63
£200,000	Land Securities Capital Markets 4.875% Mortgage-Backed European Medium Term Bonds 07/11/2019	224	0.09
£1,300,000	Land Securities Capital Markets 5.125% Mortgage-Backed European Medium Term Bonds 07/02/2036	1,454	0.58
£750,000	Linde Finance 8.125% Guaranteed Bonds 14/07/2066	858	0.34
£1,550,000	Lloyds TSB Bank 5.125% Guaranteed European Medium Term Bonds 07/03/2025	1,754	0.70
£2,500,000	Lloyds TSB Bank 6% Guaranteed Bonds 08/02/2030	3,051	1.23
£1,450,000	Lloyds TSB Bank 7.625% Subordinated European Medium Term Bonds 22/04/2025	1,609	0.65
£999,000	London Merchant Securities 6.5% Senior Bonds 16/03/2026	1,165	0.47
£500,000	London Power Networks 5.125% Senior European Medium Term Bonds 31/03/2023	558	0.22
£602,000	Longstone Finance 4.791% Mortgage-Backed Bonds 19/04/2036	663	0.27
£1,000,000	Lunar Funding I 6.125% European Medium Term Bonds 09/06/2027	1,138	0.46
£750,000	Majedie Investments 7.25% Bonds 31/03/2025	903	0.36
£950,000	Marks & Spencer 6.125% Senior European Medium Term Bonds 02/12/2019	1,038	0.42
£456,000	Meadowhall Finance 4.986% Bonds 12/07/2037	516	0.21
£600,000	Metropolitan Life Global Funding I 3.5% European Medium Term Bonds 30/09/2026	572	0.23
£1,300,000	Mondelez International 7.25% Senior European Medium Term Bonds 18/07/2018	1,585	0.64
£300,000	Muenchener Rueckversicherungs 6.625% Subordinated European Medium Term Bonds 26/05/2042	340	0.14
£500,000	National Grid Electricity Transmission 6.5% Senior Bonds 27/07/2028	626	0.25
£650,000	National Grid Electricity Transmission 7.375% Senior European Medium Term Bonds 13/01/2031	878	0.36
£400,000	National Grid Gas 6.375% Senior European Medium Term Bonds 03/03/2020	482	0.20
£1,500,000	National Westminster Bank 6.5% Subordinated Bonds 07/09/2021	1,475	0.59
£650,000	Nats En Route 5.25% Senior Bonds 31/03/2026	735	0.30
£250,000	Northern Gas Networks Finance 4.875% Guaranteed Bonds 30/06/2027	265	0.11
£500,000	Northern Gas Networks Finance 5.875% Guaranteed Bonds 08/07/2019	583	0.23
£180,000	Novae 6.5% Senior Bonds 27/04/2017	171	0.07
£300,000	OneSavings Bank 6.591% Perpetual Subordinated Bonds	199	0.08
£1,250,000	Perpetual Income and Growth Investment Trust 6.125% Bonds 08/07/2014	1,300	0.52
£300,000	Pfizer 6.5% Senior Bonds 03/06/2038	398	0.16
£800,000	Porterbrook Rail Finance 6.5% Senior European Medium Term Bonds 20/10/2020	944	0.38
£1,200,000	Porterbrook Rail Finance 7.125% Senior European Medium Term Bonds 20/10/2026	1,512	0.61
£950,000	Priory No 3 7% Senior Bonds 15/02/2018	962	0.39
£650,000	RL Finance 6.125% Guaranteed Perpetual Bonds	597	0.24
£1,006,000	RMPA Services 5.337% Senior Bonds 30/09/2038	1,097	0.44
£500,000	Royal Bank of Scotland 5.125% Guaranteed Bonds 13/01/2024	568	0.23
£2,650,000	Russian Railways 7.487% Senior Bonds 25/03/2031	2,869	1.15

Portfolio Statement (continued)

as at 30 June 2013

Sterling Denominated Fixed Rate Corporate Bond (continued)			
£500,000	Santander Issuances 7.3% Guaranteed Bonds 27/07/2019	507	0.20
£1,221,000	Scottish Investment Trust 5.75% Bonds 17/04/2030	1,367	0.55
£650,000	Scottish Widows 5.5% Subordinated Bonds 16/06/2023	627	0.25
£900,000	Scottish Widows 7% Subordinated Bonds 16/06/2043	876	0.34
£200,000	Severn Trent Utilities Finance 3.625% Guaranteed European Medium Term Bonds 16/01/2026	194	0.08
£1,750,000	Siemens Financieringsmaatschappij 6.125% Guaranteed Bonds 14/09/2066	1,909	0.76
£1,500,000	Skipton Building Society 1.54438% Subordinated Floating Rate European Medium Term Bonds 18/01/2018	1,099	0.44
£500,000	Society of Lloyd's 6.875% Subordinated Bonds 17/11/2025	538	0.22
£550,000	South East Water Finance 5.6577% Senior European Medium Term Bonds 30/09/2019	622	0.25
£800,000	South Eastern Power Networks 5.625% Senior European Medium Term Bonds 30/09/2030	902	0.36
£500,000	South Eastern Power Networks 6.375% Senior European Medium Term Bonds 12/11/2031	606	0.24
£800,000	Southern Gas Networks 4.875% Senior European Medium Term Bonds 05/10/2023	879	0.35
£500,000	Southern Gas Networks 5.125% Senior European Medium Term Bonds 02/11/2018	563	0.23
£1,000,000	Southern Water Services Finance 5% Senior European Medium Term Bonds 31/03/2021	1,096	0.43
£1,000,000	Southern Water Services Finance 7.869% European Medium Term Bonds 31/03/2038	1,040	0.42
£975,000	SP Manweb 4.875% Senior European Medium Term Bonds 20/09/2027	1,012	0.41
£1,400,000	SPD Finance UK 5.875% Guaranteed Bonds 17/07/2026	1,619	0.65
£550,000	SPI Australia Assets Pty 5.125% Guaranteed European Medium Term Bonds 11/02/2021	610	0.24
£800,000	SPI Electricity & Gas Australia Pty 7.125% Guaranteed European Medium Term Bonds 26/06/2018	960	0.39
£750,000	SSE 5% Senior European Medium Term Bonds 01/10/2018	846	0.34
£1,350,000	Swiss Reinsurance via ELM 6.3024% Perpetual Subordinated European Medium Term Bonds	1,396	0.56
£600,000	TDC AS 5.625% Senior European Medium Term Bonds 23/02/2023	669	0.27
£350,000	Telecom Italia 6.375% Senior European Medium Term Bonds 24/06/2019	359	0.14
£450,000	Telefonica Emisiones 5.289% Guaranteed European Medium Term Bonds 09/12/2022	442	0.18
£750,000	Telefonica Emisiones 5.375% Guaranteed European Medium Term Bonds 02/02/2018	791	0.32
£650,000	Telefonica Emisiones 5.375% Guaranteed European Medium Term Bonds 02/02/2026	618	0.25
£600,000	Telefonica Emisiones 5.597% Guaranteed European Medium Term Bonds 12/03/2020	619	0.25
£404,000	Telereal Securitisation 5.3887% Bonds 10/12/2033	469	0.19
£484,000	Telereal Securitisation 5.5534% Bonds 10/12/2033	574	0.23
£800,000	Temple Bar Investment Trust 5.5% Senior Bonds 08/03/2021	892	0.36
£950,000	Tesco 6.125% Senior European Medium Term Bonds 24/02/2022	1,099	0.44
£957,000	Tesco Property Finance 2 6.0517% Mortgage-Backed Bonds 13/10/2039	1,081	0.43
£695,000	Tesco Property Finance 3 5.744% Mortgage-Backed Bonds 13/04/2040	735	0.30
£995,000	Tesco Property Finance 5 5.6611% Mortgage-Backed Bonds 13/10/2041	1,043	0.42
£300,000	Thames Water Utilities Cayman Finance 4.375% Senior European Medium Term Bonds 03/07/2034	294	0.12
£1,000,000	Thames Water Utilities Cayman Finance 5.375% European Medium Term Bonds 21/07/2025	1,094	0.44
£400,000	Thames Water Utilities Cayman Finance 7.241% Senior European Medium Term Bonds 09/04/2058	477	0.19
£150,000	THFC Funding No 3 5.2% Senior European Medium Term Bonds 11/10/2043	160	0.06
£500,000	Time Warner Cable 5.25% Guaranteed Bonds 15/07/2042	481	0.19
£500,000	Time Warner Cable 5.75% Guaranteed Bonds 02/06/2031	529	0.21
£400,000	Trafford Centre Finance 6.5% Bonds 28/07/2033	502	0.20
£376,000	Tyseley Finance 6.675% Bonds 30/07/2018	424	0.17
£500,000	Unique Pub Finance Co 5.659% Bonds 30/06/2027	459	0.18
£800,000	UNITE USAF II 3.374% Senior Bonds 30/06/2028	777	0.31
£1,300,000	UPP 1 Issuer 4.9023% Senior European Medium Term Bonds 28/02/2040	1,288	0.52
£800,000	Virgin Media Secured Finance 7% Senior Bonds 15/01/2018	831	0.33
£350,000	Vodafone 5.375% Senior European Medium Term Bonds 05/12/2017	397	0.16

Portfolio Statement (continued)

as at 30 June 2013

Sterling Denominated Fixed Rate Corporate Bond (continued)

£400,000	Wales & West Utilities Finance 4.625% Senior European Medium Term Bonds 13/12/2023	437	0.18
£350,000	Wales & West Utilities Finance 5% Senior European Medium Term Bonds 07/03/2028	380	0.15
£800,000	Wales & West Utilities Finance 6.25% Senior Bonds 30/11/2021	967	0.39
£1,000,000	Wellcome Trust Finance 4.625% Guaranteed Bonds 25/07/2036	1,086	0.44
£1,501,000	Wellcome Trust Finance 4.75% Guaranteed Bonds 28/05/2021	1,702	0.67
£500,000	Wells Fargo & 3.5% Senior European Medium Term Bonds 12/09/2029	452	0.18
£1,000,000	Western Power Distribution South Wales 5.75% Senior Bonds 23/03/2040	1,134	0.46
£650,000	Westpac Banking 5% Senior European Medium Term Bonds 21/10/2019	737	0.30
£300,000	Yorkshire Water Services Bradford Finance 6.375% Senior Bonds 19/08/2039	373	0.15
£300,000	Yorkshire Water Services Odsal Finance 6.454% Senior Bonds 28/05/2027	370	0.15
		173,939	69.83

Sterling Denominated Equities 0.00% (31 December 2012 0.00%)

Sterling Denominated Equities 0.00% (31 December 2012 0.00%)

12	West Bromwich Building Society	-	-
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Sterling Denominated Government Bond 13.21% (31 December 2012 6.29%)

Sterling Denominated Fixed Rate Government Bond 13.21% (31 December 2012 6.29%)

£5,450,000	United Kingdom 1.75% Bonds 07/09/2022	5,175	2.08
£3,925,000	United Kingdom 3.5% Bonds 22/07/2068	3,881	1.56
£2,250,000	United Kingdom 3.75% Bonds 07/09/2021	2,525	1.01
£250,000	United Kingdom 4% Bonds 07/03/2022	285	0.11
£300,000	United Kingdom 4.25% Bonds 07/03/2036	344	0.14
£1,500,000	United Kingdom 4.25% Bonds 07/06/2032	1,724	0.69
£5,000,000	United Kingdom 4.25% Bonds 07/12/2027	5,782	2.32
£400,000	United Kingdom 4.25% Bonds 07/12/2046	457	0.18
£850,000	United Kingdom 4.25% Bonds 07/12/2055	983	0.39
£450,000	United Kingdom 4.5% Bonds 07/03/2019	524	0.21
£875,000	United Kingdom 4.5% Bonds 07/09/2034	1,036	0.42
£1,150,000	United Kingdom 4.5% Bonds 07/12/2042	1,368	0.55
£6,400,000	United Kingdom 6% Bonds 07/12/2028	8,831	3.55
		32,915	13.21

Sterling Denominated Derivatives (0.05)% (31 December 2012 0.00%)

Sterling Denominated Open Forward Exchange Contracts (0.07)% (31 December 2012 (0.06)%)

£916,353	Sterling vs United States dollar Forward Exchange Contract	6	-
£1,011,829	Sterling vs United States dollar Forward Exchange Contract	2	-
£478,347	Sterling vs United States dollar Forward Exchange Contract	1	-
£764,954	Sterling vs United States dollar Forward Exchange Contract	(1)	-
£607,107	Sterling vs Euro Forward Exchange Contract	(2)	-
£395,761	Sterling vs Euro Forward Exchange Contract	(6)	-
£9,951,039	Sterling vs United States dollar Forward Exchange Contract	(7)	-
£12,277,499	Sterling vs Euro Forward Exchange Contract	(194)	(0.07)
		(201)	(0.07)

Sterling Futures Contracts 0.02% (31 December 2012 (0.02)%)

(10)	Long Gilt Future 26/09/2013	43	0.02
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Portfolio Statement (continued)

as at 30 June 2013

European 5.12% (31 December 2012 6.03%)

