



# INTERIM SHORT REPORT

31 DECEMBER 2013

BNY MELLON INVESTMENT FUNDS



BNY MELLON



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# AUTHORISED CORPORATE DIRECTOR LETTER

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

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

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

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

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

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

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

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

**David Turnbull**

**Director**

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

**10 February 2014**

# ECONOMIC AND MARKET OVERVIEW

## INTRODUCTION

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

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

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

## NORTH AMERICA

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

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

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

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

## EUROPE

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

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

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

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

## ASIA

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

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

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

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

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

## FIXED INCOME

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

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

## CURRENCIES AND COMMODITIES

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

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

BNY Mellon Investment Management EMEA Limited\*

January 2014

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

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

# BNY MELLON AMERICAN FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

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

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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



**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class**

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

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

**Major Holdings (%)**

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

**Portfolio Category (%)**

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



# BNY MELLON GLOBAL STRATEGIC BOND FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	31 August
Interim:	28 February

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

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

## Statutory Performance Data (%)

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

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

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

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

The annual management charge is charged to capital.

## Ongoing Charges (%)

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

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

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

**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class**

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

**Net Asset Value History by Share Class – contd.**

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

**Major Holdings (%)**

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

**Portfolio Category (%)**

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

# BNY MELLON LONG-TERM GLOBAL EQUITY FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

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

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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

**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class – contd.**

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

**Major Holdings (%)**

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

**Net Asset Value History by Share Class**

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

**Portfolio Category (%)**

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

# INSIGHT EQUITY INCOME FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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



**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class**

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

**Major Holdings (%)**

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

**Portfolio Category (%)**

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

# INSIGHT EQUITY INCOME BOOSTER FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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

**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class**

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

**Major Holdings (%)**

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

**Portfolio Category (%)**

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

# INSIGHT GLOBAL ABSOLUTE RETURN FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
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Distribution payment dates for all share classes:

Annual:	31 August
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## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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

**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class**

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

**Major Holdings (%)**

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

**Portfolio Category (%)**

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

# INSIGHT GLOBAL MULTI-STRATEGY FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

The objective of the Fund is to achieve capital growth.

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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



**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class**

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

**Net Asset Value History by Share Class – contd.**

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

**Major Holdings (%)**

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

**Portfolio Category (%)**

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

# INSIGHT INFLATION-LINKED CORPORATE BOND FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	31 August
Interim:	28 February

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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



**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class**

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

**Major Holdings (%)**

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

**Portfolio Category (%)**

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

# INSIGHT STRATEGIC BOND FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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

**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class**

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

**Major Holdings (%)**

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

**Portfolio Category (%)**

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

# NEWTON 50/50 GLOBAL EQUITY FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	30 September
Interim:	28 February

## INVESTMENT OBJECTIVE

The objective of the Fund is to invest in a broad spread of UK and international securities to achieve income and capital growth over the longer term.

The Fund will be managed to a benchmark of approximately 50% UK equities and 50% international equities. The Fund may also invest in collective investment schemes.

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

### Major Holdings (%)

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

### Portfolio Category (%)

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

# NEWTON ASIAN INCOME FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

<sup>2</sup> The Sterling P (Net Accum.) Share Class closed 26 July 2013.

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

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

The annual management charge is charged to capital.



### Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

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

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

### Net Asset Value History by Share Class

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

### Net Asset Value History by Share Class – contd.

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

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

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

### Major Holdings (%)

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



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

# NEWTON BALANCED FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	31 August
Interim:	28 February

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

## Statutory Performance Data (%)

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

IMA Mixed Investment 40-85% Shares	14.40	9.87	-5.57	12.34	19.97
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<sup>1</sup> Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

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

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

The annual management charge is charged to capital.

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

### Major Holdings (%)

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

### Portfolio Category (%)

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

# NEWTON CONTINENTAL EUROPEAN FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

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

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

<sup>2</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class – contd.

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

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

### Major Holdings (%)

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

### Net Asset Value History by Share Class

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

### Portfolio Category (%)

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

# NEWTON CORPORATE BOND FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	Last day of each month

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

## Statutory Performance Data (%)

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

75% BofA Merrill Lynch Non-Gilt / 25% Euro High Yield (100% hedged to Sterling)	3.75	15.92	4.71	10.42	25.50
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<sup>1</sup> Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

<sup>2</sup> The Sterling X (Net Accum.) Share Class closed 3 February 2011.

<sup>3</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

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

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

The annual management charge is charged to capital.

## Ongoing Charges (%)

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

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

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



### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

### Net Asset Value History by Share Class – contd.

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

### Major Holdings (%)

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

### Portfolio Category (%)

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

# NEWTON EMERGING INCOME FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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



**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class**

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

**Net Asset Value History by Share Class – contd.**

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

**Major Holdings (%)**

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

**Portfolio Category (%)**

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

# NEWTON EUROPEAN HIGHER INCOME FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

The Fund closed on 13 December 2013.

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

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

## Statutory Performance Data (%)

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

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

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

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

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

The annual management charge is charged to capital.

## Ongoing Charges (%)

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

\* Calculated at 13/12/13

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

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

**Price and Revenue Record by Share Class (Calendar Year)**

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

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

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

**Net Asset Value History by Share Class**

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

**Net Asset Value History by Share Class – contd.**

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

**Major Holdings (%)**

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

**Portfolio Category (%)**

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

# NEWTON GLOBAL BALANCED FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	30 September
Interim:	28 February

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

<sup>1</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

### Major Holdings (%)

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

### Portfolio Category (%)

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

# NEWTON GLOBAL DYNAMIC BOND FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

<sup>2</sup> The Sterling P (Net Accum.) Share Class closed 18 December 2013.

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

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

The annual management charge is charged to capital.

## Ongoing Charges (%)

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

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

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



**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class**

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



## Major Holdings (%)

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

## Portfolio Category (%)

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



# NEWTON GLOBAL EQUITY FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

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

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

<sup>2</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

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

## Major Holdings (%)

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

## Portfolio Category (%)

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



# NEWTON GLOBAL HIGH YIELD BOND FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	Last day of each month

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

## Statutory Performance Data (%)

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

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

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

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

<sup>3</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

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

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

The annual management charge is charged to capital.

## Ongoing Charges (%)

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

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

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



**Price and Revenue Record by Share Class (Calendar Year)**

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

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

**Net Asset Value History by Share Class – contd.**

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

**Major Holdings (%)**

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

**Net Asset Value History by Share Class**

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

**Portfolio Category (%)**

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

# NEWTON GLOBAL HIGHER INCOME FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

<sup>2</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

<sup>3</sup> The Sterling P (Net Accum.) Share Class closed 26 July 2013.

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

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

The annual management charge is charged to capital.

## Ongoing Charges (%)

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

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

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

**Price and Revenue Record by Share Class (Calendar Year)**

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

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

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

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

**Net Asset Value History by Share Class**

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

### Net Asset Value History by Share Class – contd.

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

### Major Holdings (%)

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

### Portfolio Category (%)

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



# NEWTON GLOBAL OPPORTUNITIES FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
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Distribution payment dates for all share classes:

Annual:	31 October
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## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

### Net Asset Value History by Share Class – contd.

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

### Major Holdings (%)

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

### Portfolio Category (%)

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



# NEWTON HIGHER INCOME FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

From To	31/12/12	31/12/11	31/12/10	31/12/09	31/12/08
	31/12/13	31/12/12	31/12/11	31/12/10	31/12/09
Sterling Income	18.94	8.54	0.05	8.21	14.08
Sterling Exempt 1 (Net Accum.)	20.26	9.71	1.15	9.38	15.36
Sterling Exempt 2 (Net Accum.)	20.00	9.44	0.90	9.09	15.07
Sterling Institutional (Net Accum.)	19.66	9.17	0.65	8.83	14.79
Sterling Institutional (Net Inc.)	19.62	9.15	0.61	8.84	14.73
Sterling X (Net Accum.)	20.86	10.20	1.66	9.91	15.93
Sterling X (Net Inc.) <sup>1,2</sup>	20.83	10.18	1.64	N/A	N/A
Sterling Institutional W (Net Inc.) <sup>1</sup>	19.92	N/A	N/A	N/A	N/A
Sterling Institutional W (Net Accum.) <sup>1</sup>	19.97	N/A	N/A	N/A	N/A
Sterling Retail Adv B (Net Inc.) <sup>1</sup>	19.51	N/A	N/A	N/A	N/A
Sterling Retail Adv B (Net Accum.) <sup>1</sup>	19.57	N/A	N/A	N/A	N/A
FTSE All Share TR	20.81	12.30	-3.46	14.51	30.12

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

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

<sup>3</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

<sup>4</sup> The Sterling P (Net Accum.) Share Class closed 26 July 2013.

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

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

The annual management charge is charged to capital.

### Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

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

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

### Net Asset Value History by Share Class

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

### Net Asset Value History by Share Class – contd.

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

### Portfolio Category (%)

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

### Major Holdings (%)

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



# NEWTON INDEX LINKED GILT FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	31 August
Interim:	28 February

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

From	31/12/12	31/12/11	31/12/10	31/12/09	31/12/08
To	31/12/13	31/12/12	31/12/11	31/12/10	31/12/09
Sterling Exempt 2 (Gross Accum.)	0.07	0.51	22.77	8.99	6.08
Sterling Institutional (Net Accum.)	-0.50	-0.30	21.80	8.41	5.18
Sterling X (Gross Accum.)	0.27	0.72	23.01	9.21	6.29
Sterling X (Net Inc.) <sup>1</sup>	-0.10	N/A	N/A	N/A	N/A

FTSE A (Index Linked) British Govt (over 5 years) TR	0.58	0.49	23.32	9.05	5.57
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<sup>1</sup> Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

\*\* The Sterling X (Net Inc.) Share Class closed and re-opened at the dates above.

