

Stewardship Investment Funds ICVC
Interim Report and Financial Statements
For the period ended:



30.11.2013

Stewardship Investment Funds ICVC

Contents

Page

- 1 Directory
- 2 Company Information*
- 3 Certification of Financial Statements by Directors of the Authorised Corporate Director*
- 4 Stewardship Principles

Financial Statements of Stewardship Investment Funds ICVC

- 6 Aggregated Financial Statements

Authorised Fund Manager's Report* and Financial Statements for:

- 9 Stewardship Growth Fund
- 18 Stewardship Income Fund
- 30 Stewardship International Fund

*The Authorised Corporate Director's Report in accordance with the IMA SORP (2010) and the Collective Investment Schemes Sourcebook comprises those items denoted above along with the Fund Objective, Market Review, Activity, Outlook, Performance Summary, Portfolio Statement and Material Portfolio Changes of each sub-fund.

Stewardship Investment Funds ICVC

Directory

Company Information

Stewardship Investment Funds ICVC
Exchange House
Primrose Street
London
EC2A 2NY

Authorised Corporate Director

F&C Fund Management Limited
Exchange House
Primrose Street
London
EC2A 2NY

Telephone: 0800 085 2752, Facsimile: (0207) 600 4180

Regulated by the Financial Conduct Authority.

Investment Advisor

F&C Managers Limited
Exchange House
Primrose Street
London
EC2A 2NY

Independent Auditors

PricewaterhouseCoopers LLP
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Depository

State Street Trustees Limited

Registered Office

20 Churchill Place
London
E14 5HJ

Head Office and Principal Place of Business

525 Ferry Road
Edinburgh
EH5 2AW

Fund Accounting and Unit pricing

State Street Bank and Trust Company
525 Ferry Road
Edinburgh
EH5 2AW

Administrator and Registrar

International Financial Data Services (UK) Limited
IFDS House
St Nicholas Lane
Basildon
Essex
SS15 5FS

Legal Advisors

Eversheds LLP
One Wood Street
London
EC2V 7WS

Stewardship Investment Funds ICVC

Company Information

Company Information

F&C Fund Management Limited, the Authorised Corporate Director (ACD) of the Open-Ended Investment Company (OEIC), is the sole director. The ACD has appointed F&C Managers Limited as the Investment Advisor to the individual sub-funds of the OEIC.

Stewardship Investment Funds ICVC (the 'Company') is an investment company with variable capital under the Open-Ended Investment Company Regulations 2001 (SI2001/1228). The Company is an umbrella company with 3 individual sub-funds, and each of the sub-funds is a UCITS scheme.

Financial Statements

These financial statements are for the period 1 June 2013 to 30 November 2013.

Shareholders

Shares of the Company have no par value and the share capital of the Company will at all times equal the sum of the net asset value of each of the sub-funds. Shareholders are not liable for the debts of the Company. The assets of each sub-fund are treated as separate from those of every other sub-fund and are invested in accordance with the investment objectives and policy of that sub-fund.

Each fund is a segregated portfolio of assets and, accordingly, the assets of a fund belong exclusively to that fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company or any other fund and shall not be available for any such purpose.

The Company adopted segregated liability status for funds on 8 June 2012. From that date the assets of one fund may not be used to satisfy the obligations of another fund.

While the provisions of the OEIC Regulations provide for segregated liability between funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations.

Instrument of Incorporation and Prospectus

The Company was incorporated and authorised by the Financial Conduct Authority on 8 August 2001 under registered number IC118.

As at 30 November 2013 the OEIC comprised the following sub-funds:

Stewardship Growth Fund

Stewardship Income Fund

Stewardship International Fund

Additional sub-funds may be added at the ACD's discretion.

The investment objectives, investment policies and investment activity reports, for each sub-fund are included in the financial statements for that sub-fund.

Copies of the current prospectus, the latest annual report and any subsequent reports are available from the Administrator.

Other Information

The Stewardship Growth Fund, Stewardship Income Fund and Stewardship International Fund offers both Accumulation and Income shares.

The Ongoing Charges Figure for each share class can be found in each sub-fund's Performance Record.

Stewardship Investment Funds ICVC

Certification of Financial Statements by Directors of the Authorised Corporate Director

This report contains the information required by the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued in October 2010, the Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes sourcebook, in the case of interim financial statements and was approved for publication on 31 January 2014.

Director

On behalf of F&C Fund Management Limited

Authorised Corporate Director

31 January 2014.

Introduction

Stewardship is the name of a range of socially responsible investment funds provided by Friends Life. These funds are invested in company shares and bonds to provide capital growth and income for customers. Published policy is outlined in the Friends Life Stewardship Technical Guide, which states positive and negative criteria but without these specificities.