Euro Denominated Corporate Bond 4.84% (31 December 2012 6.06%)

Euro Denominated Fixed Rate Corporate Bond 4.84% (31 December 2012 6.06%)

€300,000	Air Liquide Finance 2.125% Guaranteed European Medium Term Bonds 15/10/2021	256	0.10
€400,000	Alliander 4.875% Perpetual Subordinated Bonds	360	0.14
€400,000	Assicurazioni Generali 10.125% Subordinated European Medium Term Bonds 10/07/2042	414	0.17
€1,160,000	Barclays Bank 4.75% Perpetual Subordinated European Medium Term Bonds	717	0.29
€290,000	Barclays Bank 4.875% Perpetual Subordinated European Medium Term Bonds	182	0.07
€500,000	BPCE 4.75% Perpetual Subordinated Bonds	356	0.14
€950,000	Coca-Cola HBC Finance 2.375% Guaranteed European Medium Term Bonds 18/06/2020	799	0.32
€325,000	Enel Finance International 4.875% Guaranteed European Medium Term Bonds 17/04/2023	288	0.12
€350,000	Enel Finance International 5.75% Guaranteed European Medium Term Bonds 24/10/2018	338	0.14
€300,000	Eutelsat 5% Senior Bonds 14/01/2019	293	0.12
€300,000	Gas Natural Capital Markets 6% Guaranteed European Medium Term Bonds 27/01/2020	293	0.12
€200,000	Gas Natural Fenosa Finance 3.875% Guaranteed European Medium Term Bonds 17/01/2023	167	0.07
€350,000	Imperial Tobacco Finance 4.5% Guaranteed European Medium Term Bonds 05/07/2018	336	0.13
€500,000	Intesa Sanpaolo 8.047% Perpetual Subordinated Bonds	426	0.17
€1,250,000	Labco 8.5% Senior Bonds 15/01/2018	1,116	0.45
€150,000	Lafarge 5.375% Senior European Medium Term Bonds 26/06/2017	136	0.05
€200,000	Lafarge 8.875% Senior European Medium Term Bonds 24/11/2016	201	0.08
€800,000	Linde Finance 7.375% Guaranteed Bonds 14/07/2066	787	0.32
€400,000	Santander International Debt 4.625% Guaranteed European Medium Term Bonds 21/03/2016	356	0.14
€500,000	Smurfit Kappa Acquisitions 7.75% Senior Bonds 15/11/2019	460	0.18
€450,000	Snam 5.25% Senior European Medium Term Bonds 19/09/2022	430	0.17
€400,000	Suez Environnement 4.82% Perpetual Subordinated Bonds	351	0.14
€300,000	Swiss Reinsurance via ELM 5.252% Perpetual Subordinated Bonds	260	0.10
€900,000	Telenor 2.5% Senior European Medium Term Bonds 22/05/2025	742	0.30
€500,000	UniCredit 6.95% Subordinated European Medium Term Bonds 31/10/2022	442	0.18
€193,000	Unitymedia Hessen 8.125% Senior Bonds 01/12/2017	174	0.07
€1,000,000	UPCB Finance 7.625% Senior Bonds 15/01/2020	903	0.37
€500,000	Veolia Environnement 4.625% Senior European Medium Term Bonds 30/03/2027	467	0.19
		12,050	4.84

Euro Denominated Government Bond 0.25% (31 December 2012 0.00%)

Euro Denominated Fixed Rate Government Bond 0.25% (31 December 2012 0.00%)

\$650,000	European Union 3.375% Senior European Medium Term Bonds 10/05/2019	624	0.25
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Portfolio Statement (continued)

as at 30 June 2013

Euro Denominated Derivatives 0.03% (31 December 2012 (0.03)%)

Euro Denominated Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)

€325,000	Euro vs Sterling Forward Exchange Contract	3	-
€331,000	Euro vs Sterling Forward Exchange Contract	2	-
€419,000	Euro vs Sterling Forward Exchange Contract	0	-
		<u>5</u>	<u>-</u>

Euro Denominated Futures Contracts 0.03% (31 December 2012 (0.03)%)

(62)	Euro-Bund Future 06/09/2013	78	0.03
(2)	Euro-Buxl 30 Year Bond Future 06/09/2013	3	-
		<u>81</u>	<u>0.03</u>

North American 5.30% (31 December 2012 3.29%)

US Dollar Denominated Corporate Bond 5.13% (31 December 2012 3.18%)

US Dollar Denominated Fixed Rate Corporate Bond 5.13% (31 December 2012 3.18%)

\$800,000	Altria 10.2% Guaranteed Bonds 06/02/2039	790	0.32
\$500,000	Altria 2.85% Guaranteed Bonds 09/08/2022	304	0.12
\$100,000	AngloGold Ashanti Finance 3.5% Guaranteed Bonds 22/05/2014	66	0.03
\$1,000,000	Barclays Bank 7.75% Subordinated Bonds 10/04/2023	654	0.26
\$500,000	British Sky Broadcasting 3.125% Guaranteed Bonds 26/11/2022	306	0.12
\$1,000,000	British Telecommunications 9.625% Senior Bonds 15/12/2030	987	0.40
\$1,000,000	Credit Suisse Guernsey I 7.875% Guaranteed Bonds 24/02/2041	688	0.28
\$1,000,000	DIRECTV 3.8% Guaranteed Bonds 15/03/2022	632	0.25
\$350,000	Friends Life 7.875% Guaranteed Perpetual Bonds	237	0.10
\$350,000	General Electric 4.125% Senior Bonds 09/10/2042	212	0.09
\$1,500,000	Glencore Funding 4.125% Guaranteed Bonds 30/05/2023	881	0.35
\$400,000	Goldcorp 2% Senior Bonds 01/08/2014	265	0.11
\$750,000	Imperial Tobacco Finance 3.5% Guaranteed Bonds 11/02/2023	464	0.19
\$600,000	Lorillard Tobacco 3.75% Guaranteed Bonds 20/05/2023	363	0.15
\$400,000	Merck 3.6% Senior Bonds 15/09/2042	226	0.09
\$500,000	Merck 4.15% Senior Bonds 18/05/2043	309	0.12
\$1,600,000	Microsoft 2.375% Senior Bonds 01/05/2023	975	0.39
\$500,000	Newmont Mining 1.25% Guaranteed Bonds 15/07/2014	329	0.12
\$1,000,000	Nord Anglia Education UK 10.25% Senior Bonds 01/04/2017	701	0.28
\$250,000	Rosneft Oil 4.199% Senior Bonds 06/03/2022	153	0.06
\$1,650,000	Statoil 3.95% Guaranteed Bonds 15/05/2043	979	0.39
\$1,500,000	Time Warner Cable 5.875% Guaranteed Bonds 15/11/2040	931	0.37
\$1,750,000	UBS 7.625% Subordinated Bonds 17/08/2022	1,264	0.50
\$150,000	UPCB Finance V 7.25% Senior Bonds 15/11/2021	104	0.04
		<u>12,820</u>	<u>5.13</u>

US Dollar Denominated Government Bond 0.11% (31 December 2012 0.11%)

US Dollar Denominated Fixed Rate Government Bond 0.11% (31 December 2012 0.11%)

\$450,000	US Treasury 1.625% Bonds 15/08/2022	<u>278</u>	<u>0.11</u>
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Portfolio Statement (continued)

as at 30 June 2013

US Dollar Denominated Derivatives 0.06% (31 December 2012 0.00%)

US Dollar Denominated Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)

\$768,000	US Dollar vs Sterling Forward Exchange Contract	7	-
\$427,000	US Dollar vs Sterling Forward Exchange Contract	6	-
		13	-

United States dollar Futures Contracts 0.06% (31 December 2012 0.00%)

(100)	US 10 Year Note Future 19/09/2013	144	0.06
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Investment assets*

232,711 93.41

Net other assets

16,438 6.59

Total net assets

249,149 100.00

* Including investment liabilities.

Statement of total return

for the period from 1 January 2013 to 30 June 2013

	Notes	01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
Income					
Net capital (losses)/gains			(8,347)		4,681
Revenue		5,674		5,588	
Expenses		(1,224)		(1,113)	
Finance costs: Interest	2	(1)		(2)	
Net revenue before taxation		4,449		4,473	
Taxation		-		1	
Net revenue after taxation			4,449		4,474
Total return before distributions			(3,898)		9,155
Finance costs: Distributions	2		(6,076)		(5,970)
Change in net assets attributable to shareholders from investment activities			(9,974)		3,185

Statement of change in net assets attributable to shareholders

for the period from 1 January 2013 to 30 June 2013

	01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	*01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
Opening net assets attributable to shareholders		245,822		212,626
Amounts received on issue of shares	12,539		19,418	
Amounts paid on cancellation of shares	(3,754)		(16,405)	
		8,785		3,013
Change in net assets attributable to shareholders from investment activities		(9,974)		3,185
Retained distribution on accumulation shares		4,512		4,259
Unclaimed distributions		4		-
Closing net assets attributable to shareholders		249,149		223,083

*Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to the net assets at the start of the current period.

The notes on page 40 form an integral part of these financial statements.

Balance sheet

as at 30 June 2013

	30.06.13 £'000	30.06.13 £'000	31.12.12 £'000	31.12.12 £'000
Assets				
Investment assets		232,921		235,178
Debtors	8,689		5,352	
Cash and bank balances	10,947		7,540	
Total other assets		19,636		12,892
Total assets		252,557		248,213
Liabilities				
Investment liabilities		(211)		(424)
Creditors	(2,760)		(1,502)	
Distribution payable on income shares	(437)		(465)	
Total other liabilities		(3,197)		(1,967)
Total liabilities		(3,408)		(2,391)
Net assets attributable to shareholders		249,149		245,822

The notes on page 40 form an integral part of these financial statements.

Notes to the financial statements

for the period from 1 January 2013 to 30 June 2013

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 December 2012.

2 Finance costs

Distribution and interest

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

	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000
Interim (30 June)	6,163	5,857
	6,163	5,857
Revenue deducted on cancellation of shares	35	244
Revenue received on issue of shares	(122)	(131)
Finance costs: Distributions	6,076	5,970
Finance costs: Interest	1	2
Total finance costs	6,077	5,972
Reconciliation of distributions:		
Net revenue after taxation	4,449	4,474
Capitalised fees	1,224	1,113
Effective yield adjustment	403	383
Finance costs: Distributions	6,076	5,970

Details of the interim distribution per share are set out in the table on page 41.

Distribution table

Interim distribution

Group 1: Shares purchased prior to 1 January 2013
 Group 2: Shares purchased from 1 January 2013 to 30 June 2013

	Gross revenue pence per share	Income tax pence per share**	Net revenue pence per share	Equalisation pence per share*	Distribution paid 30.08.13 pence per share	Distribution paid 31.08.12 pence per share
Accumulation 'A' Shares						
Group 1	1.8329	0.3666	1.4663	-	1.4663	1.4589
Group 2	0.8435	0.1687	0.6748	0.7915	1.4663	1.4589
Income 'A' Shares						
Group 1	1.0951	0.2190	0.8761	-	0.8761	0.9096
Group 2	0.7991	0.1598	0.6393	0.2368	0.8761	0.9096

* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

** There may be no tax in the case of interest distributions paid gross to shareholders

Old Mutual Bond 3 Fund

Launch date	14 January 2005
Sector classification	US High Yield
Investment adviser	DuPont Capital Management Corporation
Net asset value	£151,399,745

Objective

To achieve total return through a combination of income and capital growth from a diversified portfolio predominantly composed of fixed and variable rate debt securities.

Policy

The sub-fund invests in both sterling and non-sterling denominated securities. Any non-sterling denominated securities will normally be hedged to minimise currency risk. The Company has appointed a specialist manager to manage the sub-fund, and continuously monitors this appointment.

The sub-fund may invest in derivative instruments and forward transactions for the purposes of meeting the investment objective and/or efficient portfolio management.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting year. Shares were first issued at 50p per unit.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
31.12.10			
Income 'A'	£82,266,175	201,154,661	40.90
31.12.11			
Income 'A'	£105,803,374	269,244,065	39.30
31.12.12			
Income 'A'	£151,542,947	352,555,121	42.98
30.06.13			
Income 'A'	£151,399,745	359,326,983	42.13

Comparative table

The table below shows the highest and lowest share prices per share in pence for the calendar years indicated below.

Calendar year	Highest price	Lowest price
2008		
Income 'A'	46.44	27.56
2009		
Income 'A'	40.50	28.40
2010		
Income 'A'	42.20	38.89
2011		
Income 'A'	42.51	37.46
2012		
Income 'A'	44.71	39.32
2013*		
Income 'A'	46.38	42.40

*to 30 June 2013

The table below shows the net revenue distributed per share in pence for the calendar years indicated below.