### Major Holdings (%)

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

### Portfolio Category (%)

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

### Net Asset Value History by Share Class

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

# NEWTON INTERNATIONAL BOND FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	31 August
Interim:	28 February

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

<sup>2</sup> The Sterling X (Net Accum.) Share Class closed 8 October 2009.

<sup>3</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

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

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

## Ongoing Charges (%)

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

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

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



### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

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

### Major Holdings (%)

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

### Portfolio Category (%)

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



# NEWTON LONG CORPORATE BOND FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	31 August
Interim:	28 February

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

From	31/12/12	31/12/11	31/12/10	31/12/09	31/12/08
To	31/12/13	31/12/12	31/12/11	31/12/10	31/12/09
Sterling Exempt 1 (Gross Accum.)	0.01	13.70	12.25	9.98	12.87
Sterling Exempt 2 (Gross Accum.)	-0.08	13.58	12.13	9.88	12.75
Sterling Institutional (Net Accum.)	-1.07	12.41	10.37	8.38	11.30
Sterling X (Gross Accum.)	0.22	13.93	12.47	10.20	13.10
Sterling X (Net Inc.) <sup>1</sup>	N/A	N/A	N/A	N/A	N/A

BofA Merrill Lynch Non-Gilt 10 yr+ Invest Grade TR	-0.66	14.57	11.26	9.92	13.03
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<sup>1</sup> Full 5 year performance data is not available. For share class launch dates, please refer to the Investor Information section at the back of this report.

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

### Major Holdings (%)

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

### Portfolio Category (%)

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

# NEWTON LONG GILT FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

### Major Holdings (%)

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

### Portfolio Category (%)

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

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



# NEWTON MANAGED FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	30 September
Interim:	28 February

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

<sup>2</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

### Net Asset Value History by Share Class – contd.

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

### Major Holdings (%)

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

### Portfolio Category (%)

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

# NEWTON ORIENTAL FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual: 30 June

Distribution payment dates for all share classes:

Annual: 31 October

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

## Statutory Performance Data (%)

From To	31/12/12	31/12/11	31/12/10	31/12/09	31/12/08
	31/12/13	31/12/12	31/12/11	31/12/10	31/12/09
Sterling Income	-3.81	10.06	-18.34	30.93	48.04
Euro Accumulation	-3.86	9.13	-18.44	29.64	46.06
Sterling Exempt 1 (Net Accum.)	-2.79	11.25	-17.46	32.33	49.47
Sterling Institutional (Net Accum.)	-3.26	10.69	-17.87	31.65	48.81
Sterling X (Net Accum.)	-2.31	11.81	-17.05	32.99	50.15
Sterling P (Net Inc.) <sup>1</sup>	-3.27	N/A	N/A	N/A	N/A
Sterling Institutional W (Net Inc.) <sup>1</sup>	-3.07	N/A	N/A	N/A	N/A
Sterling Institutional W (Net Accum.) <sup>1</sup>	-3.06	N/A	N/A	N/A	N/A
Sterling Retail Adv B (Net Inc.) <sup>1</sup>	-3.38	N/A	N/A	N/A	N/A
Sterling Retail Adv B (Net Accum.) <sup>1</sup>	-3.39	N/A	N/A	N/A	N/A
FTSE AW Asia Pacific ex Japan TR GBP	1.32	17.47	-14.84	23.88	55.54

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

<sup>2</sup> The Sterling P (Net Accum.) Share Class closed 26 July 2013.

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

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

## Major Holdings (%)

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

## Portfolio Category (%)

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



# NEWTON OVERSEAS EQUITY FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	30 September
Interim:	28 February

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

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

## Statutory Performance Data (%)

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

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

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

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

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

## Ongoing Charges (%)

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

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

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



### Price and Revenue Record by Share Class (Calendar Year)

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

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

### Net Asset Value History by Share Class

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

### Major Holdings (%)

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

### Portfolio Category (%)

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

# NEWTON PHOENIX MULTI-ASSET FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	31 August
Interim:	28 February

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

\* "cash" being LIBOR.

## Statutory Performance Data (%)

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

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

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

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

## Ongoing Charges (%)

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

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

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

## Price and Revenue Record by Share Class (Calendar Year)

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

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

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

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

**Net Asset Value History by Share Class**

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

**Net Asset Value History by Share Class – contd.**

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

**Major Holdings (%)**

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

**Portfolio Category (%)**

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

# NEWTON REAL RETURN FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual:	30 June
Interim:	31 December

Distribution payment dates for all share classes:

Annual:	30 September
Interim:	28 February

## INVESTMENT OBJECTIVE

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

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

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

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

<sup>2</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

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

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

The annual management charge is charged to capital.

## Ongoing Charges (%)

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

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

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

**Price and Revenue Record by Share Class (Calendar Year)**

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

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

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

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

**Net Asset Value History by Share Class**

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

### Net Asset Value History by Share Class – contd.

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

### Major Holdings (%)

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

### Portfolio Category (%)

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





# NEWTON UK EQUITY FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

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

Distribution payment dates for all share classes:

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

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

## Statutory Performance Data (%)

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

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

<sup>2</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

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

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

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

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

### Net Asset Value History by Share Class

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

## Major Holdings (%)

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

## Portfolio Category (%)

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



# NEWTON UK OPPORTUNITIES FUND

## GENERAL INFORMATION

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

## DISTRIBUTION

Period end dates for distributions for all share classes:

Annual: 30 June

Distribution payment dates for all share classes:

Annual: 31 October

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY

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

## RISK PROFILE

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

## PORTFOLIO SUMMARY

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

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

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

## Statutory Performance Data (%)

From	31/12/12	31/12/11	31/12/10	31/12/09	31/12/08
To	31/12/13	31/12/12	31/12/11	31/12/10	31/12/09
Sterling Income	21.52	12.26	-4.64	14.75	17.75
Sterling Exempt 2 (Net Accum.)	22.54	13.20	-3.86	15.68	18.67
Sterling Institutional (Net Accum.)	22.24	12.92	-4.10	15.39	18.42
Sterling X (Net Accum.)	23.46	14.05	-3.14	16.55	19.48
Sterling Institutional W (Net Inc.) <sup>1</sup>	22.53	N/A	N/A	N/A	N/A
Sterling Institutional W (Net Accum.) <sup>1</sup>	22.54	N/A	N/A	N/A	N/A
Sterling Retail Adv B (Net Inc.) <sup>1</sup>	N/A	N/A	N/A	N/A	N/A
Sterling Retail Adv B (Net Accum.) <sup>1</sup>	N/A	N/A	N/A	N/A	N/A
SterlingX (Net Inc.) <sup>1</sup>	N/A	N/A	N/A	N/A	N/A
FTSE All-Share	20.81	12.30	-3.46	14.51	30.12

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

<sup>2</sup> The Sterling P (Net Inc.) Share Class closed 23 September 2013.

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

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

## Ongoing Charges (%)

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

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

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

### Price and Revenue Record by Share Class (Calendar Year)

Share Class	Highest Price	Lowest Price	Net Revenue per share*
<b>Sterling Income</b>	(pence)	(pence)	(pence)
2009	176.08	140.68	4.0519
2010	191.31	168.43	3.0925
2011	204.07	167.85	2.4222
2012	206.33	182.38	3.8087
2013	245.89	208.05	4.7035
<b>Sterling Exempt 2 (Net Accum.)</b>	(pence)	(pence)	(pence)
2009	153.61	114.91	4.2957
2010	167.29	147.05	3.9198
2011	185.52	152.95	3.5749
2012	193.88	167.26	4.8940
2013	235.87	195.57	6.0667
<b>Sterling Institutional (Net Accum.)</b>	(pence)	(pence)	(pence)
2009	147.24	110.33	3.8697
2010	160.24	140.92	3.3986
2011	177.15	146.01	3.0065
2012	184.47	159.36	4.2573
2013	223.85	186.06	5.2987
<b>Sterling X (Net Accum.)</b>	(pence)	(pence)	(pence)
2009	156.10	116.12	5.1172
2010	170.38	149.56	5.1202
2011	190.69	157.36	4.9770
2012	201.51	173.10	6.3822
2013	247.01	203.29	7.8695
<b>Sterling P (Net Inc.)<sup>2</sup></b>	(pence)	(pence)	(pence)
2012 (from 25 June)	111.47	99.50	0.0220
2013 (to 23 September)	133.18	112.44	3.1992
<b>Sterling Institutional W (Net Inc.)</b>	(pence)	(pence)	(pence)
2012 (from 5 September)	104.61	99.78	N/A
2013	125.12	105.52	3.2522
<b>Sterling Institutional W (Net Accum.)</b>	(pence)	(pence)	(pence)
2012 (from 5 September)	104.61	99.78	N/A
2013	127.27	105.53	3.2358
<b>Sterling Retail Adv B (Net Inc.)</b>	(pence)	(pence)	(pence)
2012 (from 27 September)	102.71	98.00	N/A
2013	122.68	103.60	2.7529
<b>Sterling Retail Adv B (Net Accum.)</b>	(pence)	(pence)	(pence)
2012 (from 27 September)	102.71	98.00	N/A
2013	124.55	103.60	2.7544
<b>Sterling X (Net Inc.)</b>	(pence)	(pence)	(pence)
2013 (from 18 November)	101.89	97.37	N/A