Philosophy

Many people believe that investors should have some moral responsibility for the investments they make. Stewardship is committed to this principle and offers people a way to invest in the stockmarket while expressing this sense of responsibility. Stewardship does this by applying ethical and environmental principles to the selection of investments, and by using its influence as a shareholder to encourage more socially responsible and environmentally sustainable behaviour by companies.

Investment in companies raises both ethical opportunities and ethical difficulties for investors. Opportunities, because companies can make a very positive contribution to society, by creating jobs and wealth and by providing many of the products and services on which a sustainable society depends. By becoming shareholders, investors have the opportunity to support the positive contribution some companies make.

However, companies can also give rise to many social and environmental problems by, for example, making harmful products, acting irresponsibly with regard to customers, employees and the communities in which they operate, and by polluting the environment. Investors in such companies inevitably feel some responsibility for the harm that they do.

Companies do not, however, fit neatly into one category or the other. They commonly have a satisfactory approach to some aspects of their activities and weaknesses in others. Where the failings are not so serious as to disqualify a company outright for inclusion in the portfolio, Stewardship will take a balanced view across all its activities. An investment is more likely to be made in cases where there is clear scope for a shareholding to give opportunities to influence it for the better.

Stewardship is committed to taking a more socially responsible approach to investment by making the most of these opportunities and reducing its contribution to the problems through:

- Investing in companies whose products, services and operations make positive contribution to society, and those which demonstrate a responsible attitude in all aspects of their business, notably including their customers, employees, the communities in which they operate and the environment.
- Avoiding investment in companies that do particular harm, including those involved in the supply or production of armaments; or which operate irresponsibly, particularly with regard to the environment, human rights or animal welfare issues; or which are involved in the production of alcohol, tobacco or pornography; or in gambling.
- Using its influence as an investor to encourage companies in their efforts to improve their management of environmental and social responsibility issues.

We recognise that Stewardship's core aim of investing only in those companies which, in what they do and the way they do it, on balance make a positive contribution to society cannot be fully captured in the policies described here. Accordingly, we may on rare occasions exclude companies which we judge conflict with that aim even when they do not fall foul of any of the negative criteria set out in this document. We may also on rare occasions where a company is considered, on balance, to make a positive contribution to society, include a company that breaches a negative investment selection criterion in a minor, inconsequential or non-material way.

Summary of all Stewardship Criteria

Positive criteria

- Supplying the basic necessities of life e.g. healthy food, housing, clothing, water, energy, communication, healthcare, public transport, safety, personal finance, education;
- Offering product choices for ethical and sustainable lifestyles e.g. fair trade, organic;
- Improving quality of life through the responsible use of new technologies;
- Good environmental management;
- Actively addressing climate change e.g. renewable energy, energy efficiency;
- Promotion and protection of human rights;
- Good employment practices;
- Positive impact on local communities;
- Good relations with customers and suppliers;
- Effective anti-corruption controls; and
- Transparent communication.

Negative criteria

- Tobacco production;
- Alcohol production;
- Gambling;
- Pornography or violent material;
- Manufacture and sale of weapons;
- Unnecessary exploitation of animals;
- Nuclear power generation;
- Poor environmental practices;
- Human rights abuses; and
- Poor relations with employees, customers or suppliers.

Stewardship Policies

While recognising that many issues overlap, for practical purposes Stewardship Criteria are separated into:

- Ethical;
- Environmental; and
- Social.

Stewardship Investment Funds ICVC

Aggregated Statement of Total Return

for the period 1 June 2013 to 30 November 2013 (unaudited)

	01/06/13 to 30/11/13		01/06/12 to 30/11/12	
	£000	£000	£000	£000
Income				
Net capital gains		67,397		106,079
Revenue	18,908		17,788	
Expenses	(4,687)		(4,211)	
Finance costs: Interest	-		(3)	
Net revenue before taxation	14,221		13,574	
Taxation	(264)		(215)	
Net revenue after taxation		13,957		13,359
Total return before distribution		81,354		119,438
Finance costs: Distribution		(13,380)		(12,929)
Change in net assets attributable to shareholders from investment activities		67,974		106,509

Aggregated Statement of Change in Net Assets Attributable to Shareholders

for the period 1 June 2013 to 30 November 2013 (unaudited)

	01/06/13 to 30/11/13		01/06/12 to 30/11/12	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		1,320,159		1,088,553
Amounts receivable on creation of shares	36,831		121,181	
Amounts payable on cancellation of shares	(70,982)		(100,478)	
		(34,151)		20,703
Stamp duty reserve tax		(138)		(132)
Change in net assets attributable to shareholders from investment activities		67,974		106,509
Retained distribution on accumulation shares		4,013		3,618
Unclaimed distributions		4		3
Closing net assets attributable to shareholders		1,357,861		1,219,254