Calendar year	Pence per share
2008	
Income 'A'	3.1211
2009	
Income 'A'	2.8376
2010	
Income 'A'	2.8641
2011	
Income 'A'	2.5553
2012	
Income 'A'	3.0256
2013*	
Income 'A'	2.2657

* to ex dividend date of 30 June 2013 (payable on 30 August 2013)

Old Mutual Bond 3 Fund

Investment Manager's review

The first three months of 2013 saw mixed performances from fixed income assets. Broadly, the first month and a half was characterised by strength in higher risk bonds, in particular local currency emerging market debt as sterling weakened, but also high yield, and to a lesser extent investment-grade corporate bonds. Mid February and March saw renewed strength in government bonds, although risk assets remained surprisingly resilient, not giving back the gains made earlier and in many cases continuing to rise, though not so strongly as government bonds. Gilts remained under-pinned by the generally tepid economic background until May. However, from the latter part of that month onwards markets suffered setbacks, as investors became nervous about remarks from US Federal Reserve officials hinting at a 'tapering' at some point in the US central bank's quantitative easing programme. This led to setbacks and rising yields across developed market government bond markets including gilts and then began to hit the investment grade and high yield sectors in May and June.

Performance

The fund comfortably outperformed the index in the first quarter of 2013, but portfolio performance was hit by big setbacks to the high yield market in May and June, and as a result the fund underperformed against the benchmark in the second half of the review period, though for the six months as a whole the fund modestly outperformed against the index.

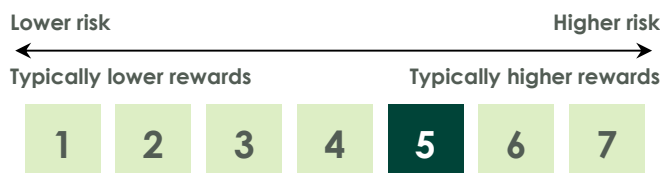
Security selection and an overweight to lower quality securities boosted returns during the first quarter. The portfolio held significant exposure to Europe and emerging regions on the view that there were very good situations in some emerging corporate issues and a number of overlooked opportunities in Europe. Many of these companies have better credit characteristics, but their ratings were constrained by their market's sovereign ratings. In the first quarter of 2013, much of the excess return for the portfolio derived from these global opportunities.

The main overweights during the period were in financials and transport, while underweighted sectors included basic industry, energy and communications. The manager felt that this strategy could provide strong potential with favourable security selection. Nevertheless, after the long run of strong relative performance good opportunities in the market were becoming more difficult to find.

Security selection was the main factor behind the fund's underperformance in the second quarter of 2013. Holdings under pressure that detracted the most from returns included: OGX Petroleo e Gas, Urbi Desarrollos Urbanos, Codere, Alpine Holding, Yuksel Insaat, Northland Resources and Pescanova. The portfolio had a much higher yield than the benchmark and a lower average price. Although the manager believes this strategy provides higher potential it proved unhelpful during the sell-off in May and June.

Despite the setbacks late in the period the manager believes that many of the US high yield issues that are under pressure are trading at tight spread levels with low yields. The manager still considers there to be very good opportunities in some emerging corporate bonds as well as some opportunities in Europe. Many of these companies have better credit characteristics than situations in the US. Because of this, the portfolio retains higher exposure to Europe and emerging regions.

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-funds in category 5 have in the past shown moderately high volatility. With a sub-fund of category 5, you have a moderately high risk of losing money but your chance for gains is also moderately high.

Investment risk - there is no guarantee that the sub-fund will achieve its objective.

Credit risk - the issuer of a Bond or a similar investment within the sub-fund may not pay income or repay capital to the sub-fund when due. Bonds which are rated below investment grade are considered to have a higher risk exposure with respect to meeting their payment obligations.

Interest rate risk - investments in bonds are affected by interest rates and inflation trends which may affect the value of the sub-fund.

Liquidity risk - some investments may become hard to value or sell at a desired time and price, in extremem circumstances this may affect the sub-fund's ability to meet redemption requests upon demand.

Currency risk - the sub-fund may use techniques to try to eliminate the effects of changes in the exchange rate between the currency of the underlying investments and the base currency (i.e. the reporting currency) of the sub-fund. These techniques may not eliminate all the currency risk.

Derivative risk - the sub-fund may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. Efficient Portfolio Management (EPM)). Derivatives involve a level of risk, however, for EPM; they should not increase the overall riskiness of the sub-fund. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet its contractual obligations.

Capital erosion risk - the sub-fund takes charges from capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges. Capital erosion may have the effect of reducing the level of income generated.

For full details of the sub-fund's risks, please see the section in the prospectus headed "Risks".

Old Mutual Bond 3 Fund

Portfolio allocation

America	69.08%
Europe	22.43%
Japan	1.91%
United Kingdom	1.82%
Asia Pacific (Excluding Japan)	0.10%
Asia	0.14%
Derivatives	(0.78)%
Net other assets	5.30%

Total **100.00%**

Asset allocation

US Dollar debt securities	76.53%
Euro debt securities	15.29%
Japanese Yen debt securities	1.91%
Norwegian Krone debt securities	0.87%
Swedish Krona debt securities	0.39%
Canadian Dollar debt securities	0.26%
US Dollar equities	0.23%
Derivatives	(0.78)%
Net other assets	5.30%

Total **100.00%**

Major holdings

	Percentage of portfolio
Intralot Luxembourg 2.25% Guaranteed Bonds 20/12/2013	2.84%
Codere Finance Luxembourg 8.25% Senior Bonds 15/06/2015	2.63%
IVG Finance 1.75% Guaranteed Bonds 29/03/2017	2.29%
CEDC Finance International 8% Senior Bonds 30/04/2018	2.27%
Aquarius Platinum 4% Senior Bonds 18/12/2015	1.60%
Capex 10% Senior Bonds 10/03/2018	1.35%
Allen Systems 10.5% Bonds 15/11/2016	1.31%
MannKind 5.75% Senior Bonds 15/08/2015	1.27%
MBIA Insurance 11.5371% Subordinated Floating Rate Bonds 15/01/2033	1.21%
Tristan Oil 0% Senior Bonds 01/01/2016	1.17%

Number of holdings **267**

Ongoing charges figure (OCF)*

31.12.12 Income 'A'	1.22%
30.06.13 Income 'A'	1.19%

*The ongoing charges figure is the ratio of the sub-fund's ongoing charges to the average net assets of the sub-fund.

All information is at 30 June 2013 unless otherwise stated.

Portfolio statement

as at 30 June 2013

Holding	Investment	Market Percentage of	
		Value	total net
		£'000	assets
			%
Sterling -0.79% (31 December 2012 1.13%)			
Sterling Denominated Corporate Bond -% (31 December 2012 1.06%)			
Sterling Denominated Derivatives -0.79% (31 December 2012 0.07%)			
Sterling Denominated Open Forward Exchange Contracts -0.79% (31 December 2012 0.07%)			
£1,396,351	Sterling vs Norway krone Forward Exchange Contract	37	0.02
£2,220,860	Sterling vs Japan yen Forward Exchange Contract	13	0.01
£616,626	Sterling vs Sweden krona Forward Exchange Contract	7	-
£169,607	Sterling vs Canada dollar Forward Exchange Contract	1	-
£291,616	Sterling vs Canada dollar Forward Exchange Contract	(3)	-
£538,030	Sterling vs Euro Forward Exchange Contract	(5)	-
£804,748	Sterling vs Japan yen Forward Exchange Contract	(10)	-0.01
£12,815,697	Sterling vs Euro Forward Exchange Contract	(68)	-0.04
£12,691,671	Sterling vs Euro Forward Exchange Contract	(93)	-0.06
£43,553,215	Sterling vs United States dollar Forward Exchange Contract	(474)	-0.31
£77,449,999	Sterling vs United States dollar Forward Exchange Contract	(617)	-0.40
		(1,212)	-0.79
European 16.53% (31 December 2012 14.18%)			
Euro Denominated Corporate Bond 13.99% (31 December 2012 10.99%)			
Euro Denominated Variable Rate Corporate Bond 2.75% (31 December 2012 1.98%)			
€700,000	Azor Mortgages No 1 0.97% Floating Rate Bonds 20/09/2047	373	0.25
€1,183,000	Estia Mortgage Finance 0.376% Floating Rate Bonds 27/04/2040	674	0.45
€2,712,000	Grifonas Finance 0.618% Floating Rate Bonds 28/08/2039	1,433	0.94
€1,810,000	Lusitano Mortgages No 3 0.44% Floating Rate Bonds 16/10/2047	968	0.64
€756,000	Lusitano Mortgages No 4 0.489% Floating Rate Bonds 15/09/2048	229	0.15
€2,000,000	Lusitano Mortgages No 6 0.659% Floating Rate Bonds 15/03/2060	488	0.32
		4,165	2.75
Euro Denominated Fixed Rate Corporate Bond 11.24% (31 December 2012 9.01%)			
€150,000	Alpine 5.25% Senior Bonds 01/07/2015	3	-
€1,509,000	Alpine 6% Senior European Medium Term Bonds 22/05/2017	25	0.02
€7,700,000	Codere Finance Luxembourg 8.25% Senior Bonds 15/06/2015	3,966	2.62
€4,500,000	Intralot Luxembourg 2.25% Guaranteed Bonds 20/12/2013	4,286	2.83
€6,900,000	IVG Finance 1.75% Guaranteed Bonds 29/03/2017	3,478	2.30
€2,000,000	National Bank of Greece 3.875% Guaranteed Bonds 07/10/2016	1,436	0.94
€2,075,000	Opus Securities 3.95% Perpetual Senior Bonds	1,062	0.70
€400,000	Pescanova 5.125% Senior Bonds 20/04/2017	28	0.02
€550,000	Pescanova 6.75% Senior Bonds 05/03/2015	35	0.02
€1,600,000	Pescanova 8.75% Senior Bonds 17/02/2019	112	0.08
€6,650,000	Seat Pagine Gialle 10.5% Senior Bonds 31/01/2017	1,428	0.94
€1,150,000	SNS Bank 6.25% Subordinated European Medium Term Bonds 26/10/2020	39	0.03
€2,000,000	Talvivaara Mining 4% Senior European Medium Term Bonds 16/12/2015	1,120	0.74
		17,018	11.24

Portfolio statement (continued)

as at 30 June 2013

Euro Denominated Government Bond 1.28% (31 December 2012 1.99%)

Euro Denominated Variable Rate Government Bond 0.24% (31 December 2012 0.17%)

€650,000	Parpublica - Participacoes Publicas 1.136% Senior Floating Rate Bonds 28/12/2020	362	0.24
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Euro Denominated Fixed Rate Government Bond 1.04% (31 December 2012 1.82%)

€1,400,000	Parpublica - Participacoes Publicas 3.567% Senior Bonds 22/09/2020	986	0.65
€1,000,000	Portugal Obrigacoes do Tesouro OT 4.1% Senior Bonds 15/04/2037	595	0.39
		1,581	1.04

Norwegian Krone Denominated Corporate Bond 0.87% (31 December 2012 0.88%)

Norwegian Krone Denominated Variable Rate Corporate Bond 0.87% (31 December 2012 0.88%)

\$12,000,000	Grieg Seafood 8.76% Senior Floating Rate Bonds 21/12/2015	1,318	0.87
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Swedish Krona Denominated Corporate Bond 0.39% (31 December 2012 0.32%)

Swedish Krona Denominated Fixed Rate Corporate Bond 0.39% (31 December 2012 0.32%)

\$7,000,000	SAS 7.5% Guaranteed Bonds 01/04/2015	585	0.39
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Japan 1.91% (31 December 2012 2.65%)

Japanese Yen Denominated Corporate Bond 1.91% (31 December 2012 2.65%)

Japanese Yen Denominated Fixed Rate Corporate Bond 1.91% (31 December 2012 2.65%)

¥200,000,000	Aiful 3.5% Senior European Medium Term Bonds 05/06/2015	1,259	0.83
¥150,000,000	Elpida Memory 0.5% Senior Bonds 26/10/2015	116	0.08
¥300,000,000	Elpida Memory 0.7% Senior Bonds 01/08/2016	159	0.10
¥300,000,000	Japan Atomic Power 1.477% Senior Bonds 25/02/2021	1,365	0.90
		2,899	1.91

North American 77.05% (31 December 2012 65.74%)

Canadian Dollar Denominated Corporate Bond 0.26% (31 December 2012 0.12%)

Canadian Dollar Denominated Fixed Rate Corporate Bond 0.26% (31 December 2012 0.12%)

\$463,000	Cash Store Financial Services 11.5% Bonds 31/01/2017	209	0.14
\$400,000	Cash Store Financial Services 11.5% Bonds 31/01/2017	181	0.12
		390	0.26

US Dollar Denominated Corporate Bond 73.77% (31 December 2012 62.55%)

US Dollar Denominated Fixed Rate Corporate Bond 73.77% (31 December 2012 62.55%)

\$370,000	Accellent 10% Guaranteed Bonds 01/11/2017	214	0.14
\$400,000	Accellent 8.375% Senior Bonds 01/02/2017	273	0.18
\$870,000	Advanced Lighting Technologies 10.5% Senior Bonds 01/06/2019	509	0.34
\$3,000,000	AGFC Capital Trust I 6% Limited Guarantee Bonds 15/01/2067	1,478	0.98
\$370,000	Aircastle 9.75% Senior Bonds 01/08/2018	267	0.18