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

### Net Asset Value History by Share Class

Share Class	Net Asset Value (£'000s)	Per share	Shares in issue
<b>Sterling Income</b>		(pence)	
30/06/2011	291,314	198.23	146,954,870
30/06/2012	243,909	189.12	128,968,179
30/06/2013	241,263	223.20	108,092,282
31/12/2013	240,096	243.64	98,546,095
<b>Sterling Exempt 2 (Net Accum.)</b>		(pence)	
30/06/2011	28,806	180.45	15,963,514
30/06/2012	24,555	177.06	13,868,492
30/06/2013	25,102	215.10	11,670,041
31/12/2013	27,608	235.77	11,709,801
<b>Sterling Institutional (Net Accum.)</b>		(pence)	
30/06/2011	99,012	172.33	57,456,173
30/06/2012	84,713	168.66	50,226,477
30/06/2013	9,132	204.40	4,467,559
31/12/2013	9,627	223.75	4,302,570
<b>Sterling X (Net Accum.)</b>		(pence)	
30/06/2011	45,746	185.46	24,666,359
30/06/2012	43,615	183.34	23,789,291
30/06/2013	53,858	224.41	24,000,124
31/12/2013	79,474	246.90	32,189,205
<b>Sterling P (Net Inc.)<sup>2</sup></b>		(pence)	
30/06/2012	15	101.92	15,000
30/06/2013	17	120.31	14,037
<b>Sterling Institutional W (Net Inc.)</b>		(pence)	
30/06/2013	2,203	112.82	1,952,497
31/12/2013	11,911	123.66	9,631,598
<b>Sterling Institutional W (Net Accum.)</b>		(pence)	
30/06/2013	603	116.07	519,375
31/12/2013	1,231	127.22	967,675
<b>Sterling Retail Adv B (Net Inc.)</b>		(pence)	
30/06/2013	9,646	111.01	8,689,619
31/12/2013	11,119	121.48	9,152,636
<b>Sterling Retail Adv B (Net Accum.)</b>		(pence)	
30/06/2013	6	113.77	5,001
31/12/2013	200	124.49	160,601
<b>Sterling X (Net Inc.)</b>		(pence)	
31/12/2013	10,849	101.85	10,652,100

## Major Holdings (%)

Holding	31/12/2013	30/06/2013
Vodafone	4.48	0.00
GlaxoSmithKline	4.08	4.72
Standard Life	4.01	3.73
British American Tobacco	4.00	4.49
Associated British Foods	3.48	4.02
Centrica	3.47	4.07
Compass	3.43	3.54
Diageo	3.38	3.02
Whitbread	3.10	2.39
SSE	3.08	3.88
Reed Elsevier	2.82	4.16
Roche	1.45	3.84
Royal Dutch Shell B	0.00	4.55

## Portfolio Category (%)

Investments	31/12/2013	30/06/2013
Travel & Leisure	11.35	5.93
Support Services	11.11	12.34
Life Insurance	8.03	6.36
Media	7.08	6.84
Food Producers	5.80	6.23
Financial Services	5.17	2.03
Gas, Water & Multiutilities	4.98	7.45
Mobile Telecommunications	4.48	0.00
Pharmaceuticals & Biotechnology	4.08	4.72
Tobacco	4.00	7.29
Beverages	3.38	3.02
Electricity	3.08	3.88
Switzerland	2.93	5.14
Mining	2.81	3.35
Food & Drug Retailers	2.62	2.21
General Retailers	2.48	1.64
United States of America	2.28	0.00
Oil & Gas Equipment, Services & Distribution	2.02	2.64
Fixed Line Telecommunications	1.82	0.00
Oil & Gas Producers	1.77	8.59
Real Estate Investment Trusts	1.74	1.34
Nonlife Insurance	1.70	1.51
Aerospace & Defence	1.36	1.60
Technology Hardware & Equipment	1.14	1.45
Chemicals	1.11	1.64
Construction & Materials	0.00	1.48
Cash & Others	1.68	1.32
	100.00	100.00





# SYNTHETIC RISK REWARD INDICATOR

	1	2	3	4	5	6	7
<b>BNY Mellon American Fund</b>							
Sterling Income							
Euro Accumulation							
Sterling Exempt 1 (Net Accum.)							
Sterling Institutional (Net Accum.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>BNY Mellon Global Strategic Bond Fund</b>							
Sterling Income							
Sterling Institutional (Net Inc.)							
Sterling Institutional (Net Accum.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>BNY Mellon Long-Term Global Equity Fund</b>							
Sterling Income							
Sterling Institutional (Net Accum.)							
Sterling Exempt 2 (Net Accum.)							
Sterling X (Net Accum.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>Insight Equity Income Fund</b>							
Sterling Income							
Sterling Accumulation							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>Insight Equity Income Booster Fund</b>							
Sterling Income							
Sterling Accumulation							
Sterling X (Net Accum.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>Insight Global Absolute Return Fund</b>							
Sterling Accumulation							
Sterling Institutional (Net Accum.)							
Sterling Income							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>Insight Global Multi-Strategy Fund</b>							
Sterling Income							
Sterling Accumulation							
Sterling Institutional (Net Inc.)							
Sterling Institutional (Net Accum.)							
Sterling Institutional S (Net Inc.)							
Sterling Institutional S (Net Accum.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							

	1	2	3	4	5	6	7
<b>Insight Inflation-Linked Corporate Bond Fund</b>							
Sterling Income							
Sterling Accumulation							
Sterling Institutional (Net Inc.)							
Sterling Institutional (Net Accum.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling X (Net Accum.)							
<b>Insight Strategic Bond Fund</b>							
Sterling Income							
Sterling Accumulation							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>Newton 50/50 Global Equity Fund</b>							
Sterling Exempt 1 (Net Accum.)							
Sterling X (Net Accum.)							
Sterling Exempt 2 (Net Accum.)							
<b>Newton Asian Income Fund</b>							
Sterling Income							
Sterling Institutional (Net Inc.)							
Sterling Institutional (Net Accum.)							
Sterling X (Net Inc.)							
Euro Institutional (Net Accum.)							
Euro Institutional (Net Inc.)							
Euro Income							
Euro Accumulation							
USD Institutional (Net Inc.)							
USD Institutional (Net Accum.)							
USD Income							
USD Accumulation							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling P (Net Inc.)							
USD X (Net Accum.)							
<b>Newton Balanced Fund</b>							
Sterling Income							
Sterling Institutional (Net Accum.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>Newton Continental European Fund</b>							
Sterling Income							
Euro Accumulation							
Sterling Exempt 1 (Net Accum.)							
Sterling P (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							

	1	2	3	4	5	6	7
<b>Newton Corporate Bond Fund</b>							
Sterling Income							
Sterling P (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling P (Net Accum.)							
<b>Newton Emerging Income Fund</b>							
Sterling Income							
Sterling Accumulation							
Sterling X (Net Inc.)							
Sterling X (Net Accum.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Institutional (Net Inc.)							
Sterling Institutional (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>Newton European Higher Income Fund</b>							
Sterling Income							
Sterling Institutional (Net Inc.)							
Sterling Institutional (Net Accum.)							
Sterling X (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling P (Net Inc.)							
<b>Newton Global Balanced Fund</b>							
Sterling Exempt 1 (Net Accum.)							
Sterling Exempt 2 (Net Accum.)							
Sterling X (Net Accum.)							
Sterling P (Net Inc.)							
<b>Newton Global Dynamic Bond Fund<sup>1</sup></b>							
Sterling Income							
Sterling Exempt 2 (Gross Accum.)							
Sterling Institutional (Net Inc.)							
Sterling X (Net Accum.)							
Sterling X (Net Inc.)							
Sterling X (Gross Accum.)							
Sterling P (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling P (Net Accum.)							
Sterling Exempt 2 (Gross Inc.)							
<b>Newton Global Equity Fund</b>							
Sterling Income							
Euro Accumulation							
Sterling Exempt 2 (Net Accum.)							
Sterling Exempt 1 (Net Accum.)							
Sterling X (Net Accum.)							
Sterling Exempt 3 (Net Accum.)							
Sterling P (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							

	1	2	3	4	5	6	7
<b>Newton Global High Yield Bond Fund</b>							
Sterling Income							
Sterling X (Net Accum.)							
Sterling X (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling P (Net Inc.)							
Sterling P (Net Accum.)							
<b>Newton Global Higher Income Fund</b>							
Sterling Income							
Sterling Institutional (Net Inc.)							
Sterling Institutional (Net Accum.)							
Sterling Exempt 2 (Net Inc.)							
Sterling X (Net Accum.)							
Sterling X (Net Inc.)							
Sterling Accumulation							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling P (Net Inc.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling P (Net Accum.)							
Sterling Exempt 2 (Net Accum.)							
<b>Newton Global Opportunities Fund</b>							
Sterling Income							
Sterling Exempt 2 (Net Accum.)							
Sterling X (Net Accum.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling Exempt 2 (Net Inc.)							
<b>Newton Higher Income Fund</b>							
Sterling Income							
Sterling Exempt 1 (Net Accum.)							
Sterling Exempt 2 (Net Accum.)							
Sterling Institutional (Net Accum.)							
Sterling Institutional (Net Inc.)							
Sterling X (Net Accum.)							
Sterling X (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling P (Net Inc.)							
Sterling P (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>Newton Index Linked Gilt Fund</b>							
Sterling Exempt 2 (Gross Accum.)							
Sterling Institutional (Net Accum.)							
Sterling X (Gross Accum.)							
Sterling X (Net Inc.)							