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

Stewardship Investment Funds ICVC

Aggregated Balance Sheet

as at 30 November 2013 (unaudited)

	30/11/13 £000	31/05/13 £000
Assets		
Portfolio of investments	<u>1,313,860</u>	<u>1,277,416</u>
Debtors	14,482	11,284
Cash and bank balances	<u>40,814</u>	<u>53,490</u>
Total other assets	<u>55,296</u>	<u>64,774</u>
Total assets	<u>1,369,156</u>	<u>1,342,190</u>
Liabilities		
Creditors	(2,648)	(11,327)
Bank overdrafts	(702)	(1,397)
Distribution payable on income shares	<u>(7,945)</u>	<u>(9,307)</u>
Total liabilities	<u>(11,295)</u>	<u>(22,031)</u>
Net assets attributable to shareholders	<u><u>1,357,861</u></u>	<u><u>1,320,159</u></u>

Stewardship Investment Funds ICVC

Notes to the Financial Statements

Accounting Policies

The aggregated financial statements represent the summation of the financial statements for each of the sub-funds. The interim financial statements for each of the sub-funds have been prepared on the same basis as the audited financial statements for the year ended 31 May 2013. They are in accordance with the historical cost basis, as modified by the revaluation of investments, and the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010 (the IMA SORP (2010)), and United Kingdom Generally Accepted Accounting Practice.

Stewardship Growth Fund

Authorised Corporate Director's Investment Report

for the period 1 June 2013 to 30 November 2013 (unaudited)

Fund Objective

The Fund provides an investment medium for people who do not regard financial gain as the sole criterion for investment but look to wider issues. Investment is concentrated in UK companies whose products and operations are considered to be of long-term benefit to the community both at home and abroad, with the aim of achieving long-term capital growth and increasing income, with the emphasis on capital growth.

The Fund may invest indirectly through other permitted investment vehicles in accordance with its investment powers as set out in the Prospectus.

Synthetic Risk and Reward Indicator

The Synthetic Risk and Reward Indicator is calculated in accordance with the Key Investor Information Regulations and is disclosed in a fund's KIIDs (Key Investor Information Documents). It is calculated from the last five years' performance data and shows the historic volatility of the Fund and is updated periodically. The SRRRI is reported against standard bands ranging from 1 (lower risk/reward) to 7 (higher risk/reward). This classification is intended as a general indication of the overall level of risk of a fund in order to facilitate comparisons between funds.

The most recent value of the SRRRI for the Fund was 6, published on 31 January 2013. From the most recent review it has been determined that this is still appropriate.

A fuller explanation of the SRRRI and the risk and reward profile of the Fund is contained in the Fund's KIIDs.

Fund manager	Catherine Stanley
Fund size	£632.8 million
Launch date	1 June 1984

Market Review

The FTSE All-Share Index gained 3.9% in sterling terms for the six months to the end of November 2013. The economy posted two consecutive quarters of encouraging economic growth, leading to speculation that a sustainable recovery was under way. A notable feature of the period was a resurgence of manufacturing. By November activity had expanded for eight consecutive months, adding weight to theories that the economy was rebalancing away from the dominant service sector. There were also clear indications of consumer confidence returning. In market terms, however, worries about the possible reduction in central bank support in the US weighed on confidence in the summer months, as did raised tension in the Middle East. There were also fears that company earnings, which suffered a torrid 2012, were not improving strongly enough to justify the elevated prices of a number of stocks.

Activity

We made our largest purchase, Johnson Matthey, at the very start of the period. Johnson Matthey is a specialist chemical company which manufactures, among other things, autocatalysts, heavy duty diesel catalysts and pollution control systems. The company looked more attractively valued after the share price had drifted on concerns over the European car and truck market and we took the opportunity to initiate a new position in what we believe to be a high quality business. We also participated in the floating on the stock exchange of Royal Mail; floatations and mergers & acquisitions formed a notable feature of the market over the period. Moving through the period another notable addition to the portfolio was Genus. This company provides farmers with the means to improve animal productivity and health and is a leading player in this market. It has a strong position in China in particular which is a long-term growth market as the nation's population moves from rural areas to the cities and food production has to industrialise. While the long-term story is attractive, short-term growth has been slowed by research and development investment and high feed prices hurting its customers. This provided a more attractive entry point to the shares, as we take a long-term view.

Outlook

The UK market performed strongly in 2013, yet historical warning lights necessary for a prolonged and significant market downturn including highly levered companies, extreme valuations and excessive investor optimism are not present at this moment. Looking forward, the market will no doubt become preoccupied with factors such as the US Federal Reserve reducing quantitative easing from time to time. We claim no aptitude to predict such short term market movements, and as such our favoured companies are those that can withstand challenges as well as faring better than most in more temperate conditions.