Portfolio statement (continued)

as at 30 June 2013

US Dollar Denominated Fixed Rate Corporate Bond (continued)

\$740,000	Alcatel-Lucent USA 6.45% Senior Bonds 15/03/2029	369	0.24
\$100,000	Aleris International 7.625% Guaranteed Bonds 15/02/2018	68	0.04
\$4,625,000	Allen Systems 10.5% Bonds 15/11/2016	1,976	1.31
\$585,000	Allison Transmission 7.125% Guaranteed Bonds 15/05/2019	407	0.27
\$3,000,000	Ambac Assurance 5.1% Subordinated Bonds 07/06/2020	1,759	1.16
\$1,000,000	AMC Entertainment 9.75% Guaranteed Bonds 01/12/2020	739	0.49
\$1,276,000	American Airlines 2011-1 Class B Pass Through Trust 7% 31/07/2019	879	0.58
\$295,000	American Tire Distributors 9.75% Senior Bonds 01/06/2017	204	0.13
\$290,000	Ameristar Casinos 7.5% Guaranteed Bonds 15/04/2021	198	0.13
\$4,800,000	Aquarius Platinum 4% Senior Bonds 18/12/2015	2,437	1.61
\$750,000	Arch Coal 8.75% Guaranteed Bonds 01/08/2016	489	0.32
\$865,000	Ardagh Packaging Finance 9.125% Guaranteed Bonds 15/10/2020	607	0.40
\$255,000	Aspect Software 10.625% Bonds 15/05/2017	168	0.11
\$540,000	Associated Materials 9.125% Senior Bonds 01/11/2017	369	0.24
\$475,000	Atkore International 9.875% Senior Bonds 01/01/2018	330	0.22
\$8,190,000	ATP Oil & Gas 11.875% Bonds 01/05/2015	60	0.04
\$647,000	Avaya 10.5% Bonds 01/03/2021	321	0.21
\$1,000,000	Avis Budget Car Rental 4.875% Guaranteed Bonds 15/11/2017	660	0.44
\$350,000	Bakrie Telecom Pte 11.5% Senior Bonds 07/05/2015	87	0.06
\$2,645,000	Banco Cruzeiro do Sul Brazil 7% Senior European Medium Term Bonds 08/07/2013	504	0.33
\$5,590,000	Banco Cruzeiro do Sul Brazil 7.625% Senior Bonds 21/04/2014	1,064	0.70
\$6,751,000	Banco Cruzeiro do Sul Brazil 8% Senior European Medium Term Bonds 17/09/2012	1,286	0.85
\$5,628,000	Banco Cruzeiro do Sul Brazil 8.25% Senior Bonds 20/01/2016	1,073	0.71
\$3,633,000	Banco Cruzeiro do Sul Brazil 8.5% Senior European Medium Term Bonds 20/02/2015	692	0.46
\$2,500,000	Banco Cruzeiro do Sul Brazil 8.875% Subordinated Bonds 22/09/2020	-	-
\$660,000	Bank of America 8% Perpetual Subordinated Bonds	481	0.32
\$2,000,000	Banro 10% Bonds 01/03/2017	880	0.58
\$3,325,000	BLT Finance 7.5% Senior Bonds 15/05/2014	251	0.17
\$1,175,000	BPZ Resources 6.5% Senior Bonds 01/03/2015	607	0.40
\$405,000	BreitBurn Energy Partners 8.625% Guaranteed Bonds 15/10/2020	282	0.19
\$400,000	BTA Bank JSC 5.5% Senior Bonds 21/12/2022	189	0.12
\$748,000	Bumble Bee 9% Senior Bonds 15/12/2017	518	0.35
\$460,000	BWAY 10% Guaranteed Bonds 15/06/2018	331	0.22
\$440,000	Caesars Entertainment Operating 10% Bonds 15/12/2018	173	0.11
\$1,770,000	Caesars Entertainment Operating 11.25% Senior Bonds 01/06/2017	1,209	0.79
\$1,000,000	Caesars Entertainment Operating 12.75% Bonds 15/04/2018	434	0.29
\$500,000	Caesars Operating Escrow 9% Senior Bonds 15/02/2020	312	0.21
\$193,000	Calpine 7.25% Senior Bonds 15/10/2017	132	0.09
\$229,000	Calpine 7.5% Senior Bonds 15/02/2021	160	0.11
\$229,000	Calpine 7.875% Senior Bonds 31/07/2020	163	0.11
\$4,400,000	Capex 10% Senior Bonds 10/03/2018	2,050	1.36
\$2,000,000	Carrizo Oil & Gas 4.375% Guaranteed Bonds 01/06/2028	1,308	0.86
\$2,508,000	CEDC Finance International 10% Bonds 30/04/2018	1,301	0.86
\$5,825,000	CEDC Finance International 8% Senior Bonds 30/04/2018	3,442	2.27
\$560,000	Central Garden and Pet 8.25% Guaranteed Bonds 01/03/2018	372	0.25
\$165,000	Chesapeake Oilfield Operating 6.625% Guaranteed Bonds 15/11/2019	109	0.07
\$5,000,000	China Medical Technologies 6.25% Senior Bonds 15/12/2016	33	0.02
\$700,000	Chiquita Brands International 4.25% Senior Bonds 15/08/2016	441	0.29
\$675,000	Chrysler 8% Bonds 15/06/2019	483	0.32
\$295,000	Chrysler 8.25% Bonds 15/06/2021	213	0.14
\$730,000	Cincinnati Bell 8.375% Guaranteed Bonds 15/10/2020	492	0.32
\$490,000	CityCenter 7.625% Senior Bonds 15/01/2016	339	0.22

Portfolio statement (continued)

as at 30 June 2013

US Dollar Denominated Fixed Rate Corporate Bond (continued)

\$465,000	Claire's Stores 8.875% Bonds 15/03/2019	321	0.21
\$1,500,000	Clear Channel Communications 5.5% Senior Bonds 15/12/2016	749	0.50
\$745,000	Clear Channel Communications 9% Senior Bonds 01/03/2021	466	0.31
\$1,000,000	Clearwire Communications 12% Senior Bonds 01/12/2015	696	0.46
\$1,500,000	CMA CGM 8.5% Senior Bonds 15/04/2017	878	0.57
\$500,000	CMA CGM 8.5% Senior Bonds 15/04/2017	286	0.19
\$3,000,000	Codere Finance Luxembourg 9.25% Senior Bonds 15/02/2019	1,065	0.70
\$1,500,000	Codere Finance Luxembourg 9.25% Senior Bonds 15/02/2019	532	0.35
\$255,000	Cogent Communications 8.375% Senior Bonds 15/02/2018	183	0.12
\$575,000	CommScope 8.25% Guaranteed Bonds 15/01/2019	403	0.27
\$1,300,000	Corp GEOCV 9.25% Guaranteed Bonds 30/06/2020	384	0.25
\$350,000	Crescent Resources 10.25% Senior Bonds 15/08/2017	238	0.16
\$440,000	Crosstex Energy 8.875% Guaranteed Bonds 15/02/2018	306	0.21
\$920,000	Del Monte 7.625% Guaranteed Bonds 15/02/2019	618	0.41
\$330,000	DineEquity 9.5% Guaranteed Bonds 30/10/2018	239	0.16
\$385,000	DISH DBS 6.75% Guaranteed Bonds 01/06/2021	267	0.18
\$1,641,000	DISH DBS 7.125% Guaranteed Bonds 01/02/2016	1,167	0.77
\$1,875,000	DISH DBS 7.875% Guaranteed Bonds 01/09/2019	1,375	0.91
\$325,000	DJO Finance 7.75% Guaranteed Bonds 15/04/2018	211	0.14
\$1,000,000	E*TRADE Financial 6.375% Senior Bonds 15/11/2019	670	0.44
\$395,000	Eagle Rock Energy Partners 8.375% Guaranteed Bonds 01/06/2019	264	0.17
\$2,000,000	Eastman Kodak 7.25% Senior Bonds 15/11/2013	190	0.13
\$503,000	Emerald Plantation 6% Senior Bonds 30/01/2020	203	0.13
\$405,000	Energy Future Intermediate 10% Senior Bonds 01/12/2020	292	0.19
\$165,000	Energy Future Intermediate 10% Senior Bonds 01/12/2020	118	0.08
\$480,000	Epicor Software 8.625% Guaranteed Bonds 01/05/2019	323	0.21
\$430,000	EV Energy Partners 8% Guaranteed Bonds 15/04/2019	285	0.19
\$1,000,000	First Data 12.625% Guaranteed Bonds 15/01/2021	697	0.46
\$270,000	First Data 7.375% Senior Bonds 15/06/2019	183	0.12
\$500,000	First Data 8.25% Bonds 15/01/2021	334	0.22
\$750,000	First Data 8.75% Bonds 15/01/2022	507	0.33
\$1,000,000	First Data 8.875% Senior Bonds 15/08/2020	716	0.48
\$150,000	Freescale Semiconductor 10.125% Senior Bonds 15/03/2018	107	0.07
\$285,000	Freescale Semiconductor 8.05% Guaranteed Bonds 01/02/2020	190	0.13
\$500,000	Freescale Semiconductor 9.25% Senior Bonds 15/04/2018	351	0.23
\$395,000	GCI 8.625% Senior Bonds 15/11/2019	267	0.18
\$2,000,000	GenOn Americas Generation 8.5% Senior Bonds 01/10/2021	1,414	0.93
\$1,600,000	Global Geophysical Services 10.5% Guaranteed Bonds 01/05/2017	915	0.60
\$2,966,000	GMX Resources 11% Senior Bonds 01/12/2017	1,677	1.11
\$1,107,000	GMX Resources 9% Bonds 02/03/2018	131	0.09
\$1,000,000	Golden Belt 1 Sukuk BSCC 0% Bonds 15/05/2012	26	0.02
\$375,000	Goodman Networks 13.125% Senior Bonds 01/07/2018	261	0.17
\$405,000	Griffon 7.125% Guaranteed Bonds 01/04/2018	279	0.18
\$295,000	GWR Operating Partnership LLP 10.875% Bonds 01/04/2017	212	0.14
\$345,000	GXS Worldwide 9.75% Senior Bonds 15/06/2015	230	0.15
\$495,000	Gymboree 9.125% Guaranteed Bonds 01/12/2018	303	0.20
\$1,670,000	HCA 7.5% Guaranteed Bonds 15/02/2022	1,216	0.80
\$1,325,000	HCA 7.75% Senior Bonds 15/05/2021	941	0.62
\$175,000	HealthSouth 7.25% Guaranteed Bonds 01/10/2018	123	0.08
\$175,000	HealthSouth 7.75% Guaranteed Bonds 15/09/2022	123	0.09
\$1,000,000	Hertz 7.5% Guaranteed Bonds 15/10/2018	703	0.45
\$500,000	Hexion US Finance 8.875% Senior Bonds 01/02/2018	333	0.22

Portfolio statement (continued)

as at 30 June 2013

US Dollar Denominated Fixed Rate Corporate Bond (continued)