	1	2	3	4	5	6	7
<b>Newton International Bond Fund</b>							
Sterling Income							
Euro Accumulation							
Sterling Institutional (Net Accum.)							
Sterling Institutional (Net Inc.)							
Sterling Exempt 2 (Gross Accum.)							
Sterling P (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling P (Net Accum.)							
<b>Newton Long Corporate Bond Fund</b>							
Sterling Exempt 1 (Gross Accum.)							
Sterling Exempt 2 (Gross Accum.)							
Sterling Institutional (Net Accum.)							
Sterling X (Gross Accum.)							
Sterling X (Net Inc.)							
<b>Newton Long Gilt Fund</b>							
Sterling Exempt 2 (Gross Accum.)							
Sterling Institutional (Net Accum.)							
Sterling X (Gross Accum.)							
Sterling X (Net Inc.)							
<b>Newton Managed Fund</b>							
Sterling Income							
Sterling Institutional (Net Accum.)							
Sterling P (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>Newton Oriental Fund</b>							
Sterling Income							
Euro Accumulation							
Sterling Exempt 1 (Net Accum.)							
Sterling Institutional (Net Accum.)							
Sterling X (Net Accum.)							
Sterling P (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling P (Net Accum.)							
<b>Newton Overseas Equity Fund</b>							
Sterling Exempt 1 (Net Accum.)							
Sterling Exempt 2 (Net Accum.)							
Sterling X (Net Accum.)							
Sterling Exempt 3 (Net Accum.)							
<b>Newton Phoenix Multi-Asset Fund</b>							
Sterling Income							
Sterling Accumulation							
Sterling Exempt 2 (Net Accum.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling X (Net Accum.)							

	1	2	3	4	5	6	7
<b>Newton Real Return Fund</b>							
Sterling Income							
Sterling Income 'A'							
Sterling Exempt 2 (Net Accum.)							
Sterling X (Net Accum.)							
Sterling Institutional (Net Accum.)							
Sterling X (Net Inc.)							
Sterling Exempt 2 (Net Inc.)							
Sterling Exempt 1 (Net Accum.)							
Sterling P (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling P (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>Newton UK Equity Fund</b>							
Sterling Income							
Sterling Exempt 2 (Net Accum.)							
Sterling Institutional (Net Accum.)							
Sterling Institutional (Net Inc.)							
Sterling X (Net Accum.)							
Sterling Exempt 1 (Net Accum.)							
Sterling Exempt 3 (Net Accum.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling P (Net Inc.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
<b>Newton UK Opportunities Fund</b>							
Sterling Income							
Sterling Exempt 2 (Net Accum.)							
Sterling Institutional (Net Accum.)							
Sterling X (Net Accum.)							
Sterling P (Net Inc.)							
Sterling Institutional W (Net Inc.)							
Sterling Institutional W (Net Accum.)							
Sterling Retail Adv B (Net Inc.)							
Sterling Retail Adv B (Net Accum.)							
Sterling X (Net Inc.)							

<sup>1</sup> The Synthetic Risk Reward Indicator was changed from category 4 to 3, effective 7 January 2014.

Please note that these amendments are not due to a change in the investment objectives of the Sub-Fund, but are due to market movements during the reporting period.

We have calculated the risk and reward category, as shown above, using a method of calculation derived from EU rules. It is based on the rate at which the value of the Sub-Fund has moved up and down in the past (i.e. volatility) and is not a guide to the future risk and reward category of the Fund. The category shown is not a target or guarantee and may shift over time. Even the lowest category 1 does not mean a risk-free investment.

Sub-Funds in category 3 have in the past shown moderately low volatility. With a Sub-Fund of category 3, you have a moderately low risk of losing money but your chance for gains is also moderately low.

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

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

Sub-Funds in category 6 have in the past shown relatively high volatility. With a Sub-Fund of category 6, you have a relatively high risk of losing money but your chance for gains is also relatively high.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

# INVESTOR INFORMATION

## GENERAL

BNY Mellon Investment Funds (the “Company”) is an open-ended investment company with variable capital, incorporated in England and Wales under registered number IC 27 and authorised by the Financial Conduct Authority, with effect from 13 April 1999.

The Company has been established as an “umbrella company”. The assets of each sub-fund are treated as separate from those of every other sub-fund and will be invested in accordance with that sub-fund’s own investment objective and policy.

Each sub-fund has a specific portfolio of assets and investments to which the Sub-Fund’s assets and/or liabilities are attributable and each investor should view each sub-fund as a separate investment entity.

Investors should be aware that the Company’s creditors may look to all the Company’s assets for payment regardless of the sub-fund in respect of which the debt has arisen. Assets may be re-allocated to and from other sub-funds if it is necessary to do so to satisfy any creditor proceeding against the Company. In the event that any assets are so re-allocated, BNY Mellon Fund Managers Limited, the authorised corporate director, (“ACD”) will advise shareholders in the next report to shareholders. The FCA registered number for the ACD is 122007.

Each sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that sub-fund and within the sub-funds charges will be allocated between share classes in accordance with the terms of issue of those share classes.

Any assets, liabilities, expenses, costs or charges not attributable to a particular sub-fund may be allocated by the ACD in a manner which is fair to shareholders as a whole but they will normally be allocated to all sub-funds pro rata to the value of the net assets of the relevant funds.

Although each sub-fund, so far as possible, will be treated as bearing the liabilities, expenses, costs and charges attributable to it, if its assets are not sufficient, the ACD may re-allocate assets, liabilities, expenses, costs and charges between the sub-funds in a manner which is fair to the shareholders of the Company generally. The ACD would normally expect any such re-allocation to be effected on a pro rata basis having regard to the Net Asset Values of the relevant sub-funds. If there is any such re-allocation the ACD will advise shareholders of it in the next succeeding annual or half-yearly report to shareholders.

Shareholders are not, however, liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after he has paid the purchase price of the Shares.

## SIGNIFICANT EVENTS

The following additions and amendments have been made:-

### Additions

Date	Sub-Fund/Share Class Launched
<b>2000</b>	
24 March	Newton Global Innovation Fund
2 October	Newton European High Yield Bond Fund
27 October	Newton Intrepid Fund – Sterling Income ‘A’
<b>2002</b>	
8 February	Newton UK Opportunities Fund
<b>2004</b>	
2 August	Newton American Fund – Sterling Exempt 1 (Net Accum.)
14 September	Newton Income Fund – Sterling Exempt 2 (Net Accum.)
28 October	Newton Absolute Intrepid Fund – Sterling Exempt 2 (Net Accum.)
14 November	Newton UK Equity Fund – Sterling Exempt 2 (Net Accum.)

### Additions – contd.

Date	Sub-Fund/Share Class Launched
<b>2005</b>	
26 January	Newton Higher Income Fund – Sterling Exempt 2 (Net Accum.)
26 January	Newton Overseas Equity Fund – Sterling Exempt 2 (Net Accum.)
31 January	Newton UK Opportunities Fund – Sterling Exempt 2 (Net Accum.)
11 April	Newton Higher Income Fund – Sterling Institutional (Net Accum.)
11 April	Newton Income Fund – Sterling Institutional (Net Accum.)
14 April	Newton Global Balanced Fund – Sterling Exempt 2 (Net Accum.)
6 May	Newton Long Corporate Bond Fund – Sterling Exempt 2 (Gross Accum.)
25 May	Newton UK Opportunities Fund – Sterling Institutional (Net Accum.)
1 July	Newton Global Opportunities Fund
3 November	Newton 60/40 Global Equity Fund – Sterling Exempt 2 (Net Accum.)
30 November	Newton Global Higher Income Fund
30 November	Newton Asian Income Fund
7 December	Newton International Bond Fund – Sterling Institutional (Net Accum.)
<b>2006</b>	
2 February	Newton International Growth Fund – Sterling Exempt 1 (Net Accum.)
27 February	Newton Absolute Intrepid Fund – Sterling X (Net Accum.)
28 April	Newton Global Dynamic Bond Fund – Sterling Income
28 April	Newton Global Dynamic Bond Fund – Sterling Exempt 2 (Gross Accum.)
2 May	Newton Higher Income Fund – Sterling Institutional (Net Inc.)
5 June	Newton Balanced Fund – Sterling Institutional (Net Accum.)
12 June	Newton Managed Fund – Sterling Institutional (Net Accum.)
23 June	Newton Income Fund – Sterling Institutional (Net Inc.)
29 June	Newton Global Dynamic Bond Fund – Sterling Institutional (Net Inc.)
4 August	Newton Global Higher Income Fund – Sterling Exempt 2 (Net Inc.)
24 October	Newton Long Corporate Bond Fund – Sterling Institutional (Net Accum.)
27 November	Newton Phoenix Multi-Asset Fund – Sterling Income
27 November	Newton Phoenix Multi-Asset Fund – Sterling Accumulation
12 December	Newton Global Opportunities Fund – Sterling X (Net Accum.)
<b>2007</b>	
29 January	Newton Oriental Fund – Sterling Institutional (Net Accum.)
30 January	Newton European Higher Income Fund – Sterling Income
30 January	Newton European Higher Income Fund – Sterling Institutional (Net Inc.)
2 April	Newton Long Corporate Bond Fund – Sterling X (Gross Accum.)
2 April	Newton Long Gilt Fund – Sterling X (Gross Accum.)
16 April	Newton Overseas Equity Fund – Sterling X (Gross Accum.)
16 April	Newton UK Equity Fund – Sterling X (Net Accum.)
27 April	Newton International Bond Fund – Sterling Institutional (Net Inc.)
18 May	Newton International Bond Fund – Sterling Exempt 2 (Gross Accum.)
2 July	Newton Higher Income Fund – Sterling X (Net Accum.)
2 July	Newton UK Opportunities Fund – Sterling X (Gross Accum.)
3 July	Newton Oriental Fund – Sterling X (Net Accum.)
24 August	Mellon Long-Term Global Equity Fund (Walter Scott & Partners Limited act as Investment Advisers to this Sub-Fund) – Sterling Institutional (Net Accum.)
24 August	Mellon Long-Term Global Equity Fund (Walter Scott & Partners Limited act as Investment Advisers to this Sub-Fund) – Sterling Exempt 2 (Net Accum.)
10 September	Newton European Higher Income Fund – Sterling Institutional (Net Accum.)
10 September	Newton International Growth Fund – Sterling X (Net Accum.)
28 September	Mellon Long-Term Global Equity Fund – Sterling Income
1 October	Newton Global Higher Income Fund – Sterling X (Net Accum.)
1 October	Newton Index Linked Gilt Fund – Sterling X (Gross Accum.)