Performance Summary

The F&C Stewardship Growth Fund returned +7.0% in the 6 months to 30 November 2013. By comparison, the benchmark (FTSE All-Share) index rose by +3.9%. Returns are on a total return basis, net of fees and in sterling terms.

F&C Fund Management Limited
2 January 2014

Stewardship Growth Fund

Portfolio Statement

as at 30 November 2013 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
BASIC MATERIALS (3.43%*)		25,623	4.05
Chemicals			
Croda International	206,162	4,851	0.77
Johnson Matthey	175,185	5,583	0.88
Mining			
Anglo American	217,245	2,972	0.47
BHP Billiton	652,592	12,217	1.93
CONSUMER GOODS (3.35%*)		20,934	3.31
Food Producers			
Associated British Foods	498,480	11,425	1.81
Household Goods & Home Construction			
Berkeley	202,713	4,764	0.75
Personal Goods			
Burberry	309,353	4,745	0.75
CONSUMER SERVICES (12.73%*)		80,553	12.74
Food & Drug Retailers			
Tesco	1,734,359	6,044	0.96
General Retailers			
Inchcape	1,005,650	6,024	0.95
Signet Jewelers	115,125	5,415	0.86
Media			
Daily Mail & General Trust 'A' Non-Voting	654,748	5,965	0.94
Informa	1,081,370	6,023	0.95
UBM	481,474	3,288	0.52
Travel & Leisure			
Compass	1,355,215	12,590	1.99
Domino's Pizza	636,885	3,471	0.55
InterContinental Hotels	627,410	12,002	1.90
Restaurant	1,050,311	6,039	0.95
Thomas Cook	2,957,967	5,230	0.83
Whitbread	237,100	8,462	1.34
FINANCIALS (22.13%*)		140,146	22.14
Banks			
HSBC	6,268,108	42,761	6.76
Lloyds Banking	14,729,470	11,340	1.79
Standard Chartered	701,760	10,211	1.61
Financial Services			
Intermediate Capital	1,883,597	8,017	1.27
Jupiter Fund Management	2,025,725	7,933	1.25
Life Insurance			
Legal & General	7,427,646	15,895	2.51
Partnership Assurance	1,083,592	3,310	0.52
Prudential	1,146,102	14,979	2.37
Nonlife Insurance			
Amlin	996,589	4,489	0.71
Real Estate Investment & Services			
Development Securities	2,056,511	4,653	0.74

Stewardship Growth Fund

Portfolio Statement

(continued)

as at 30 November 2013 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
Real Estate Investment Trusts			
Derwent London	200,134	4,889	0.77
Hammerson	900,106	4,626	0.73
Workspace	1,382,289	7,043	1.11
HEALTH CARE (7.45%*)		49,528	7.82
Health Care Equipment & Services			
Synergy Health	594,978	6,277	0.99
Pharmaceuticals & Biotechnology			
AstraZeneca	287,201	10,002	1.58
Entelos 'A' **	1,768,192	-	-
Genus	256,520	3,183	0.50
GlaxoSmithKline	1,432,530	23,157	3.66
Shire	251,322	6,909	1.09
INDUSTRIALS (24.32%*)		161,565	25.54
Construction & Materials			
Galliford Try	948,689	10,265	1.62
James Halstead	1,154,114	3,408	0.54
Tyman	3,794,757	8,766	1.39
Electronic & Electrical Equipment			
Spectris	293,988	7,212	1.14
General Industrials			
DS Smith	1,831,630	5,660	0.89
Industrial Engineering			
Halma	1,485,480	8,794	1.39
Hill & Smith	1,018,642	5,399	0.85
Rotork	373,911	10,574	1.67
Spirax-Sarco Engineering	258,199	7,612	1.20
Support Services			
Aggreko	211,470	3,371	0.53
Ashtead	1,936,100	13,543	2.14
Bunzl	771,130	10,780	1.70
Capita	678,300	6,749	1.07
Diploma	1,175,752	8,295	1.31
Experian	849,610	9,592	1.52
Intertek	198,777	6,073	0.96
Regus	4,054,543	8,008	1.27
Rentokil Initial	3,200,557	3,389	0.54
RPS	2,735,630	8,475	1.34
SThree	1,490,105	4,858	0.77
Wolseley	322,300	10,742	1.70
OIL & GAS (7.19%*)		39,462	6.24
Oil & Gas Producers			
BG	2,220,345	28,010	4.43
Premier Oil	1,284,693	3,993	0.63
Tullow Oil	426,261	3,719	0.59
Oil Equipment, Services & Distribution			
Hunting	468,134	3,740	0.59