\$530,000	Hillman Inc 10.875% Guaranteed Bonds 01/06/2018	377	0.25
\$1,250,000	HOA Restaurant HOA Finance 11.25% Bonds 01/04/2017	821	0.54
\$500,000	Huntsman International 8.625% Guaranteed Bonds 15/03/2021	359	0.23
\$325,000	iGATE 9% Guaranteed Bonds 01/05/2016	221	0.15
\$1,000,000	Intelsat Jackson 7.25% Guaranteed Bonds 01/04/2019	687	0.45
\$1,271,000	Intelsat Jackson 7.25% Guaranteed Bonds 15/10/2020	875	0.58
\$485,000	Interactive Data 10.25% Guaranteed Bonds 01/08/2018	352	0.23
\$280,000	inVentiv Health 10.75% Guaranteed Bonds 15/08/2018	153	0.10
\$50,000	inVentiv Health 11% Guaranteed Bonds 15/08/2018	27	0.02
\$455,000	J Crew 8.125% Guaranteed Bonds 01/03/2019	314	0.21
\$1,475,000	Jaguar Mining 4.5% Senior Bonds 01/11/2014	225	0.15
\$1,975,000	Jaguar Mining 5.5% Senior Bonds 31/03/2016	324	0.20
\$365,000	James River Coal 7.875% Guaranteed Bonds 01/04/2019	107	0.07
\$815,000	Kinetic ConceptsKCI USA 10.5% Bonds 01/11/2018	570	0.38
\$330,000	Kodiak Oil & Gas 8.125% Guaranteed Bonds 01/12/2019	235	0.16
\$1,000,000	K-V Pharmaceutical 2.5% Guaranteed Bonds 16/05/2033	489	0.32
\$1,000,000	Landry's II 10.25% Senior Bonds 01/01/2018	677	0.45
\$10,000,000	Lehman Bros 5.625% Senior Medium Term Notes 24/01/2013 (Defaulted)	1,592	1.05
\$190,000	Level 3 Communications 11.875% Senior Bonds 01/02/2019	141	0.09
\$425,000	Level 3 Financing 8.125% Guaranteed Bonds 01/07/2019	290	0.19
\$1,000,000	Level 3 Financing 8.625% Guaranteed Bonds 15/07/2020	695	0.46
\$555,000	Level 3 Financing 9.375% Guaranteed Bonds 01/04/2019	391	0.26
\$290,000	Manitowoc Inc 8.5% Guaranteed Bonds 01/11/2020	206	0.14
\$215,000	Manitowoc Inc 9.5% Guaranteed Bonds 15/02/2018	151	0.10
\$375,000	MannKind 3.75% Senior Bonds 15/12/2013	238	0.16
\$2,675,000	MannKind 5.75% Senior Bonds 15/08/2015	1,930	1.27
\$375,000	Marfrig Europe 8.375% Guaranteed Bonds 09/05/2018	232	0.15
\$500,000	Marina District Finance 9.875% Senior Bonds 15/08/2018	342	0.23
\$1,000,000	MBIA 7% Senior Bonds 15/12/2025	645	0.43
\$2,500,000	MBIA 7.15% Senior Bonds 15/07/2027	1,613	1.07
\$3,300,000	MBIA Insurance 11.5371% Subordinated Floating Rate Bonds 15/01/2033	1,851	1.21
\$600,000	MetroPCS Wireless 7.875% Guaranteed Bonds 01/09/2018	419	0.28
\$1,000,000	MF Global 6.25% Senior Bonds 08/08/2016	315	0.21
\$1,000,000	MF Global 9% Senior Bonds 20/06/2038	315	0.21
\$1,065,000	MGM Resorts International 7.5% Guaranteed Bonds 01/06/2016	755	0.50
\$420,000	Michael Foods 9.75% Guaranteed Bonds 15/07/2018	299	0.20
\$675,000	Michaels Stores 7.75% Guaranteed Bonds 01/11/2018	474	0.31
\$250,000	Neebo 15% Bonds 30/06/2016	169	0.11
\$152,000	NewPage 11.375% Senior Bonds 31/12/2014	36	0.02
\$380,000	Nexeo Solutions 8.375% Guaranteed Bonds 01/03/2018	248	0.16
\$440,000	Nexstar Broadcasting 8.875% Bonds 15/04/2017	308	0.20
\$2,000,000	Northland Resources 13% Senior Bonds 15/10/2020	236	0.16
\$2,000,000	Northland Resources 15% Senior Bonds 15/07/2019	1,078	0.71
\$410,000	NRG Energy 7.625% Guaranteed Bonds 15/01/2018	287	0.18
\$230,000	NRG Energy 8.25% Guaranteed Bonds 01/09/2020	161	0.11
\$189,000	NXP 9.75% Senior Bonds 01/08/2018	138	0.09
\$4,050,000	OGX Austria 8.375% Guaranteed Bonds 01/04/2022	738	0.49
\$6,250,000	OGX Austria 8.5% Guaranteed Bonds 01/06/2018	1,273	0.84
\$315,000	Packaging Dynamics 8.75% Senior Bonds 01/02/2016	209	0.14
\$500,000	PAETEC 9.875% Guaranteed Bonds 01/12/2018	362	0.24
\$2,000,000	Penson Worldwide 12.5% Bonds 15/05/2017	315	0.21
\$440,000	Petco Animal Supplies 9.25% Guaranteed Bonds 01/12/2018	310	0.20

Portfolio statement (continued)

as at 30 June 2013

US Dollar Denominated Fixed Rate Corporate Bond (continued)

\$1,400,000	Petropavlovsk 2010 4% Guaranteed Bonds 18/02/2015	653	0.43
\$7,700,000	Petroplus Finance 4% Senior Bonds 16/10/2015	1,238	0.82
\$565,000	Petroplus Finance 7% Senior Bonds 01/05/2017	92	0.06
\$1,240,000	Petroplus Finance 9.375% Senior Bonds 15/09/2019	202	0.13
\$1,000,000	Petroplus Finance 9.375% Senior Bonds 15/09/2019	163	0.11
\$100,000	Physiotherapy Associates 11.875% Senior Bonds 01/05/2019	36	0.02
\$420,000	Ply Gem Industries 8.25% Senior Bonds 15/02/2018	290	0.19
\$6,000,000	PMI Inc 4.5% Senior Bonds 15/04/2020	1,054	0.70
\$1,000,000	PMI Inc 6% Senior Bonds 15/09/2016	181	0.12
\$545,000	Polymer 7.75% Senior Bonds 01/02/2019	373	0.25
\$375,000	Powerwave Technologies 2.75% Subordinated Bonds 15/07/2041	2	-
\$3,900,000	Powerwave Technologies 3.875% Subordinated Bonds 01/10/2027	13	0.01
\$275,000	Quebecor 0% Bonds 01/08/2027 (Defaulted)	-	-
\$541,000	Quebecor Media 7.75% Senior Bonds 15/03/2016	361	0.24
\$470,000	Radiation Therapy Services 9.875% Guaranteed Bonds 15/04/2017	179	0.12
\$630,000	RBS Global 8.5% Guaranteed Bonds 01/05/2018	438	0.29
\$450,000	Realogy 7.875% Senior Bonds 15/02/2019	312	0.21
\$500,000	Regions Bank 7.5% Subordinated Bonds 15/05/2018	383	0.25
\$711,000	Reichhold Industries 9% Senior Bonds 08/05/2017	355	0.23
\$475,000	RESPARCS Funding I 8% Perpetual Subordinated Bonds	59	0.04
\$230,000	Reynolds Issuer 8.25% Guaranteed Bonds 15/02/2021	150	0.10
\$305,000	Reynolds Issuer 8.5% Guaranteed Bonds 15/05/2018	207	0.14
\$1,305,000	Reynolds Issuer 9% Guaranteed Bonds 15/04/2019	886	0.59
\$420,000	Reynolds Issuer 9.875% Guaranteed Bonds 15/08/2019	295	0.19
\$1,000,000	Rite Aid 9.5% Guaranteed Bonds 15/06/2017	681	0.45
\$72,000	Roust Trading 10% Senior Bonds 31/05/2016	38	0.03
\$500,000	Ruby Tuesday 7.625% Guaranteed Bonds 15/05/2020	325	0.21
\$200,000	SandRidge Energy 7.5% Guaranteed Bonds 15/03/2021	125	0.08
\$500,000	Service InternationalUS 7.625% Senior Bonds 01/10/2018	374	0.25
\$500,000	Sinclair Television 9.25% Bonds 01/11/2017	348	0.23
\$2,000,000	Sino-Forest 6.25% Bonds 21/10/2017 (Defaulted)	7	0.01
\$1,000,000	Sino-Forest 6.25% Bonds 21/10/2017 (Defaulted)	3	-
\$340,000	Spectrum Brands 9.5% Senior Bonds 15/06/2018	244	0.16
\$140,000	Sprint Capital 6.9% Guaranteed Bonds 01/05/2019	95	0.06
\$2,290,000	Sprint Capital 8.75% Guaranteed Bonds 15/03/2032	1,659	1.10
\$125,000	Sprint Nextel 11.5% Senior Bonds 15/11/2021	109	0.07
\$675,000	Sprint Nextel 9% Guaranteed Bonds 15/11/2018	517	0.34
\$510,000	SSI Investments II 11.125% Guaranteed Bonds 01/06/2018	367	0.24
\$113,000	Suburban Propane Partners 7.5% Senior Bonds 01/10/2018	78	0.05
\$345,000	SunEdison 7.75% Guaranteed Bonds 01/04/2019	214	0.14
\$395,000	SunGard Data Systems 7.375% Guaranteed Bonds 15/11/2018	274	0.18
\$415,000	Supernus Pharmaceuticals 7.5% Senior Bonds 01/05/2019	338	0.22
\$395,000	Surgical Care Affiliates 8.875% Senior Bonds 15/07/2015	260	0.17
\$750,000	Tenet Healthcare 8% Senior Bonds 01/08/2020	505	0.33
\$500,000	Tenet Healthcare 9.25% Senior Bonds 01/02/2015	356	0.24
\$5,000,000	Tristan Oil 0% Senior Bonds 01/01/2016	1,773	1.17
\$500,000	United Rentals North America 8.25% Senior Bonds 01/02/2021	358	0.24
\$545,000	United Rentals North America 8.375% Guaranteed Bonds 15/09/2020	387	0.26
\$2,450,000	Urbi Desarrollos Urbanos 8.5% Guaranteed Bonds 19/04/2016 (Defaulted)	362	0.24
\$3,200,000	Urbi Desarrollos Urbanos 9.5% Guaranteed Bonds 21/01/2020 (Defaulted)	415	0.28
\$3,950,000	Urbi Desarrollos Urbanos 9.75% Guaranteed Bonds 03/02/2022 (Defaulted)	598	0.40
\$660,000	US Oncology 9.125% Bonds 15/08/2017 (Defaulted)	-	-

Portfolio statement (continued)

as at 30 June 2013

US Dollar Denominated Fixed Rate Corporate Bond (continued)

\$4,800,000	USEC 3% Senior Bonds 01/10/2014	662	0.44
\$1,000,000	Valeant Pharmaceuticals International 6.875% Guaranteed Bonds 01/12/2018	676	0.46
\$1,000,000	Valeant Pharmaceuticals International 7% Guaranteed Bonds 01/10/2020	672	0.44
\$875,000	Vector 7.75% Senior Bonds 15/02/2021	590	0.39
\$500,000	Venoco 8.875% Guaranteed Bonds 15/02/2019	320	0.21
\$500,000	Vertellus Specialties 9.375% Senior Bonds 01/10/2015	297	0.20
\$125,000	Virgolino de Oliveira Finance 10.5% Guaranteed Bonds 28/01/2018	74	0.05
\$375,000	Virgolino de Oliveira Finance 11.75% Guaranteed Bonds 09/02/2022	218	0.14
\$625,000	Visant 10% Guaranteed Bonds 01/10/2017	376	0.25
\$1,000,000	Western Express 12.5% Senior Bonds 15/04/2015	434	0.29
\$500,000	Yankee Candle Inc 9.75% Guaranteed Bonds 15/02/2017	339	0.22
\$4,000,000	Yuksek Insaat AS 9.5% Guaranteed Bonds 10/11/2015	1,563	1.03
		111,688	73.77

US Dollar Denominated Government Bond 2.78% (31 December 2012 2.94%)

US Dollar Denominated Fixed Rate Government Bond 2.78% (31 December 2012 2.94%)

\$500,000	US Treasury 0.25% Bonds 31/01/2014	329	0.22
\$1,000,000	US Treasury 0.375% Bonds 15/11/2014	658	0.43
\$1,000,000	US Treasury 0.875% Bonds 30/11/2016	657	0.43
\$1,000,000	US Treasury 1.625% Bonds 15/11/2022	614	0.41
\$1,000,000	US Treasury 2% Bonds 15/11/2021	647	0.43
\$1,000,000	US Treasury 3.125% Bonds 15/11/2041	614	0.41
\$1,000,000	US Treasury Inflation Indexed 0.125% Bonds 15/04/2017	690	0.45
		4,209	2.78

US Dollar Denominated Derivatives 0.01% (31 December 2012 0.00%)

US Dollar Denominated Open Forward Exchange Contracts 0.01% (31 December 2012 0.00%)

2,500,000	US Dollar vs Sterling Forward Exchange Contract	21	0.01
300,000	US Dollar vs Sterling Forward Exchange Contract	4	-
		25	0.01

US Dollar Denominated Equities 0.23% (31 December 2012 0.03%)

465,436	Emerald Plantation	76	0.05
5,285	GMX Resources	1	-
5	MBIA Insurance	148	0.10
2	MBIA Insurance	59	0.04
16,804	Neebo	65	0.04
		349	0.23

Investment assets*

143,377 94.70

Net other assets

8,023 5.30

Total net assets

151,400 100.00

*Including investment liabilities

Statement of total return

for the period from 1 January 2013 to 30 June 2013

		01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
	Notes				
Income					
Net capital (losses)/gains			(2,059)		4,265
Revenue		6,396		5,271	
Expenses		(909)		(675)	
Finance costs: Interest	2	(1)		(3)	
Net revenue before taxation		5,486		4,593	
Taxation		-		(1)	
Net revenue after taxation			5,486		4,592
Total return before distributions			3,427		8,857
Finance costs: Distributions	2		(6,395)		(5,267)
Change in net assets attributable to shareholders from investment activities			(2,968)		3,590

Statement of change in net assets attributable to shareholders

for the period from 1 January 2013 to 30 June 2013

		01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	*01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
Opening net assets attributable to shareholders			151,543		105,803
Amounts received on issue of shares		7,406		8,655	
Amounts paid on cancellation of shares		(4,581)		(5,192)	
			2,825		3,463
Change in net assets attributable to shareholders from investment activities			(2,968)		3,590
Closing net assets attributable to shareholders			151,400		112,856

*Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to the net assets at the start of the current period.

The notes on pages 54 form an integral part of these financial statements.