**Additions – contd.**

Date	Sub-Fund/Share Class Launched
<b>2007 – contd.</b>	
14 December	Newton Diversified Growth Fund – Sterling Institutional (Net Accum.)
14 December	Newton Diversified Growth Fund – Sterling Exempt 2 (Net Accum.)
<b>2008</b>	
1 February	Newton Phoenix Multi-Asset Fund – Sterling Exempt 2 (Net Accum.)
19 March	Newton European High Yield Bond Fund – Sterling X (Net Accum.)
19 March	Newton Global Dynamic Bond Fund – Sterling X (Net Accum.)
19 March	Newton Income Fund – Sterling X (Net Accum.)
19 March	Newton Strategic Corporate Bond Fund – Sterling X (Net Accum.)
<b>2009</b>	
2 February	Newton International Growth Fund – Sterling Exempt 3 (Net Accum.)
3 March	Newton Growth Fund – Sterling Institutional (Net Accum.)
2 April	Newton Asian Income Fund – Sterling X (Net Inc.)
2 April	Newton European Higher Income Fund – Sterling X (Net Inc.)
2 April	Newton Higher Income Fund – Sterling X (Net Inc.)
9 April	BNY Mellon Global Strategic Bond Fund – Sterling Income
9 April	BNY Mellon Global Strategic Bond Fund – Sterling Institutional (Net Inc.)
9 April	BNY Mellon Global Strategic Bond Fund – Sterling Institutional (Net Accum.)
29 June	Newton International Bond Fund – Sterling X (Net Accum.)
30 June	Newton Real Return Fund – Sterling Institutional (Net Accum.)
15 July	Newton Real Return Fund – Sterling X (Net Inc.)
14 August	Newton Real Return Fund – Sterling Exempt 2 (Net Inc.)
22 September	Newton Overseas Equity Fund – Sterling Exempt 3 (Net Accum.) re-opened
15 October	Newton UK Equity Fund – Sterling Exempt 2 (Net Accum.) re-opened
14 December	Newton UK Equity Fund – Sterling X (Net Accum.) re-opened
<b>2010</b>	
26 February	Newton Real Return Fund – Sterling P (Net Accum.)
8 October	Newton Global Higher Income Fund – Sterling X (Net Inc.)
8 October	Newton Higher Income Fund – Sterling X (Net Inc.) re-opened
11 October	Newton Global Dynamic Bond Fund – Sterling X (Net Inc.)
12 November	Newton European Higher Income Fund – Sterling X (Net Inc.) re-opened
17 December	BNY Mellon Long-Term Global Equity Fund – Sterling X (Net Accum.)
<b>2011</b>	
18 February	Newton Global Dynamic Bond Fund – Sterling X (Gross Accum.)
25 May	Newton Global High Yield Bond Fund – Sterling X (Net Inc.)
25 May	Newton Income Fund – Sterling X (Net Inc.)
25 May	Newton Index Linked Gilt Fund – Sterling X (Net Inc.)
<b>2012</b>	
30 January	Newton Asian Income Fund – Euro Institutional (Net Accum.)
29 February	Newton Real Return Fund – Sterling Exempt 1 (Net Accum.)
5 March	Newton Asian Income Fund – Euro Institutional (Net Inc.)
5 March	Newton Asian Income Fund – Euro Accumulation
5 March	Newton Asian Income Fund – Euro Income
13 March	Newton Global Higher Income Fund – Sterling Accumulation
2 April	Newton Asian Income Fund – USD Institutional (Net Inc.)
2 April	Newton Asian Income Fund – USD Institutional (Net Accum.)
2 April	Newton Asian Income Fund – USD Income
2 April	Newton Asian Income Fund – USD Accumulation
2 April	Newton UK Equity Fund – Sterling Exempt 1 (Net Accum.)
2 April	Newton UK Equity Fund – Sterling Exempt 3 (Net Accum.)
24 April	BNY Mellon American Fund – Sterling Institutional (Net Accum.)
20 June	Newton Continental European Fund – Sterling P (Net Inc.)

**Additions – contd.**

Date	Sub-Fund/Share Class Launched
<b>2012 – contd.</b>	
20 June	Newton Corporate Bond Fund – Sterling P (Net Inc.)
21 June	Newton Global Balanced Fund – Sterling P (Net Inc.)
21 June	Newton Global Dynamic Bond Fund – Sterling P (Net Inc.)
21 June	Newton Global Equity Fund – Sterling P (Net Inc.)
22 June	Newton International Bond Fund – Sterling P (Net Inc.)
22 June	Newton Managed Fund – Sterling P (Net Inc.)
22 June	Newton Oriental Fund – Sterling P (Net Inc.)
25 June	Newton Real Return Fund – Sterling P (Net Inc.)
25 June	Newton UK Opportunities Fund – Sterling P (Net Inc.)
30 August	BNY Mellon American Fund – Sterling Institutional W (Net Inc.)
30 August	BNY Mellon American Fund – Sterling Institutional W (Net Accum.)
30 August	BNY Mellon Global Strategic Bond Fund – Sterling Institutional W (Net Inc.)
30 August	BNY Mellon Global Strategic Bond Fund – Sterling Institutional W (Net Accum.)
30 August	BNY Mellon Long-Term Global Equity Fund – Sterling Institutional W (Net Inc.)
30 August	BNY Mellon Long-Term Global Equity Fund – Sterling Institutional W (Net Accum.)
30 August	Newton Asian Income Fund – Sterling Institutional W (Net Inc.)
30 August	Newton Asian Income Fund – Sterling Institutional W (Net Accum.)
30 August	Newton Continental European Fund – Sterling Institutional W (Net Inc.)
30 August	Newton Continental European Fund – Sterling Institutional W (Net Accum.)
31 August	Newton Balanced Fund – Sterling Institutional W (Net Inc.)
31 August	Newton Balanced Fund – Sterling Institutional W (Net Accum.)
31 August	Newton Cautious Managed Fund – Sterling Institutional W (Net Inc.)
31 August	Newton Cautious Managed Fund – Sterling Institutional W (Net Accum.)
31 August	Newton Managed Fund – Sterling Institutional W (Net Inc.)
31 August	Newton Managed Fund – Sterling Institutional W (Net Accum.)
31 August	Newton Pan-European Fund – Sterling Institutional W (Net Inc.)
31 August	Newton Pan-European Fund – Sterling Institutional W (Net Accum.)
3 September	Newton Corporate Bond Fund – Sterling Institutional W (Net Inc.)
3 September	Newton Corporate Bond Fund – Sterling Institutional W (Net Accum.)
3 September	Newton European Higher Income Fund – Sterling Institutional W (Net Inc.)
3 September	Newton European Higher Income Fund – Sterling Institutional W (Net Accum.)
3 September	Newton Global Dynamic Bond Fund – Sterling Institutional W (Net Inc.)
3 September	Newton Global Dynamic Bond Fund – Sterling Institutional W (Net Accum.)
3 September	Newton Global Equity Fund – Sterling Institutional W (Net Inc.)
3 September	Newton Global Equity Fund – Sterling Institutional W (Net Accum.)
3 September	Newton Global High Yield Bond Fund – Sterling Institutional W (Net Inc.)
3 September	Newton Global High Yield Bond Fund – Sterling Institutional W (Net Accum.)
4 September	Newton Global Higher Income Fund – Sterling Institutional W (Net Inc.)
4 September	Newton Global Higher Income Fund – Sterling Institutional W (Net Accum.)
4 September	Newton Global Opportunities Fund – Sterling Institutional W (Net Inc.)
4 September	Newton Global Opportunities Fund – Sterling Institutional W (Net Accum.)
4 September	Newton Higher Income Fund – Sterling Institutional W (Net Inc.)
4 September	Newton Higher Income Fund – Sterling Institutional W (Net Accum.)
4 September	Newton International Bond Fund – Sterling Institutional W (Net Inc.)