Stewardship Growth Fund

Portfolio Statement

(continued)

as at 30 November 2013 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
TECHNOLOGY (5.26%*)		34,189	5.40
Software & Computer Services			
Computacenter	761,121	4,879	0.77
Fidessa	214,757	4,557	0.72
Invensys	1,456,864	7,306	1.15
Micro Focus International	948,686	7,689	1.22
Sage	1,382,403	4,837	0.76
Technology Hardware & Equipment			
ARM	481,070	4,921	0.78
TELECOMMUNICATIONS (6.21%*)		44,573	7.04
Mobile Telecommunications			
Vodafone	19,472,560	44,573	7.04
UTILITIES (3.79%*)		19,315	3.05
Electricity			
SSE	278,360	3,713	0.59
Gas, Water & Multiutilities			
National Grid	1,152,102	8,929	1.41
Pennon	435,238	2,814	0.44
United Utilities	585,520	3,859	0.61
Portfolio of investments		615,888	97.33
Net other assets		16,887	2.67
Total net assets		632,775	100.00

All investments held are listed, unless otherwise stated.

* Comparative figures shown in brackets relate to 31 May 2013.

** Delisted/Suspended investments.

Stewardship Growth Fund

Material Portfolio Changes

for the period 1 June 2013 to 30 November 2013 (unaudited)

	Cost		Proceeds
Major purchases	£000	Major sales	£000
Johnson Matthey	4,881	Associated British Foods	3,184
Partnership Assurance	4,172	Tesco	2,658
Hunting	4,144	Ophir Energy	2,500
Genus	3,521	Standard Chartered	2,428
Lloyds Banking	1,263	Tullow Oil	2,374
DS Smith	784	SSE	2,128
Thomas Cook	642	BG	1,920
Royal Mail	588	Legal & General	1,811
James Halstead	431	Intermediate Capital	1,641
Jupiter Fund Management	307	Jupiter Fund Management	1,540

Stewardship Growth Fund

Performance Record

as at 30 November 2013 (unaudited)

Net Asset Value and Ongoing Charges Figure

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Ongoing Charges Figure (%)
Share Class 1				
Accumulation 31/05/11	202,339,312	26,286,536	769.8	n/a
Accumulation 31/05/12	162,804,465	23,092,059	705.0	n/a
Accumulation 31/05/13	197,838,244	21,453,041	922.2	1.71
Accumulation 30/11/13	202,696,852	20,546,605	986.5	1.66
Share Class 1				
Income 31/05/11	35,300,108	5,246,250	672.9	n/a
Income 31/05/12	36,597,297	6,070,963	602.8	n/a
Income 31/05/13	32,430,048	4,168,583	778.0	1.61
Income 30/11/13	28,429,688	3,440,617	826.3	1.60
Share Class 2				
Accumulation 31/05/11	19,074,822	10,775,857	177.0	n/a
Accumulation 31/05/12	14,674,950	8,966,490	163.7	n/a
Accumulation 31/05/13	31,640,548	14,644,125	216.1	0.79
Accumulation 30/11/13	35,110,343	15,123,428	232.2	0.77
Share Class 2				
Income 31/05/13	2,086,915	3,539,973	58.95	0.75**
Income 30/11/13	6,145,476	9,813,425	62.62	0.88
Share Class 3				
Accumulation 31/05/13	27,998,416	23,563,998	118.8	0.29**
Accumulation 30/11/13	30,094,270	23,513,225	128.0	0.27
Share Class 4				
Accumulation 31/05/13	238	200	119.0	- ***
Accumulation 30/11/13	257	200	128.3	- ****
Share Class 4				
Income 31/05/11	320,024,896	47,487,824	673.9	n/a
Income 31/05/12	259,571,143	43,001,094	603.6	n/a
Income 31/05/13	312,543,533	40,091,116	779.6	0.03
Income 30/11/13	317,765,446	38,364,855	828.3	0.02
Share Class B				
Accumulation 31/05/13	11,593,998	7,319,444	158.4	0.56**
Accumulation 30/11/13	12,533,154	7,355,022	170.4	0.54

*The Ongoing Charges Figure (OCF) is calculated in accordance with the Key Investor Information Regulations and for each accounting period shows the total expenses paid by each share class in the period, annualised, against its average net asset value. The OCF can fluctuate as underlying costs change.

**The OCF quoted is from launch and does not represent a full year. It shows the total expenses paid by the share class in the period, annualised, against its average net asset value.

***The OCF quoted is since launch and does not represent a full year. No expenses have been charged as there are no shareholders only the Manager's box holding.