Balance sheet

as at 30 June 2013

	30.06.13 £'000	30.06.13 £'000	31.12.12 £'000	31.12.12 £'000
Assets				
Investment assets		144,646		127,231
Debtors	8,388		2,659	
Cash and bank balances	2,581		27,623	
Total other assets		10,969		30,282
Total assets		155,615		157,513
Liabilities				
Investment liabilities		(1,268)		(392)
Creditors	(627)		(2,775)	
Bank overdrafts	(228)		-	
Distribution payable on income shares	(2,092)		(2,803)	
Total other liabilities		(2,947)		(5,578)
Total liabilities		(4,215)		(5,970)
Net assets attributable to shareholders		151,400		151,543

The notes on page 54 form an integral part of these financial statements.

Notes to the financial statements

for the period from 1 January 2013 to 30 June 2013

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 December 2012.

2 Finance costs

Distribution and interest

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

	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000
First Interim (31 March)	3,842	2,433
Second Interim (30 June)	2,595	2,857
	<u>6,437</u>	<u>5,290</u>
Revenue deducted on cancellation of shares	48	49
Revenue received on issue of shares	(90)	(72)
	<u>6,395</u>	<u>5,267</u>
Finance costs: Distributions		
Finance costs: Interest	1	3
Total finance costs	<u>6,396</u>	<u>5,270</u>
Reconciliation of distributions:		
Net revenue after taxation	5,486	4,592
Capitalised fees	909	675
Finance costs: Distributions	<u>6,395</u>	<u>5,267</u>

Details of the interim distributions per share are set out in the table on page 55.

Distribution tables

Second Interim distribution

Group 1: Shares purchased prior to 1 April 2013
 Group 2: Shares purchased from 1 April 2013 to 30 June 2013

	Gross revenue pence per share	Income tax pence per share**	Net revenue pence per share	Equalisation pence per share*	Distribution paid 30.08.13 pence per share	Distribution paid 31.08.12 pence per share
Income 'A' Shares						
Group 1	0.7279	0.1456	0.5823	-	0.5823	0.8264
Group 2	0.0193	0.0039	0.0154	0.5669	0.5823	0.8264

First Interim distribution

Group 1: Shares purchased prior to 1 January 2013
 Group 2: Shares purchased from 1 January 2013 to 31 March 2013

	Gross revenue pence per share	Income tax pence per share**	Net revenue pence per share	Equalisation pence per share*	Distribution paid 31.05.13 pence per share	Distribution paid 31.05.12 pence per share
Income 'A' Shares						
Group 1	1.1106	0.2221	0.8885	-	0.8885	0.7312
Group 2	0.6166	0.1233	0.4933	0.3952	0.8885	0.7312

* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

** There may be no tax in the case of interest distributions paid gross to shareholders

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Old Mutual Gilt Fund

Launch date	5 February 2003
Sector classification	UK Gilts
Investment adviser	BlackRock Investment Management (UK) Limited
Net asset value	£170,237,052

Objective

To achieve capital growth through investment in a well diversified portfolio consisting predominantly of UK Gilts. The sub-fund is permitted to invest in overseas bonds, and any non-sterling currency exposure will be hedged back into sterling to remove the risk of exchange rate fluctuation.

Policy

The sub-fund predominantly invests in a well diversified portfolio of UK Gilts. The Company has appointed a specialist manager to manage the sub-fund, and continuously monitors this appointment. Investments may be made through collective investment schemes or through directly invested portfolios.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting period. Shares were first issued at 50p per share. Income 'A' shares were first issued for sale on 18 June 2010 at 62.18p per share. Income 'R' shares were first issued for sale on 24 May 2013 at 67.70p per share.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
31.12.10			
Accumulation 'A'	£196,635,761	310,847,982	63.26
Income 'A'	£40,653	65,161	62.39
31.12.11			
Accumulation 'A'	£203,692,961	280,054,491	72.73
Income 'A'	£895,113	1,293,096	69.22
31.12.12			
Accumulation 'A'	£171,965,236	232,888,595	73.84
Income 'A'	£1,667,106	2,441,241	68.29
30.06.13			
Accumulation 'A'	£168,935,894	237,427,150	71.15
Income 'A'	£1,292,534	1,993,171	64.85
Income 'R'*	£8,624	13,294	64.87

Comparative table

The table below shows the highest and lowest share prices per share in pence for the calendar years indicated below.

Calendar year	Highest price	Lowest price
2008		
Accumulation 'A'	61.61	53.19
2009		
Accumulation 'A'	62.22	57.93
2010		
Accumulation 'A'	65.55	59.02
Income 'A'*	65.58	61.91
2011		
Accumulation 'A'	72.93	61.20
Income 'A'	70.47	60.15
2012		
Accumulation 'A'	75.43	70.14
Income 'A'	71.59	66.76
2013**		
Accumulation 'A'	75.15	70.58
Income 'A'	69.50	65.27
Income 'R'***	67.83	65.29

* from 18 June 2010

** to 30 June 2013

*** from 24 May 2013

The table below shows the net revenue distributed/accumulated per share in pence for the calendar years indicated below.

Calendar year	Pence per share
2008	
Accumulation 'A'	2.2025
2009	
Accumulation 'A'	2.2069
2010	
Accumulation 'A'	2.1391
Income 'A'*	0.0902
2011	
Accumulation 'A'	2.1253
Income 'A'	2.4180
2012	
Accumulation 'A'	2.1059
Income 'A'	2.0473
2013**	
Accumulation 'A'	2.0883
Income 'A'	1.9451
Income 'R'***	0.9434

* from 18 June 2010

** to ex dividend date of 30 June 2013 (payable on 30 August 2013)

*** from 24 May 2013

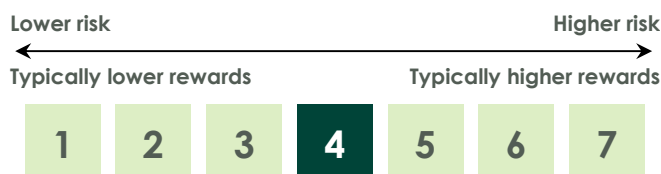
Investment Manager's review

The first three months of 2013 saw mixed performances from fixed income assets. Broadly, the first month and a half was characterised by strength in higher risk bonds, in particular local currency emerging market debt as sterling weakened, but also high yield, and to a lesser extent investment-grade corporate bonds. Mid February and March saw renewed strength in government bonds, although risk assets remained surprisingly resilient, not giving back the gains made earlier and in many cases continuing to rise, though not so strongly as government bonds. Gilts remained under-pinned by the generally tepid economic background until May. However, from the latter part of that month onwards markets suffered setbacks, as investors became nervous about remarks from US Federal Reserve officials hinting at a 'tapering' at some point in the US central bank's quantitative easing programme. This led to setbacks and rising yields across developed market government bond markets including gilts and then began to hit the investment grade and high yield sectors in May and June.

Performance

Against this backdrop, the passively run Gilt Fund produced a negative return for the first six months of 2013 that was marginally less weak than the benchmark index.

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-funds in category 4 have in the past shown moderate volatility. With a sub-fund of category 4, you have a moderate risk of losing money but your chance for gains is also moderate.

Investment risk - there is no guarantee that the sub-fund will achieve its objective.

Index-tracking risk - the performance of the sub-fund will depend on the performance of the relevant index and the success of the sub-fund in tracking that index.

Credit risk - the issuer of a Bond or a similar investment within the sub-fund may not pay income or repay capital to the sub-fund when due.

Interest rate risk - investments in bonds are affected by interest rates and inflation trends which may affect the value of the sub-fund.

Currency risk - the sub-fund is denominated in British Pounds but may hold assets denominated in, or with exposure to, other currencies. The value of your shares may rise and fall as a result of exchange rate movements between these currencies.

Capital erosion risk - the sub-fund takes charges from capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges. Capital erosion may have the effect of reducing the level of income generated.

For full details of the sub-fund's risks, please see the section in the prospectus headed "**Risks**".

Portfolio allocation

United Kingdom	99.34%
Net other assets	0.66%
Total	100.00%

Asset allocation

Sterling debt securities	99.34%
Net other assets	0.66%
Total	100.00%

Major holdings	Percentage of portfolio
United Kingdom 5% Bonds 07/03/2018	4.33%
United Kingdom 4% Bonds 07/03/2022	4.09%
United Kingdom 5% Bonds 07/09/2014	4.04%
United Kingdom 4.5% Bonds 07/03/2019	3.97%
United Kingdom 4.75% Bonds 07/09/2015	3.79%
United Kingdom 5% Bonds 07/03/2025	3.72%
United Kingdom 4.75% Bonds 07/03/2020	3.56%
United Kingdom 4% Bonds 07/09/2016	3.43%
United Kingdom 4.25% Bonds 07/06/2032	3.34%
United Kingdom 4.75% Bonds 07/12/2030	3.28%

Number of holdings	37
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Ongoing charges figure (OCF)*

31.12.12 Accumulation 'A'	0.70%
31.12.12 Income 'A'	0.70%
30.06.13 Accumulation 'A'	0.71%
30.06.13 Income 'A'	0.70%

*The ongoing charges figure is the ratio of the sub-fund's ongoing charges to the average net assets of the sub-fund.

All information is at 30 June 2013 unless otherwise stated.

Portfolio statement

as at 30 June 2013

Holding	Investment	Market Value £'000	Percentage of total net assets %
United Kingdom 99.34% (31 December 2012 98.99%)			
United Kingdom Debt Securities 99.34% (31 December 2012 98.99%)			
United Kingdom Government Bonds 99.34% (31 December 2012 98.99%)			
£4,842,000	United Kingdom 1% Bonds 07/09/2017	4,819	2.83
£1,431,000	United Kingdom 1.25% Bonds 22/07/2018	1,423	0.84
£4,068,000	United Kingdom 1.75% Bonds 07/09/2022	3,863	2.27
£4,128,000	United Kingdom 1.75% Bonds 22/01/2017	4,254	2.50
£4,895,000	United Kingdom 2% Bonds 22/01/2016	5,068	2.98
£4,403,000	United Kingdom 2.75% Bonds 22/01/2015	4,566	2.68
£1,957,000	United Kingdom 3.25% Bonds 22/01/2044	1,847	1.08
£4,471,000	United Kingdom 3.75% Bonds 07/09/2019	5,037	2.96
£3,667,000	United Kingdom 3.75% Bonds 07/09/2020	4,132	2.43
£4,526,000	United Kingdom 3.75% Bonds 07/09/2021	5,079	2.98
£3,238,000	United Kingdom 3.75% Bonds 22/07/2052	3,366	1.98
£6,109,000	United Kingdom 4% Bonds 07/03/2022	6,968	4.09
£5,294,000	United Kingdom 4% Bonds 07/09/2016	5,842	3.43
£3,025,000	United Kingdom 4% Bonds 22/01/2060	3,352	1.97
£3,842,000	United Kingdom 4.25% Bonds 07/03/2036	4,404	2.59
£4,942,000	United Kingdom 4.25% Bonds 07/06/2032	5,678	3.34
£3,128,000	United Kingdom 4.25% Bonds 07/09/2039	3,573	2.10
£4,762,000	United Kingdom 4.25% Bonds 07/12/2027	5,507	3.23
£3,865,000	United Kingdom 4.25% Bonds 07/12/2040	4,407	2.59
£3,398,000	United Kingdom 4.25% Bonds 07/12/2046	3,879	2.28
£3,023,000	United Kingdom 4.25% Bonds 07/12/2049	3,462	2.03
£3,756,000	United Kingdom 4.25% Bonds 07/12/2055	4,344	2.55
£5,809,000	United Kingdom 4.5% Bonds 07/03/2019	6,762	3.97
£3,632,000	United Kingdom 4.5% Bonds 07/09/2034	4,302	2.53
£4,346,000	United Kingdom 4.5% Bonds 07/12/2042	5,171	3.04
£5,100,000	United Kingdom 4.75% Bonds 07/03/2020	6,068	3.56
£5,886,000	United Kingdom 4.75% Bonds 07/09/2015	6,444	3.79
£4,576,000	United Kingdom 4.75% Bonds 07/12/2030	5,589	3.28
£3,930,000	United Kingdom 4.75% Bonds 07/12/2038	4,849	2.85
£6,302,000	United Kingdom 5% Bonds 07/03/2018	7,387	4.33
£5,111,000	United Kingdom 5% Bonds 07/03/2025	6,334	3.72
£440,000	United Kingdom 5% Bonds 07/03/2025	545	0.32
£6,515,000	United Kingdom 5% Bonds 07/09/2014	6,873	4.04
£3,048,000	United Kingdom 6% Bonds 07/12/2028	4,206	2.47
£3,810,000	United Kingdom 8% Bonds 07/06/2021	5,476	3.22
£1,739,000	United Kingdom 8% Bonds 07/12/2015	2,060	1.21
£1,662,000	United Kingdom 8.75% Bonds 25/08/2017	2,182	1.28
		169,118	99.34

Portfolio statement (continued)

as at 30 June 2013

Investment assets	169,118	99.34
Net other assets	1,119	0.66
Total net assets	170,237	100.00

Statement of total return

for the period from 1 January 2013 to 30 June 2013

		01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
	Notes				
Income					
Net capital (losses)/gains			(7,579)		1,704
Revenue		2,452		3,168	
Expenses		(613)		(728)	
Finance costs: Interest	2	-		-	
Net revenue before taxation		1,839		2,440	
Taxation		-		-	
Net revenue after taxation			1,839		2,440
Total return before distributions			(5,740)		4,144
Finance costs: Distributions	2		(3,088)		(3,762)
Change in net assets attributable to shareholders from investment activities			(8,828)		382

Statement of change in net assets attributable to shareholders

for the period from 1 January 2013 to 30 June 2013

	01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	*01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
Opening net assets attributable to shareholders		173,632		204,588
Amounts received on issue of shares	12,122		23,205	
Amounts paid on cancellation of shares	(9,123)		(36,550)	
		2,999		(13,345)
Change in net assets attributable to shareholders from investment activities		(8,828)		382
Retained distribution on accumulation shares		2,434		2,715
Closing net assets attributable to shareholders		170,237		194,340

*Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to the net assets at the start of the current period.