**Additions – contd.**

Date	Sub-Fund/Share Class Launched
<b>2012 – contd.</b>	
4 September	Newton International Bond Fund – Sterling Institutional W (Net Accum.)
4 September	Newton Oriental Fund – Sterling Institutional W (Net Inc.)
4 September	Newton Oriental Fund – Sterling Institutional W (Net Accum.)
5 September	Newton Phoenix Multi-Asset Fund – Sterling Institutional W (Net Inc.)
5 September	Newton Phoenix Multi-Asset Fund – Sterling Institutional W (Net Accum.)
5 September	Newton Real Return Fund – Sterling Institutional W (Net Inc.)
5 September	Newton Real Return Fund – Sterling Institutional W (Net Accum.)
5 September	Newton UK Equity Fund – Sterling Institutional W (Net Inc.)
5 September	Newton UK Equity Fund – Sterling Institutional W (Net Accum.)
5 September	Newton UK Opportunities Fund – Sterling Institutional W (Net Inc.)
5 September	Newton UK Opportunities Fund – Sterling Institutional W (Net Accum.)
20 September	Newton Asian Income Fund – Sterling P (Net Inc.)
20 September	Newton Cautious Managed Fund – Sterling P (Net Inc.)
20 September	Newton European Higher Income Fund – Sterling P (Net Inc.)
21 September	Newton Global High Yield Bond Fund – Sterling P (Net Inc.)
21 September	Newton Global Higher Income Fund – Sterling P (Net Inc.)
21 September	Newton Higher Income Fund – Sterling P (Net Inc.)
21 September	Newton UK Equity Fund – Sterling P (Net Inc.)
24 September	BNY Mellon American Fund – Sterling Retail Adv B (Net Inc.)
24 September	BNY Mellon American Fund – Sterling Retail Adv B (Net Accum.)
24 September	BNY Mellon Global Strategic Bond Fund – Sterling Retail Adv B (Net Inc.)
24 September	BNY Mellon Global Strategic Bond Fund – Sterling Retail Adv B (Net Accum.)
25 September	BNY Mellon Long-Term Global Equity Fund – Sterling Retail Adv B (Net Inc.)
25 September	BNY Mellon Long-Term Global Equity Fund – Sterling Retail Adv B (Net Accum.)
25 September	Newton Global Opportunities Fund – Sterling Retail Adv B (Net Inc.)
25 September	Newton Global Opportunities Fund – Sterling Retail Adv B (Net Accum.)
26 September	Newton Oriental Fund – Sterling Retail Adv B (Net Inc.)
26 September	Newton Oriental Fund – Sterling Retail Adv B (Net Accum.)
27 September	Newton Continental European Fund – Sterling Retail Adv B (Net Inc.)
27 September	Newton Continental European Fund – Sterling Retail Adv B (Net Accum.)
27 September	Newton Phoenix Multi-Asset Fund – Sterling Retail Adv B (Net Inc.)
27 September	Newton Phoenix Multi-Asset Fund – Sterling Retail Adv B (Net Accum.)
27 September	Newton UK Opportunities Fund – Sterling Retail Adv B (Net Inc.)
27 September	Newton UK Opportunities Fund – Sterling Retail Adv B (Net Accum.)
28 September	Newton Balanced Fund – Sterling Retail Adv B (Net Inc.)
28 September	Newton Balanced Fund – Sterling Retail Adv B (Net Accum.)
28 September	Newton Pan-European Fund – Sterling Retail Adv B (Net Inc.)
28 September	Newton Pan-European Fund – Sterling Retail Adv B (Net Accum.)
1 October	Newton Asian Income Fund – Sterling Retail Adv B (Net Inc.)
1 October	Newton Asian Income Fund – Sterling Retail Adv B (Net Accum.)
1 October	Newton Asian Income Fund – Sterling P (Net Accum.)
1 October	Newton Global Higher Income Fund – Sterling Retail Adv B (Net Inc.)
1 October	Newton Global Higher Income Fund – Sterling Retail Adv B (Net Accum.)
2 October	Newton European Higher Income Fund – Sterling Retail Adv B (Net Inc.)
2 October	Newton European Higher Income Fund – Sterling Retail Adv B (Net Accum.)
2 October	Newton Global Dynamic Bond Fund – Sterling Retail Adv B (Net Inc.)
2 October	Newton Global Dynamic Bond Fund – Sterling Retail Adv B (Net Accum.)
3 October	Newton Global Dynamic Bond Fund – Sterling P (Net Accum.)

**Additions – contd.**

Date	Sub-Fund/Share Class Launched
<b>2012 – contd.</b>	
3 October	Newton Global Higher Income Fund – Sterling P (Net Accum.)
3 October	Newton Higher Income Fund – Sterling Retail Adv B (Net Inc.)
3 October	Newton Higher Income Fund – Sterling Retail Adv B (Net Accum.)
3 October	Newton International Bond Fund – Sterling Retail Adv B (Net Inc.)
3 October	Newton International Bond Fund – Sterling Retail Adv B (Net Accum.)
4 October	Newton Corporate Bond Fund – Sterling Retail Adv B (Net Inc.)
4 October	Newton Corporate Bond Fund – Sterling Retail Adv B (Net Accum.)
4 October	Newton Emerging Income Fund – Sterling Income
4 October	Newton Emerging Income Fund – Sterling Accumulation
4 October	Newton Emerging Income Fund – Sterling X (Net Inc.)
4 October	Newton Emerging Income Fund – Sterling X (Net Accum.)
4 October	Newton Emerging Income Fund – Sterling Institutional W (Net Inc.)
4 October	Newton Global High Yield Bond Fund – Sterling Retail Adv B (Net Inc.)
4 October	Newton Global High Yield Bond Fund – Sterling Retail Adv B (Net Accum.)
4 October	Newton Higher Income Fund – Sterling P (Net Accum.)
5 October	Newton Cautious Managed Fund – Sterling Retail Adv B (Net Inc.)
5 October	Newton Cautious Managed Fund – Sterling Retail Adv B (Net Accum.)
5 October	Newton Managed Fund – Sterling Retail Adv B (Net Inc.)
5 October	Newton Managed Fund – Sterling Retail Adv B (Net Accum.)
5 October	Newton Oriental Fund – Sterling P (Net Accum.)
5 October	Newton Real Return Fund – Sterling P (Net Accum.)
8 October	Newton Global Equity Fund – Sterling Retail Adv B (Net Inc.)
8 October	Newton Global Equity Fund – Sterling Retail Adv B (Net Accum.)
8 October	Newton Real Return Fund – Sterling Retail Adv B (Net Inc.)
8 October	Newton Real Return Fund – Sterling Retail Adv B (Net Accum.)
9 October	Newton UK Equity Fund – Sterling Retail Adv B (Net Inc.)
9 October	Newton UK Equity Fund – Sterling Retail Adv B (Net Accum.)
12 October	Newton Corporate Bond Fund – Sterling P (Net Accum.)
15 October	Newton Emerging Income Fund – Sterling Institutional W (Net Accum.)
15 October	Newton Emerging Income Fund – Sterling Institutional (Net Inc.)
15 October	Newton Emerging Income Fund – Sterling Institutional (Net Accum.)
15 October	Newton Global High Yield Bond Fund – Sterling P (Net Accum.)
16 October	Newton International Bond Fund – Sterling P (Net Accum.)
23 October	Newton Emerging Income Fund – Sterling Retail Adv B (Net Inc.)
23 October	Newton Emerging Income Fund – Sterling Retail Adv B (Net Accum.)
<b>2013</b>	
9 February	Insight Equity Income Booster Fund – Sterling Institutional W (Net Accum.)
9 February	Insight Equity Income Booster Fund – Sterling Institutional W (Net Inc.)
9 February	Insight Equity Income Booster Fund – Sterling Accumulation
9 February	Insight Equity Income Booster Fund – Sterling Income
9 February	Insight Equity Income Booster Fund – Sterling X (Net Accum.)
9 February	Insight Equity Income Fund – Sterling Institutional W (Net Accum.)
9 February	Insight Equity Income Fund – Sterling Institutional W (Net Inc.)
9 February	Insight Equity Income Fund – Sterling Accumulation
9 February	Insight Equity Income Fund – Sterling Income
9 February	Insight Global Absolute Return Fund – Sterling Institutional (Net Accum.)
9 February	Insight Global Absolute Return Fund – Sterling Accumulation
9 February	Insight Global Multi-Strategy Fund – Sterling Institutional (Net Accum.)
9 February	Insight Global Multi-Strategy Fund – Sterling Institutional (Net Inc.)
9 February	Insight Global Multi-Strategy Fund – Sterling Institutional S (Net Accum.)
9 February	Insight Global Multi-Strategy Fund – Sterling Institutional S (Net Inc.)
9 February	Insight Global Multi-Strategy Fund – Sterling Accumulation
9 February	Insight Global Multi-Strategy Fund – Sterling Income

**Additions – contd.**

Date	Sub-Fund/Share Class Launched
<b>2013 – contd.</b>	
9 February	Insight Inflation-Linked Corporate Bond Fund – Sterling Institutional (Net Accum.)
9 February	Insight Inflation-Linked Corporate Bond Fund – Sterling Institutional (Net Inc.)
9 February	Insight Inflation-Linked Corporate Bond Fund – Sterling Accumulation
9 February	Insight Inflation-Linked Corporate Bond Fund – Sterling Income
9 February	Insight Strategic Bond Fund – Sterling Accumulation
9 February	Insight Strategic Bond Fund – Sterling Income
11 February	Insight Equity Income Booster Fund – Sterling Retail Adv B (Net Accum.)
11 February	Insight Equity Income Booster Fund – Sterling Retail Adv B (Net Inc.)
11 February	Insight Equity Income Fund – Sterling Retail Adv B (Net Accum.)
11 February	Insight Equity Income Fund – Sterling Retail Adv B (Net Inc.)
11 February	Insight Global Absolute Return Fund – Sterling Institutional W (Net Accum.)
11 February	Insight Global Absolute Return Fund – Sterling Institutional W (Net Inc.)
11 February	Insight Global Absolute Return Fund – Sterling Retail Adv B (Net Accum.)
11 February	Insight Global Absolute Return Fund – Sterling Retail Adv B (Net Inc.)
11 February	Insight Global Absolute Return Fund – Sterling Income
11 February	Insight Global Multi-Strategy Fund – Sterling Institutional W (Net Accum.)
11 February	Insight Global Multi-Strategy Fund – Sterling Institutional W (Net Inc.)
11 February	Insight Global Multi-Strategy Fund – Sterling Retail Adv B (Net Accum.)
11 February	Insight Global Multi-Strategy Fund – Sterling Retail Adv B (Net Inc.)
11 February	Insight Inflation-Linked Corporate Bond Fund – Sterling Institutional W (Net Accum.)
11 February	Insight Inflation-Linked Corporate Bond Fund – Sterling Institutional W (Net Inc.)
11 February	Insight Inflation-Linked Corporate Bond Fund – Sterling Retail Adv B (Net Accum.)
11 February	Insight Inflation-Linked Corporate Bond Fund – Sterling Retail Adv B (Net Inc.)
11 February	Insight Strategic Bond Fund – Sterling Institutional W (Net Accum.)
11 February	Insight Strategic Bond Fund – Sterling Institutional W (Net Inc.)
11 February	Insight Strategic Bond Fund – Sterling Retail Adv B (Net Accum.)
11 February	Insight Strategic Bond Fund – Sterling Retail Adv B (Net Inc.)
14 February	Newton Global Higher Income Fund – Sterling Exempt 2 (Net Accum.)
21 May	Newton Phoenix Multi-Asset Fund – Sterling X (Net Accum.)
11 June	Newton Global Dynamic Bond Fund – Sterling Exempt 2 (Gross Inc.)
11 June	Newton Global Opportunities Fund – Sterling Exempt 2 (Net Inc.)
6 November	Insight Inflation-Linked Corporate Bond Fund – Sterling X (Net Accum.)
18 November	Newton Long Corporate Bond Fund – Sterling X (Net Inc.)
18 November	Newton Long Gilt Fund – Sterling X (Net Inc.)
18 November	Newton UK Opportunities Fund – Sterling X (Net Inc.)
2 December	Newton Asian Income Fund – USD X (Net Accum.)