****No expenses have been charged as there are no shareholders only the Manager's box holding.

Stewardship Growth Fund

Performance Record

(continued)

as at 30 November 2013 (unaudited)

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class 1			
Accumulation 2008	815.9	450.9	17.0762
Accumulation 2009	627.0	416.2	10.9442
Accumulation 2010	743.0	597.0	9.5561
Accumulation 2011	775.5	625.6	13.4968
Accumulation 2012	805.7	685.9	12.4121
Accumulation 2013*	992.9	816.3	12.1299
Share Class 1			
Income 2008	764.4	417.4	16.3855
Income 2009	565.4	378.8	10.5055
Income 2010	653.6	532.8	9.1787
Income 2011	679.1	547.0	12.4204
Income 2012	683.5	591.8	11.5607
Income 2013*	837.9	692.5	10.8743
Share Class 2			
Accumulation 2008	181.7	101.2	5.0960
Accumulation 2009	142.1	93.69	3.6237
Accumulation 2010	170.2	135.6	3.6154
Accumulation 2011	178.5	144.3	4.6520
Accumulation 2012	188.1	158.6	4.4574
Accumulation 2013*	233.5	190.6	4.7360
Share Class 2			
Income 2012	52.10	49.10	-
Income 2013*	63.68	52.80	1.5732
Share Class 3			
Accumulation 2012	103.2	97.26	0.3275
Accumulation 2013*	128.7	104.6	3.1902
Share Class 4			
Accumulation 2012	103.2	97.27	-
Accumulation 2013*	129.0	104.6	-
Share Class 4			
Income 2008	767.3	421.1	26.2342
Income 2009	570.2	380.6	18.3304
Income 2010	655.7	535.1	18.6994
Income 2011	684.7	551.0	22.7096
Income 2012	685.7	593.5	21.6051
Income 2013*	845.3	694.7	23.0649
Share Class B			
Accumulation 2012	137.7	129.9	0.3146
Accumulation 2013*	171.4	139.6	3.8410

(†) Distributed for income shares and allocated for accumulation shares.

Past performance is not necessarily a guide to future performance. The price of shares, and the revenue from them, may go down as well as up.

* To 30 November 2013.

Share class 2 Income was launched 13 September 2012.

Share class 3 Accumulation was launched 30 October 2012.

Share class 4 Accumulation was launched 22 October 2012.

Share class B Accumulation was launched 22 October 2012.

Stewardship Growth Fund

Statement of Total Return

for the period 1 June 2013 to 30 November 2013 (unaudited)

	01/06/13 to 30/11/13		01/06/12 to 30/11/12	
	£000	£000	£000	£000
Income				
Net capital gains		37,362		54,837
Revenue	9,799		8,635	
Expenses	(2,140)		(1,920)	
Finance costs: Interest	-		-	
Net revenue before taxation	7,659		6,715	
Taxation	-		-	
Net revenue after taxation		7,659		6,715
Total return before distribution		45,021		61,552
Finance costs: Distribution		(7,670)		(6,715)
Change in net assets attributable to shareholders from investment activities		37,351		54,837

Statement of Change in Net Assets Attributable to Shareholders

for the period 1 June 2013 to 30 November 2013 (unaudited)

	01/06/13 to 30/11/13		01/06/12 to 30/11/12	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		616,132		473,648
Amounts receivable on creation of shares	8,894		78,804	
Amounts payable on cancellation of shares	(31,954)		(43,903)	
		(23,060)		34,901
Stamp duty reserve tax		(68)		(80)
Change in net assets attributable to shareholders from investment activities		37,351		54,837
Retained distribution on accumulation shares		2,419		1,963
Unclaimed distributions		1		-
Closing net assets attributable to shareholders		632,775		565,269

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

Stewardship Growth Fund

Balance Sheet

as at 30 November 2013 (unaudited)

	30/11/13 £000	31/05/13 £000
Assets		
Portfolio of investments	615,888	590,600
Debtors	6,664	4,575
Cash and bank balances	16,284	27,949
Total other assets	22,948	32,524
Total assets	638,836	623,124
Liabilities		
Creditors	(955)	(2,034)
Bank overdrafts	-	(527)
Distribution payable on income shares	(5,106)	(4,431)
Total liabilities	(6,061)	(6,992)
Net assets attributable to shareholders	632,775	616,132

Stewardship Income Fund

Authorised Corporate Director's Investment Report

for the period 1 June 2013 to 30 November 2013 (unaudited)

Fund Objective

Investment is concentrated in UK companies whose products and operations are considered to be of long-term benefit to the community both at home and abroad, and will generally exclude those considered to be involved with harmful products and practices or which trade extensively with oppressive regimes. Securities are chosen with the aim of achieving an above average and increasing income with the prospect of capital growth.

The Fund may invest indirectly through other permitted investment vehicles in accordance with its investment powers as set out in the Prospectus.

Synthetic Risk and Reward Indicator

The Synthetic Risk and Reward Indicator is calculated in accordance with the Key Investor Information Regulations and is disclosed in a fund's KIIDs (Key Investor Information Documents). It is calculated from the last five years' performance data and shows the historic volatility of the Fund and is updated periodically. The SRRI is reported against standard bands ranging from 1 (lower risk/reward) to 7 (higher risk/reward). This classification is intended as a general indication of the overall level of risk of a fund in order to facilitate comparisons between funds.