The notes on pages 63 form an integral part of these financial statements.

Balance sheet

as at 30 June 2013

	30.06.13 £'000	30.06.13 £'000	31.12.12 £'000	31.12.12 £'000
Assets				
Investment assets		169,118		171,881
Debtors	1,466		2,058	
Cash and bank balances	672		<u>657</u>	
Total other assets		2,138		2,715
Total assets		171,256		<u>174,596</u>
Liabilities				
Creditors	(1,000)		(939)	
Distribution payable on income shares	(19)		<u>(25)</u>	
Total other liabilities		(1,019)		<u>(964)</u>
Total liabilities		(1,019)		<u>(964)</u>
Net assets attributable to shareholders		170,237		<u>173,632</u>

The notes on page 63 form an integral part of these financial statements.

Notes to the financial statements

for the period from 1 January 2013 to 30 June 2013

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 December 2012.

2 Finance costs

Distribution and interest

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

	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000
Interim (30 June)	3,070	3,477
Revenue deducted on cancellation of shares	3,070	3,477
Revenue received on issue of shares	44	389
	(26)	(104)
Finance costs: Distributions	3,088	3,762
Finance costs: Interest	-	-
Total finance costs	3,088	3,762
Reconciliation of distributions:		
Net revenue after taxation	1,839	2,440
Capitalised fees	613	728
Effective yield adjustment	636	594
Finance costs: Distributions	3,088	3,762

Details of the interim distribution per share are set out in the table on page 64.

Distribution table

Interim distribution

Group 1: Shares purchased prior to 1 January 2013
 Group 2: Shares purchased from 1 January 2013 to 30 June 2013

	Gross revenue pence per share	Income tax pence per share**	Net revenue pence per share	Equalisation pence per share*	Distribution paid 30.08.13 pence per share	Distribution paid 31.08.12 pence per share
Accumulation 'A' Shares						
Group 1	1.2811	0.2562	1.0249	-	1.0249	1.0345
Group 2	1.0754	0.2151	0.8603	0.1646	1.0249	1.0345
Income 'A' Shares						
Group 1	1.1848	0.2370	0.9478	-	0.9478	0.9847
Group 2	0.7543	0.1509	0.6034	0.3444	0.9478	0.9847

* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

** There may be no tax in the case of interest distributions paid gross to shareholders

Old Mutual Global Property Securities Fund

Launch date	3 October 2005
Sector classification	Specialist
Investment adviser	Cohen & Steers Capital Management Inc Heitman Real Estate Securities LLC
Net asset value	£72,983,800

Objective

The sub-fund aims to achieve long term capital growth and income through investment in a globally diversified portfolio of property related securities.

Policy

The emphasis of the sub-fund is investment in property related securities of entities which generate rental income. Investment will be in transferable securities which are primarily Real Estate Investment Trusts (REITs) or real estate companies.

For efficient portfolio management purposes, investment may also be made into derivatives or forward transactions. Specifically, the sub-fund will use derivatives or forwards with the aim of reducing currency risk for investors in currency hedged share classes.

The ACD has appointed a specialist investment adviser to manage the sub-fund, and continuously monitors their suitability.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value in pence/cents per share and the number of shares in existence at the end of the accounting period. Shares were first issued at 50p per share. Institutional income shares were first offered for sale on 22 May 2007 at the Sterling price for that day; however, this share class was later closed on 17 January 2011. \$US Accumulation shares (formerly Skandia Global Real Estate Securities LaSalle Fund) were first offered on 29 June 2007 at the US\$ equivalent of the sterling price for that day. Income 'R' shares were first issued for sale on 22 February 2013 at 35.61p per share.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
31.12.10			
Accumulation US\$	£12,985,373	48,532,877	26.76
Income 'A'	£115,142,200	348,720,872	33.02
Institutional	£135,407	418,055	32.39
31.12.11			
Accumulation US\$	£6,288,950	26,092,438	24.10
Income 'A'	£75,443,345	264,016,339	28.58
31.12.12			
Accumulation US\$	£7,321,529	25,521,637	28.69
Income 'A'	£67,567,590	196,662,990	34.36
30.06.13			
Accumulation US\$	£9,484,775	30,846,920	30.75
Income 'A'	£63,014,612	179,436,409	35.12
Income 'R'*	£484,413	1,419,565	34.12

* from 22 February 2013

Comparative table

The table below shows the highest and lowest share prices in pence/cents per share for the calendar years indicated below.

Calendar year	Highest price	Lowest price
2008		
Accumulation US\$	61.94	20.87
Income 'A'	56.31	20.51
Institutional	57.23	20.91
2009		
Accumulation US\$	36.89	17.06
Income 'A'	30.07	15.95
Institutional	31.49	16.43
2010		
Accumulation US\$	41.15	32.29
Income 'A'	34.41	27.40
Institutional	33.87	28.43
2011		
Accumulation US\$	44.85	33.13
Income 'A'	34.59	25.93
Institutional*	33.11	32.41
2012		
Accumulation US\$	46.55	37.46
Income 'A'	34.78	28.60
2013**		
Accumulation US\$	52.78	44.33
Income 'A'	40.08	33.67
Income 'R'***	39.57	32.75

*to 17 January 2011

** to 30 June 2013

*** from 22 February 2013

The table below shows the net revenue distributed/accumulated per share in pence/cents for the calendar years indicated below.

Calendar year	Pence/cents per share
2008	
Accumulation US\$	1.8831
Income 'A'	1.7729
Institutional	1.6674
2009	
Accumulation US\$	1.0808
Income 'A'	1.2363
Institutional	1.0358
2010	
Accumulation US\$	0.9191
Income 'A'	0.7910
Institutional	0.8194
2011	
Accumulation US\$	1.0744
Income 'A'	0.8591
Institutional*	0.3926
2012	
Accumulation US\$	1.0918
Income 'A'	0.8482
2013***	
Accumulation US\$	1.1348
Income 'A'	0.8554
Income 'R'**	0.5308

*paid 28 February 2011

** from 22 February 2013

*** ex-dividend date of 30 June 2013 (payable on 30 August 2013)

Investment Manager's review

As the new year opened global bourses continued to rise with a number of stock markets reaching new all-time highs before hitting new turbulence in May and June. Tokyo was among the outperforming exchanges during the period as Japanese equities rallied in response to further yen weakness and government steps to ease monetary policy and employ quantitative easing. The Tokyo market then plunged in May, and suffered additional setbacks in June (but still outperformed most other global markets for the six months as whole) amid worries about prospects for exporters (who dominate the Tokyo market) particularly because of increasing unease about the economies of the US and China. US equities also outperformed the global market average amid improved economic news but also suffered reverses in the last two months. At the end of March the S&P 500 pushed past the previous all-time high it reached in October 2007 before the financial meltdown. Europe and emerging markets trailed their American and Japanese counterparts. European markets faced the headwinds of continued economic weakness and renewed worries over the future of the single currency. Investors in EM exchanges were troubled by signs of weaker-than-expected growth in China.

Performance

In the course of the six month review period, the management of the sub-fund was switched in June from Cohen & Steers to Heitman. During the interval that the sub-fund was managed by Cohen & Steers it underperformed the benchmark. Among the factors behind this, stock selection in Singapore hindered returns, due in part to an overweight holding in Capital Land. Stock selection in the UK and the US also detracted from the portfolio's relative performance, partly reflecting an underweight in property companies focused on the healthcare sector (such as Health Care Reit Inc and Capital & Counties Plc). Elsewhere, being underweight in Canada benefited returns, given that market's underperformance and the depreciation of the Canadian versus the US dollar. An underweight in Switzerland was another plus.

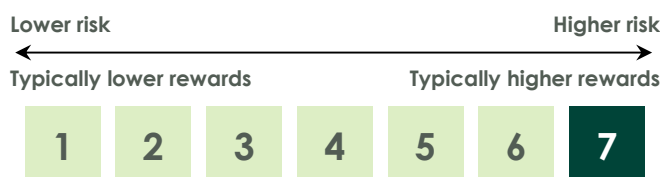
From the time when the portfolio was placed under the management of Heitman to the end of the review period the sub-fund underperformed the benchmark. As noted in the market background above, this coincided with a period of significant volatility and setbacks in global markets.

Within the portfolio, stock selection overall detracted from performance. This was notably the case in Asia ex-Japan, where overweight holdings in Wheelock and Langham Hospitality (the worst performing security in the region) worked against the sub-fund's relative return. Unproductive stock picking in the United States also detracted from performance, particular examples included overweighting Spirit Realty Capital and underweighting Public Storage.

Europe was another region where the weak selection effect weighed on the portfolio's performance, notably at the company level by overweighting Beni Stabili and Alstria Office.

On a brighter note, the sub-fund's weightings at the regional level contributed to performance, particularly being underweight in Asia Ex-Japan, which was dragged lower by widespread concerns over the Chinese economy.

Risk and Reward Profile



The calculated risk and reward category, as shown above, uses a method of calculation derived from EU rules. It is based on the rate at which the returns of the sub-fund have moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the sub-fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment. The seven-category scale is nonlinear, for example, 2 is not twice as risky as 1.

Sub-funds in category 7 have in the past shown very high volatility. With a sub-fund of category 7, you have a very high risk of losing money but your chance for gains is also very high.

Investment risk - there is no guarantee that the sub-fund will achieve its objective.

Strategy risk - investments in property-related companies are subject to risks associated with direct property ownership.

Currency risk - the sub-fund may use techniques to try to eliminate the effects of changes in the exchange rate between the currency of the underlying investments and the base currency (i.e. the reporting currency) of the sub-fund. These techniques may not eliminate all the currency risk.

Derivative risk - the sub-fund may use derivatives to reduce costs and/or the overall risk of the sub-fund (i.e. Efficient Portfolio Management (EPM)). Derivatives involve a level of risk, however, for EPM; they should not increase the overall riskiness of the sub-fund. Derivatives also involve counterparty risk where the institutions acting as counterparty to derivatives may not meet its contractual obligations.

Capital erosion risk - the sub-fund takes charges from capital of the sub-fund. Investors should be aware that there is potential for capital erosion if insufficient capital growth is achieved by the sub-fund to cover the charges. Capital erosion may have the effect of reducing the level of income generated.

For full details of the sub-fund's risks, please see the section in the prospectus headed "Risks".

Portfolio allocation

United States	53.16%
Asia Pacific (Excluding Japan)	20.61%
Japan	13.18%
Europe	8.13%
United Kingdom	5.18%
Derivatives	(0.91)%

Net other assets	0.65%
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Total	100.00%
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Asset allocation

Equities	100.26%
Derivatives	(0.91)%

Net other assets	0.65%
------------------	-------

Total	100.00%
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Major holdings	Percentage of portfolio
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Simon Property	5.20%
Mitsui Fudosan	3.98%
HCP	3.92%
AvalonBay Communities	3.65%
Equity Residential	3.54%
Health Care REIT	3.41%
Mitsubishi Estate	3.32%
Westfield	3.18%
Sun Hung Kai Properties	2.66%
Boston Properties	2.58%

Number of holdings	75
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Ongoing charges figure (OCF)*

31.12.12 Accumulation US\$	2.29%
31.12.12 Income 'A'	2.32%
30.06.13 Accumulation US\$	2.26%
30.06.13 Income 'A'	2.28%
30.06.13 Income 'R'	1.55%

*The ongoing charges figure is the ratio of the sub-fund's ongoing charges to the average net assets of the sub-fund.

All information is at 30 June 2013 unless otherwise stated.