**Amendments**

Date	Description
<b>2004</b>	
30 July	Newton Intrepid Fund name changed to Newton Absolute Intrepid Fund.
31 July	Following the restructuring of Newton's range of exempt unit trusts, a number of Sub-Funds and/or Share Classes were added to the Company. The Sub-Funds offer one or more of the following Share Class types – Sterling Income, Mellon Newton Euro Accumulation, Sterling Exempt 1 (Net Accum.), Sterling Exempt 2 (Net Accum.), Sterling Exempt 1 (Gross Accum.), Sterling Exempt 2 (Gross Accum.), Sterling Institutional (Net Accum.).
2 August	The name of the Company was changed from Newton Investment Funds to Mellon Investment Funds ICVC ("MIF") and the name of the ACD was changed from Newton Fund Managers Limited to Mellon Fund Managers Limited.
<b>2005</b>	
31 March	Mellon Newton Euro Accumulation shares name changed to Euro Accumulation shares. The following Funds offer a Euro Accumulation Share Class: Newton American Fund, Newton Continental European Fund, Newton Global Innovation Fund, Newton International Bond Fund, Newton International Growth Fund, Newton Japan Fund, Newton Oriental Fund and Newton Pan-European Fund. The MIF Prospectus was amended to include an Exempt 3 class for all Sub-Funds as and when required.
1 July	The MIF Prospectus was amended to include a Sterling X Share Class for all Sub-Funds as and when required. MIF is meeting the requirements of the European Union Savings Directive (EUSD).
30 September	At a series of Extraordinary General Meetings of Shareholders in the Company the following changes were approved and effected from:
1 October	<p>The objective of the Company was changed, as stated in the Instrument of Incorporation, to enable Sub-Funds of the Company to take up the wider powers prescribed by the recently amended UCITS Directive. The wider powers were adopted by the following Sub-Funds: Newton European High Yield Bond Fund, Newton Strategic Corporate Bond Fund (formerly Newton High Yield Bond Fund), Newton International Bond Fund, Newton Long Corporate Bond Fund, Newton Absolute Intrepid Fund, Newton Balanced Fund, Newton Global Balanced Fund and Newton Managed Intrepid Fund. Consequently the investment objective and policy of these Sub-Funds was amended to permit greater investment flexibility, including the greater use of derivatives.</p> <p>The Newton High Yield Bond Fund name changed to Newton Strategic Corporate Bond Fund.</p> <p>The following Sub-Funds had the investment objective and policy amended to take up/permit greater investment flexibility but did not take up the wider investment powers permitted under the amended UCITS Directive: Newton American Fund, Newton Continental European Fund, Newton Income Fund, Newton Index Linked Gilt Fund, Newton Japan Fund, Newton Oriental Fund, Newton Pan-European Fund and Newton UK Equity Fund.</p> <p>The limit on investing in other collective investment schemes was increased from 5% to 10% on all Sub-Funds.</p> <p>The investment objective of all Sub-Funds explicitly permits the use of collective investment schemes as an asset class.</p> <p>The investment objective and policy of the Newton International Bond Fund was amended to remove the list of Government and other public securities allowable for investment.</p>
14 October	The basis for charging Registrar Fees and other allowable expenses to the Sub-Funds changed. An Administration Fee of 0.10% per annum is charged on Sterling Income Share Class; 0.03% per annum is charged on Sterling Institutional (Net Inc.), Sterling Institutional (Net Accum.) Share Class and all Exempt and Sterling X Share Classes. The Administration Fee is calculated and accrued daily and payable monthly.

**Amendments – contd.**

Date	Description
<b>2005 – contd.</b>	
8 November	The Prospectus was amended to include an Sterling Institutional (Net Inc.) Share Class for all Sub-Funds as and when required.
13 November	The annual management charge of the Newton Absolute Intrepid Fund is charged to capital rather than income.
<b>2006</b>	
30 June	Newton Managed Intrepid Fund was merged into Newton Absolute Intrepid Fund.
18 December	Newton Global Innovation Fund was closed.
<b>2007</b>	
1 September	Newton Growth Fund annual management charge increased to 1.5%.
1 October	Following the successful merger of Mellon Financial Corporation with Bank of New York, Mellon Fund Managers Limited became part of BNY Asset Management International Holdings Limited. Newton Strategic Corporate Bond Fund changed from the IMA UK Other Bond to the IMA UK Corporate Bond Sector.
3 October	The Sterling Exempt 3 (Net Accum.) Share Class of both the Newton Overseas Equity Fund and the Newton UK Equity Fund was closed.
31 December	Newton Equity & Bond Fund changed sector from IMA UK Equity & Bond Income to IMA Balanced Managed. The performance record was retained.
<b>2008</b>	
31 March	Following the successful merger of Mellon Financial Corporation with The Bank of New York, the name of the Company changed from Mellon Investment Funds ICVC (“MIF”) to BNY Mellon Investment Funds (“BNY MIF”) and the name of the ACD from Mellon Fund Managers Limited to BNY Mellon Fund Managers Limited. Mellon Long-Term Global Equity Fund name changed to BNY Mellon Long-Term Global Equity Fund.
11 June	Newton Absolute Intrepid Fund changed sector from IMA Active Managed to IMA Absolute Return. The performance record from 31 March 2004 is retained.
1 July	No initial charge will be applied to the reinvestment of distribution income.
18 September	Newton UK Equity Fund Sterling X (Net Accum.) Share Class was closed.
31 December	The name of the Newton Strategic Corporate Bond Fund changed to Newton Corporate Bond Fund. The Newton Corporate Bond Fund moved from the IMA UK Corporate Bond Sector to the IMA £ Corporate Bond Sector. The performance record was retained. Newton Higher Income Fund: at the interim accounting date (31 December 2008), in accordance with the Regulations and the objective of the Sub-Fund, a proportion of the income available for distribution was retained within the Sub-Fund. For the period 1 January to 30 June 2009, the value of the deferred income was included in the daily Net Asset Value (NAV) calculations and, therefore, included in the published price. At the annual accounting date (30 June 2009) all accrued income was distributed. Suspension of dealing: the ACD and Depositary have agreed that the previous suspension limit of 28 days be extended to indefinite. The ACD and Depositary must review the temporary suspension at least every 28 days and inform the FSA of the result of that review with the aim of ending the temporary suspension as soon as practicable after the exceptional circumstances have ceased. Following the end of the temporary suspension, for dealing purposes, the ACD will recommence the calculation of the net asset value and share price of the fund(s) at the next relevant valuation point.

**Amendments – contd.**

Date	Description
<b>2009</b>	
28 January	Newton Diversified Growth Fund Sterling Exempt 2 (Net Accum.) Share Class was closed.
5 February	Newton Diversified Growth Fund Sterling Institutional (Net Accum.) Share Class was closed.
25 February	Newton UK Equity Fund Sterling Exempt 2 (Net Accum.) Share Class was closed.
1 July	Newton Absolute Intrepid Fund name changed to Newton Real Return Fund. Newton Higher Income Fund distribution frequency changed from half-yearly to quarterly. BNY Mellon Long-Term Global Equity Fund minimum investment level reduced to £1,000 and ISA functionality introduced. Administration for the Sterling Exempt and Sterling X Share Classes moved from the London office to BNY Mellon House, Ingrave Road, Brentwood, CM15 8TG. Shares in Exempt and Sterling X Share Classes represented to 4 decimal places.
1 August	The annual management charge of the Newton Income Fund is charged to capital rather than income.
9 October	Newton International Bond Fund Sterling X (Net Accum.) Share Class was closed.
30 October (close of business)	<b>Newton European High Yield Bond Fund</b> At an Extraordinary General Meeting held on 28 October 2009, Shareholders voted in favour of the following changes which will be implemented with effect from midnight on 30 October 2009:- The name of the Newton European High Yield Bond Fund changed to Newton Global High Yield Bond Fund; The investment objective changed to:- “The objective of the Sub-Fund is to achieve a high yield from a globally diversified portfolio which may include but is not limited to fixed interest bonds and other debt instruments (such as floating rate notes and index-linked notes). The Sub-Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes. At least 80% of the Sub-Fund’s assets should be in Sterling denominated assets or hedged back to Sterling” with effect from 31 October 2009; The IMA sector changed from Global Bonds to £ High Yield – please note that the performance history has been retained.
	<b>Newton Equity &amp; Bond Fund</b> The lead fund manager changed from Jamie Korner to Simon Nicholls.
30 November (close of business)	Newton Global Dynamic Bond – change of benchmark from a customised benchmark of 25% Merrill Lynch Global Bond Index; 25% Merrill Lynch Global High Yield Index; 25% JP Morgan Emerging Markets Bond Index; 25% JP Morgan Global Bonds Index hedged to a cash benchmark of LIBOR 1-Month GBP + 2% p.a. (gross).
31 December (midnight)	The following changes were implemented on the Newton Equity & Bond Fund:- The Annual Management Charge was reduced on the Sterling Income Share Class from 1.5% to 1.25% and on the Sterling Institutional (Net Accum.) Share Class from 1% to 0.75%. The IMA sector changed from Balanced Managed to Cautious Managed.