The most recent value of the SRRI for the Fund was 6, published on 31 January 2013. From the most recent review it has been determined that this is still appropriate.

A fuller explanation of the SRRI and the risk and reward profile of the Fund is contained in the Fund's KIIDs.

Fund manager	Catherine Stanley
Fund size	£320.9 million
Launch date	13 October 1987

Market Review

The FTSE All-Share Index gained 3.9% in sterling terms for the six months to the end of November 2013. The economy posted two consecutive quarters of encouraging economic growth, leading to speculation that a sustainable recovery was under way. A notable feature of the period was a resurgence of manufacturing. By November activity had expanded for eight consecutive months, adding weight to theories that the economy was rebalancing away from the dominant service sector. There were also clear indications of consumer confidence returning. In market terms, however, worries about the possible reduction in central bank support in the US weighed on confidence in the summer months, as did raised tension in the Middle East. There were also fears that company earnings, which suffered a torrid 2012, were not improving strongly enough to justify the elevated prices of a number of stocks.

Activity

At the start of the period we bought Inchcape, a multinational car retail and services company. The firm has a strong market position and high profile brand partners. The stock had a low valuation and we took the opportunity to buy. The strong performance of the Fund and the market, particularly in some of the cyclical stocks, led to significant capital appreciation of some stocks this year, which had the effect of reducing the yield offered to a relatively low level. As a result, the Fund has been looking for new sources of income. It is hard to find good businesses offering both growth and income but the asset manager Aberdeen Asset Management is a good example. The valuation has been too rich in the past but weakness during the third quarter of 2013 caused by its exposure to out-of-favour emerging market equities meant there was the opportunity to buy at a more attractive price. While there are short-term challenges, this business has a strong long-term performance record and a well regarded management team. During the period we significantly reduced our holding in electricity utility company SSE. We felt that the company's balance sheet offered little scope to deal with the price freezes threatened by the Labour Party should it win the next general election. This would in turn risk the level of dividend the company is able to pay out to shareholders.

Outlook

The UK market performed strongly in 2013, yet historical warning lights necessary for a prolonged and significant market downturn including highly levered companies, extreme valuations and excessive investor optimism are not present at this moment. Looking forward, the market will no doubt become preoccupied with factors such as the US Federal Reserve reducing quantitative easing from time to time. We claim no aptitude to predict such short term market movements, and as such our favoured companies are those that can withstand challenges as well as faring better than most in more temperate conditions.

Performance Summary

The F&C Stewardship Income Fund returned +7.0% in the 6 months to the 30 November 2013. By comparison the benchmark (FTSE All-Share) index returned +3.9%. Returns are on a total return basis, net of fees and in sterling terms.

F&C Fund Management Limited
2 January 2014

Stewardship Income Fund

Portfolio Statement

as at 30 November 2013 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
BASIC MATERIALS (2.20%*)		6,511	2.03
Mining			
BHP Billiton	347,787	6,511	2.03
CONSUMER GOODS (2.19%*)		2,943	0.92
Food Producers			
Dairy Crest	566,484	2,943	0.92
Personal Goods			
Alexandra **	2,935,531	-	-
CONSUMER SERVICES (9.46%*)		31,951	9.95
Food & Drug Retailers			
Tesco	1,123,028	3,914	1.22
General Retailers			
European Home Retail **	485,000	-	-
Inchcape	345,169	2,067	0.64
Marks & Spencer	507,577	2,473	0.77
Media			
Cineworld	815,268	3,033	0.94
Informa	815,116	4,540	1.41
Moneysupermarket.com	1,616,653	2,944	0.92
UBM	425,016	2,903	0.90
Travel & Leisure			
Compass	448,850	4,170	1.30
National Express	1,388,385	3,643	1.14
Restaurant	393,830	2,264	0.71
FINANCIALS (23.66%*)		83,760	26.10
Banks			
HSBC	3,049,003	20,800	6.48
Lloyds Banking	4,592,990	3,536	1.10
Standard Chartered	284,560	4,140	1.29
Equity Investment Instruments			
Carador Income Fund	4,356,878	2,546	0.79
CATCo Reinsurance Opportunities Fund	4,122,071	2,788	0.87
Financial Services			
Aberdeen Asset Management	465,805	2,292	0.71
Intermediate Capital	1,250,576	5,322	1.66
Life Insurance			
Hansard Global	986,853	960	0.30
Legal & General	4,085,762	8,744	2.72
Phoenix	438,888	3,109	0.97
Prudential	440,290	5,755	1.79
Resolution	996,639	3,423	1.07
Nonlife Insurance			
Amlin	674,469	3,038	0.95
Novae	579,676	3,400	1.06
Real Estate Investment & Services			
Foxtons	335,032	933	0.29