Portfolio statement

as at 30 June 2013

Holding	Investment	Market Value £'000	Percentage of total net assets %
United Kingdom 4.27% (31 December 2012 4.90%)			
United Kingdom Equities 5.18% (31 December 2012 4.77%)			
Real Estate Investment & Services 0.97% (31 December 2012 0.00%)			
139,290	Capital & Counties Properties	453	0.62
72,106	Unite	258	0.35
		711	0.97
Real Estate Investment Trusts 4.21% (31 December 2012 4.77%)			
118,840	British Land	676	0.93
21,816	Derwent London	501	0.69
116,093	Hammerson	564	0.77
103,738	Land Securities	920	1.26
68,754	Shaftesbury	408	0.56
		3,069	4.21
United Kingdom Derivatives (0.91)% (31 December 2012 0.13%)			
Sterling Denominated Open Forward Exchange Contract (0.91)% (31 December 2012 0.13%)			
£7,547,507	Sterling v Japan yen Forward Exchange Contract	34	0.05
£536,261	Sterling v Japan yen Forward Exchange Contract	4	0.01
£72,433	Sterling v Australia dollar Forward Exchange Contract	1	-
£54,600	Sterling v Singapore dollar Forward Exchange Contract	-	-
£1,030	Sterling v Mexico nuevo peso Forward Exchange Contract	-	-
£361,601	Sterling v United States dollar Forward Exchange Contract	-	-
£2,386	Sterling v Norway krone Forward Exchange Contract	-	-
£25,656	Sterling v Sweden krona Forward Exchange Contract	-	-
£76,804	Sterling v Canada dollar Forward Exchange Contract	-	-
£149,712	Sterling v Hong Kong dollar Forward Exchange Contract	(1)	-
£93,856	Sterling v Euro Forward Exchange Contract	(1)	-
£499,922	Sterling v Switzerland franc Forward Exchange Contract	(2)	-
£383,948	Sterling v United States dollar Forward Exchange Contract	(5)	(0.01)
£745,777	Sterling v Sweden krona Forward Exchange Contract	(7)	(0.01)
£3,371,459	Sterling v United States dollar Forward Exchange Contract	(23)	(0.03)
£2,470,742	Sterling v Canada dollar Forward Exchange Contract	(31)	(0.04)
£3,986,199	Sterling v Euro Forward Exchange Contract	(43)	(0.06)
£2,673,882	Sterling v Singapore dollar Forward Exchange Contract	(50)	(0.07)
£4,655,445	Sterling v Hong Kong dollar Forward Exchange Contract	(68)	(0.09)
£7,599,731	Sterling v Australia dollar Forward Exchange Contract	(83)	(0.11)
£26,905,023	Sterling v United States dollar Forward Exchange Contract	(394)	(0.55)
		(669)	(0.91)
Overseas 95.08% (31 December 2012 93.98%)			
Europe 8.13% (31 December 2012 7.96%)			
Europe Equities 8.13% (31 December 2012 7.96%)			
Belgium Equities 0.45% (31 December 2012 0.00%)			
7,832	Warehouses De Pauw	327	0.45

Portfolio statement (continued)

as at 30 June 2013

France Equities 3.22% (31 December 2012 3.57%)		
3,829	Fonciere Des Regions	190 0.26
2,331	Gecina	172 0.24
14,236	Klepierre	372 0.51
10,665	Unibail-Rodamco	1,618 2.21
		2,352 3.22
Germany Equities 0.63% (31 December 2012 0.66%)		
35,048	Alstria Office	252 0.35
31,981	DIC Asset	207 0.28
		459 0.63
Italy Equities 0.47% (31 December 2012 0.00%)		
839,628	Beni Stabili	340 0.47
Jersey Equities 0.23% (31 December 2012 0.00%)		
48,495	Atrium European Real Estate	166 0.23
Luxembourg Equities 0.48% (31 December 2012 0.00%)		
43,065	GAGFAH	351 0.48
Netherlands Equities 0.72% (31 December 2012 1.67%)		
13,079	Corio	343 0.47
4,317	Wereldhave	184 0.25
		527 0.72
Norway Equities 0.00% (31 December 2012 0.62%)		
		- -
Sweden Equities 1.16% (31 December 2012 0.65%)		
87,035	FastighetsBalder	418 0.57
44,033	Wihlborgs Fastigheter	431 0.59
		849 1.16
Switzerland Equities 0.77% (31 December 2012 0.79%)		
9,948	PSP Swiss Property	561 0.77
Europe Derivatives 0.00% (31 December 2012 0.00%)		
Swiss Franc Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)		
31,564	Swiss Franc vs Sterling Forward Exchange Contract	- -
Swedish Krona Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)		
335,210	Swedish Krona vs Sterling Forward Exchange Contract	1 -
Euro Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)		
280,214	Euro vs Sterling Forward Exchange Contract	2 -

Portfolio statement (continued)

as at 30 June 2013

Asia Pacific (Excluding Japan) 20.61% (31 December 2012 30.22%)

Asia Pacific (Excluding Japan) Equities 20.61% (31 December 2012 30.22%)

Australia Equities 7.43% (31 December 2012 9.21%)

849,706	Dexus Property	551	0.75
482,188	Federation Centres	672	0.92
351,101	Goodman	1,025	1.41
880,371	Mirvac	851	1.17
337,988	Westfield	2,326	3.18
		5,425	7.43

China Equities 0.50% (31 December 2012 1.54%)

388,000	Guangzhou R&F Properties	366	0.50
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Hong Kong Equities 8.36% (31 December 2012 13.19%)

188,872	Hongkong Land	849	1.16
1,380,000	Langham Hospitality Investments	471	0.65
615,672	New World Development	556	0.76
434,333	Shimao Property	559	0.77
230,640	Sun Hung Kai Properties	1,947	2.66
258,400	Swire Properties	499	0.68
372,000	Wheelock	1,223	1.68
		6,104	8.36

Phillipines Equities 0.00% (31 December 2012 0.78%)

-	-
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Singapore Equities 4.32% (31 December 2012 5.50%)

504,000	CapitaLand	803	1.10
522,000	CapitaMalls Asia	494	0.68
778,032	Global Logistic Properties	1,102	1.50
931,000	Suntec Real Estate Investment Trust	756	1.04
		3,155	4.32

Asia Pacific (excluding Japan) Derivatives 0.00% (31 December 2012 0.00%)

Australian Dollar Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)

185,464	Australian Dollar v Sterling Forward Exchange Contract	(1)	-
		(1)	-

Hong Kong Dollar Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)

1,339,063	Hong Kong Dollar vs Sterling Forward Exchange Contract	1	-
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Singapore Dollar Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)

191,507	Singapore Dollar vs Sterling Forward Exchange Contract	2	-
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Portfolio statement (continued)

as at 30 June 2013

Japan 13.18% (31 December 2012 9.42%)

Japan Equities 13.18% (31 December 2012 9.42%)

Japan Equities 13.18% (31 December 2012 9.42%)

324	Advance Residence Investment	459	0.63
62	Frontier Real Estate Investment	371	0.51
216	Japan Prime Realty Investment	434	0.59
138,616	Mitsubishi Estate	2,426	3.32
150,236	Mitsui Fudosan	2,904	3.98
212	Nippon Building Fund	1,603	2.20
24,000	Sumitomo Realty & Development	628	0.86
145,500	Tokyo Tatemono	796	1.09
		<u>9,621</u>	<u>13.18</u>

Japan Derivatives 0.00% (31 December 2012 0.00%)

Japanese Yen Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)

7,985,825	Japanese Yen vs Sterling Forward Exchange Contract	<u>(1)</u>	<u>-</u>
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America 53.16% (31 December 2012 46.38%)

North America Equities 53.16% (31 December 2012 46.38%)

Bermuda Equities 0.00% (31 December 2012 0.80%)

<u>-</u>	<u>-</u>
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Canada Equities 4.06% (31 December 2012 1.59%)

46,600	Artis Real Estate Investment Trust	438	0.60
26,600	Boardwalk Real Estate Investment Trust	984	1.35
54,600	Calloway Real Estate Investment Trust	868	1.19
25,211	Canadian Real Estate Investment Trust	674	0.92
		<u>2,964</u>	<u>4.06</u>

United States of America Equities 49.10% (31 December 2012 43.99%)

29,700	AvalonBay Communities	2,662	3.65
26,875	Boston Properties	1,878	2.58
64,759	Corporate Office Properties Trust	1,086	1.49
154,150	Cousins Properties	1,024	1.40
166,690	DCT Industrial Trust	793	1.09
116,616	DDR	1,281	1.75
183,350	DiamondRock Hospitality	1,119	1.53
44,517	Digital Realty Trust	1,762	2.42
77,819	Duke Realty	805	1.10
205,050	Education Realty Trust	1,378	1.89
78,875	Equity One	1,181	1.62
67,347	Equity Residential	2,584	3.54
118,750	General Growth Properties	1,561	2.14
95,400	HCP	2,860	3.92
56,434	Health Care REIT	2,489	3.41
71,300	LaSalle Hotel Properties	1,173	1.61
37,300	Pennsylvania Real Estate Investment Trust	463	0.63

Portfolio statement (continued)

as at 30 June 2013

United States of America Equities (continued)		
58,529	Prologis	1,461 2.00
20,400	Realty Income	567 0.78
36,035	Simon Property	3,799 5.20
14,205	SL Green Realty	828 1.13
36,138	Sovran Self Storage	1,545 2.12
47,752	Spirit Realty Capital	563 0.77
19,500	Taubman Centers	968 1.33
		35,830 49.10
North America Derivatives 0.00% (31 December 2012 0.00%)		
Mexican Peso Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)		
21,020	Mexican Peso vs Sterling Forward Exchange Contract	- -
Canadian Dollar Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)		
113,886	Canadian Dollar vs Sterling Forward Exchange Contract	1 -
US Dollar Open Forward Exchange Contracts 0.00% (31 December 2012 0.00%)		
298,771	US Dollar vs Sterling Forward Exchange Contract	2 -
Investment assets*		72,515 99.35
Net other assets		469 0.65
Total net assets		72,984 100.00

* Including investment liabilities

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the period from 1 January 2013 to 30 June 2013

	Notes	01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
Income					
Net capital gains			2,736		9,026
Revenue		1,375		1,337	
Expenses		(838)		(917)	
Finance costs: Interest	2	-		-	
Net revenue before taxation		537		420	
Taxation		(112)		(119)	
Net revenue after taxation			425		301
Total return before distributions			3,161		9,327
Finance costs: Distributions	2		(1,156)		(1,354)
Change in net assets attributable to shareholders from investment activities			2,005		7,973

Statement of change in net assets attributable to shareholders

for the period from 1 January 2013 to 30 June 2013

	01.01.13 to 30.06.13 £'000	01.01.13 to 30.06.13 £'000	*01.01.12 to 30.06.12 £'000	01.01.12 to 30.06.12 £'000
Opening net assets attributable to shareholders		74,889		81,732
Amounts received on issue of shares	4,804		2,291	
Amounts paid on cancellation of shares	(8,856)		(11,781)	
		(4,052)		(9,490)
Stamp duty reserve tax		(2)		(1)
Change in net assets attributable to shareholders from investment activities		2,005		7,973
Retained distribution on accumulation shares		143		112
Unclaimed distributions		-		206
Closing net assets attributable to shareholders		72,983		80,532

*Section 3.30 of the IMA SORP issued in October 2010 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to the net assets at the start of the current period.

The notes on pages 76 form an integral part of these financial statements.

Balance sheet

as at 30 June 2013

	30.06.13 £'000	30.06.13 £'000	31.12.12 £'000	31.12.12 £'000
Assets				
Investment assets		73,227		74,098
Debtors	819		603	
Cash and bank balances	1,477		<u>1,775</u>	
Total other assets		2,296		2,378
Total assets		75,523		<u>76,476</u>
Liabilities				
Investment liabilities		(712)		(51)
Creditors	(844)		(704)	
Bank overdrafts	-		(220)	
Distribution payable on income shares	(984)		<u>(612)</u>	
Total other liabilities		(1,828)		<u>(1,536)</u>
Total liabilities		(2,540)		<u>(1,587)</u>
Net assets attributable to shareholders		72,983		<u>74,889</u>

The notes on page 76 form an integral part of these financial statements.

Notes to the financial statements

for the period from 1 January 2013 to 30 June 2013

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 31 December 2012.

2 Finance costs

Distribution and interest

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

	01.01.13 to 30.06.13 £'000	01.01.12 to 30.06.12 £'000
Interim (30 June)	1,127	1,286
Revenue deducted on cancellation of shares	1,127	1,286
Revenue received on issue of shares	60	84
	(31)	(16)
Finance costs: Distributions	1,156	1,354
Finance costs: Interest	-	-
Total finance costs	1,156	1,354
Reconciliation of distributions:		
Net revenue after taxation	425	301
Capitalised fees	838	917
CT relief transfer	(107)	(70)
Undistributed revenue brought forward	-	321
Undistributed revenue carried forward	-	(115)
Finance costs: Distributions	1,156	1,354

Details of the interim distribution per share are set out in the table on page 77.

Distribution table

Interim distribution

Group 1: Shares purchased prior to 1 January 2013
 Group 2: Shares purchased from 1 January 2013 to 30 June 2013

	Net revenue pence/cents per share	Equalisation pence/cents per share*	Distribution paid 30.08.13 pence/cents per share	Distribution paid 31.08.12 pence/cents per share
Accumulation US\$ Shares				
Group 1	0.7072	-	0.7072	0.6568
Group 2	0.3170	0.3902	0.7072	0.6568
Income 'A' Shares				
Group 1	0.5443	-	0.5443	0.5049
Group 2	0.3438	0.2005	0.5443	0.5049
Income 'R' Shares				
Group 1	0.5308	-	0.5308	0.0000
Group 2	0.2395	0.2913	0.5308	0.0000

* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.