**Amendments – contd.**

Date	Description
<b>2010</b>	
29 January (midnight)	The name of the Newton Equity & Bond Fund changed to Newton Cautious Managed Fund.
19 March	Newton Real Return Fund Sterling P (Net Accum.) Share Class was reduced to zero.
31 March (midnight)	The following changes were made to the Newton 60/40 Global Equity Fund:- Name changed to Newton 50/50 Global Equity Fund. Investment objective changed as follows: “The objective of the Sub-Fund is to invest in a broad spread of UK and international securities to achieve income and capital growth over the longer term.” The Sub-Fund will be managed to a benchmark of approximately 50% UK and 50% international equities. The Sub-Fund may also invest in collective investment schemes. The benchmark changed to: – 50% UK equities represented by FTSE All Share; and – 50% overseas equities represented by 1/3 FTSE AW North America, 1/3 FTSE AW Europe ex UK and 1/3 FTSE AW Asia Pacific.
27 April	The Newton European Higher Income Fund Sterling X (Net Inc.) Share Class was reduced to zero. The Newton Higher Income Fund Sterling X (Net Inc.) Share Class was reduced to zero.
<b>2011</b>	
4 February	Newton Corporate Bond Sterling X (Net Accum.) Share Class closed.
17 June	Newton Japan Fund Sterling Exempt 1 (Net Accum.) Share Class was closed.
24 June	Newton Japan Fund was closed.
26 September	Newton Income Fund Sterling X (Net Inc.) Share Class was reduced to zero.
17 October	As part of an internal re-structuring in 2011 The Royal Bank of Scotland Group plc transferred its Trustee and Depositary Services business from The Royal Bank of Scotland plc to National Westminster Bank plc and consequently National Westminster Bank plc was appointed as depositary of the Funds on 17 October 2011. As depositary, National Westminster Bank plc will have the same duties and responsibilities as The Royal Bank of Scotland and the change of depositary will have no impact on the way the Funds are operated. The settlement cycle of Newton Long Gilt Fund Sterling Exempt 2 (Gross Accum.) and Sterling X (Gross Accum.) Share Class and of Newton Index Linked Gilt Fund Sterling Exempt 2 (Gross Accum.), Sterling X (Net Inc.) and Sterling X (Gross Accum.) Share Class changed from T+1 to T+4.
<b>2012</b>	
30 January	The name of the Newton International Growth Fund changed to Newton Global Equity Fund. The Investment Adviser of the Newton American Fund changed from Newton Investment Management Limited to The Boston Company Asset Management, LLC. The Sub-Fund name also changed to the BNY Mellon American Fund.
31 March	The Newton Growth Fund and Newton UK Equity Fund merged into the Newton Income Fund.
2 April	Following the successful merger, the Newton Income Fund was renamed the Newton UK Equity Fund.
4 September	Newton UK Equity Sterling Exempt 2 (Net Accum.) Share Class was closed.
4 October	Newton Emerging Income Fund launched.

**Amendments – contd.**

Date	Description
<b>2013</b>	
28 January	Newton Pan-European Fund was closed.
9 February	Insight Strategic Bond Fund, Insight Inflation-Linked Corporate Bond Fund, Insight Global Multi-Strategy Fund, Insight Global Absolute Return Fund, Insight Equity Income Booster Fund and Insight Equity Income Fund launched.
15 June	The Newton Cautious Managed Fund merged into the Newton Managed Income Fund; a sub-fund of BNY Mellon Managed Funds I.
2 December	Following regulatory approval, the ACD updated investors of its intention to merge the Newton Overseas Equity Fund into the Newton Global Equity Fund, subject to shareholder approval, with effect from 15 February 2014. Following regulatory approval, the ACD updated investors of its intention to merge the BNY Mellon Global Strategic Bond Fund into the Insight Strategic Bond Fund, subject to shareholder approval, with effect from 15 February 2014.
13 December	Newton European Higher Income Fund was closed.
23 December	In line with Investment Management Association (IMA) and Financial Conduct Authority (FCA) changes in relation to targeted absolute return funds, clarification has been made to the investment objective of certain sub-funds to specify a) the investment period over which the sub-fund aims to achieve a positive return; b) the performance aim and the time period in which the sub-fund will aim to achieve that; and c) that capital is at risk and there is no guarantee that the absolute return or performance aim will be achieved. Affected sub-funds are the Newton Real Return Fund, Newton Global Dynamic Bond Fund, Newton Phoenix Multi-Asset Fund and Insight Global Absolute Return Fund. There is no change to the way the sub-funds are managed.
<b>2014</b>	
15 January	Following regulatory approval, the ACD updated investors of its intention to change the name of the BNY Mellon American Fund to The Boston Company US Opportunities Fund and to update the investment objective and policy of the fund, with effect from 13 February 2014.

Client classification notice: Under the FCA's Conduct of Business rules we are required to classify our investors. We have classified you as a Retail Client unless otherwise notified. This means that you will have the maximum amount of protection available for complaints and compensation, and will receive information in a straightforward way. However, some clients, such as professional investors, may not necessarily have the same rights under the Financial Ombudsman Service and the Financial Services Compensation Scheme. Further details may be found on our website – [www.bnymellonam.co.uk](http://www.bnymellonam.co.uk) under Client Classification.

The ACD makes available the daily prices of shares on its website: [www.bnymellonam.com](http://www.bnymellonam.com). Selected share prices are also available, free, via our Priceline on 0500 330 000.

The ACD has dispensed with the requirement to convene Annual General Meetings of the Company. However, Extraordinary General Meetings will continue to take place as and when required.

## **DILUTION ADJUSTMENT**

As set out in the Prospectus, the ACD may make a dilution adjustment when calculating the price of a share. In deciding whether to make a dilution adjustment at any valuation point, the ACD will take into account the number of shares to be created or cancelled. Where the number of shares to be created exceeds the number of shares to be cancelled, the dilution adjustment to the share price will be upwards. Where the number of shares to be cancelled exceeds the number of shares to be created, the dilution adjustment to the share price will be downwards.

## **ANNUAL AND INTERIM REPORTS**

The ACD acts on instructions received from shareholders when making a copy of the Interim and Annual Short Report for BNY Mellon Investment Funds available each year.

## **HELP THE ENVIRONMENT – ACCESS THE REPORTS ONLINE**

You can log on to our website and access a copy of the Long Form Financial Statements and the Short Report in English, German, Spanish or Portuguese using the following links:-

English Long Form – [www.bnymellonam.com/mifenlong](http://www.bnymellonam.com/mifenlong)

English Short Report – [www.bnymellonam.com/mifenshort](http://www.bnymellonam.com/mifenshort)

German Long Form – [www.bnymellonam.com/mifdelong](http://www.bnymellonam.com/mifdelong)

German Short Report – [www.bnymellonam.com/mifdeshort](http://www.bnymellonam.com/mifdeshort)

Spanish Long Form – [www.bnymellonam.com/mifeslong](http://www.bnymellonam.com/mifeslong)

Spanish Short Report – [www.bnymellonam.com/mifesshort](http://www.bnymellonam.com/mifesshort)

Portuguese Long Form – [www.bnymellonam.com/mifptlong](http://www.bnymellonam.com/mifptlong)

Portuguese Short Report – [www.bnymellonam.com/mifptshort](http://www.bnymellonam.com/mifptshort)

A copy of the full Long Form financial statements is also available upon written request from BNY Mellon Fund Managers Limited, Client Service Centre, PO Box 12041, Brentwood, CM14 9LS, England, United Kingdom. The annual accounting period is to 30 June and the interim accounting period is to 31 December.

## **HELP THE ENVIRONMENT – OPT OUT AND ACCESS THE REPORTS ONLINE (UK INVESTORS ONLY)**

If you are a UK investor and have received a copy of the latest Short Report but would prefer not to receive a hard copy of the Annual and Interim Short Report for future reporting periods, please write to BNY Mellon Fund Managers Limited at Client Service Centre, PO Box 12041, Brentwood, CM14 9LS, England, United Kingdom. We will note your instructions on your account.

If you reside outside the UK but wish to receive a copy of the Annual and Interim Short Reports in English, please write to BNY Mellon Fund Managers Limited, Client Service Centre, PO Box 12041, Brentwood, CM14 9LS, England, UK and we will record your preference on your account.

The cost of producing the BNY MIF Interim and Annual Reports is charged to the Company in accordance with the provisions of the Regulations and the Prospectus. This Short Report is printed on recycled material from sustainable sources.



# INVESTMENT FUNDS INFORMATION

## Company

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## Authorised Corporate Director (ACD)

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BNY Mellon Centre  
160 Queen Victoria Street  
London EC4V 4LA

Tel.: +44 (0) 207 163 4300

## Directors of BNY Mellon Fund Managers Limited

G A Brisk  
D M Turnbull (Chairman)  
L E Lenel (resigned 31 August 2013)  
J F Lubran  
M J Oomen

## Dealing

(i) For all Share Classes (other than  
Sterling Exempt and Sterling X):

Call, **free**, 0500 440 000  
Call +44 (0) 203 528 4012

(ii) For Sterling Exempt  
and Sterling X Share Classes:

Call 0844 892 2715  
Fax 0844 892 2716

## Priceline

(i) Call, **free**, 0500 330 000

## Client Enquiries

(i) Call, **free**, 0800 614 330  
(ii) Call +44 (0) 203 528 4002

## Authorisation

BNY Mellon Fund Managers Limited  
Authorised and regulated  
by the Financial Conduct Authority

BNY Mellon Fund Managers Limited  
Registered in England No. 1998251  
A subsidiary of BNY Mellon Investment  
Management EMEA Limited

## Investment Advisers

Newton Investment Management Limited  
BNY Mellon Centre  
160 Queen Victoria Street  
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by the Financial Conduct Authority

Walter Scott & Partners Limited  
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by the Financial Conduct Authority

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Registered with and regulated  
by the Securities and Exchange Commission

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Registered with and regulated  
by the Securities and Exchange Commission

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London EC4V 4LA  
Authorised and regulated  
by the Financial Conduct Authority

## Registrar and Administration

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