Stewardship Income Fund

Portfolio Statement

(continued)

as at 30 November 2013 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
Real Estate Investment Trusts			
Assura	7,786,306	3,017	0.94
British Land	585,372	3,594	1.12
Hammerson	390,418	2,007	0.63
Hansteen	4,036,828	4,356	1.36
HEALTH CARE (6.89%*)		18,326	5.71
Pharmaceuticals & Biotechnology			
AstraZeneca	177,810	6,192	1.93
GlaxoSmithKline	750,660	12,134	3.78
INDUSTRIALS (17.61%*)		54,668	17.06
Construction & Materials			
Galliford Try	657,622	7,115	2.22
Keller	347,550	3,684	1.15
Electronic & Electrical Equipment			
Laird	1,661,150	4,321	1.35
General Industrials			
DS Smith	1,169,855	3,615	1.13
Rexam	562,665	2,841	0.89
RPC	533,720	2,671	0.83
Wolseley	67,050	2,235	0.70
Support Services			
Berendsen	435,140	4,001	1.25
Capita	178,050	1,772	0.55
Experian	342,390	3,866	1.20
Interserve	583,200	3,808	1.19
John Menzies	271,110	2,112	0.66
PayPoint	306,690	3,232	1.01
Premier Farnell	1,618,440	3,598	1.12
Regus	1,577,610	3,116	0.97
SThree	822,280	2,681	0.84
OIL & GAS (4.46%*)		12,506	3.90
Oil & Gas Producers			
BG	765,101	9,652	3.01
Premier Oil	488,822	1,519	0.47
Tullow Oil	153,002	1,335	0.42
TECHNOLOGY (3.83%*)		12,904	4.03
Software & Computer Services			
Computacenter	603,549	3,869	1.21
Fidessa	80,980	1,718	0.54
Micro Focus International	648,258	5,254	1.64
Sage	589,468	2,063	0.64
TELECOMMUNICATIONS (8.95%*)		32,748	10.21
Fixed Line Telecommunications			
Alternative Networks	486,738	1,923	0.60
Kcom	3,892,570	3,846	1.20
TalkTalk Telecom	1,434,080	3,876	1.21
Mobile Telecommunications			
Vodafone	10,092,980	23,103	7.20

Stewardship Income Fund

Portfolio Statement

(continued)

as at 30 November 2013 (unaudited)

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
UTILITIES (6.93%*)		14,547	4.52
Electricity			
SSE	127,926	1,707	0.53
Gas, Water & Multiutilities			
National Grid	859,120	6,658	2.07
Pennon	189,430	1,225	0.38
United Utilities	752,210	4,957	1.54
EURO DENOMINATED BONDS (0.30%*)		1,278	0.41
Corporate Bonds			
Allianz 4.75% Perpetual	EUR100,000	86	0.03
ASML 3.375% 19/09/2023	EUR237,000	201	0.06
Casino Guichard Perrachon 4.87% Perpetual	EUR100,000	83	0.03
Electricite de France 2.25% 27/04/2021	EUR300,000	251	0.08
Imerys 2.5% 26/11/2020	EUR100,000	83	0.03
Royal Bank of Scotland 5.375% 30/09/2019	EUR162,000	158	0.05
Royal Bank of Scotland 4.625% 22/09/2021	EUR96,000	79	0.02
SES Global Americas 1.875% 24/10/2018	EUR100,000	83	0.03
Standard Chartered 4% 21/10/2025	EUR100,000	84	0.03
Standard Life 5.314% Perpetual	EUR200,000	170	0.05
STERLING DENOMINATED BONDS (9.26%*)		25,908	8.05
Corporate Bonds			
Amlin 6.5% 19/12/2026	GBP156,000	160	0.05
Anglian Water Osprey Financing 7% 31/01/2018	GBP100,000	108	0.03
Anglian Water Services Financing 5.837% 30/07/2022	GBP190,000	223	0.07
Annington Finance '4' 6.5676% 10/01/2023	GBP310,000	329	0.10
Australia & New Zealand Banking 4.75% 07/12/2018	GBP237,000	237	0.07
Aviva 6.125% Perpetual	GBP250,000	256	0.08
AXA 6.772% Perpetual	GBP250,000	263	0.08
Bank Nederlandse Gemeenten 5.75% 18/01/2019	GBP450,000	526	0.16
Bank of America 7% 31/07/2028	GBP300,000	383	0.12
BG Energy Capital 5.125% 01/12/2025	GBP93,000	103	0.03
BG Energy Capital 5% 04/11/2036	GBP100,000	107	0.03
BHP Billiton Finance 3.25% 25/09/2024	GBP113,000	108	0.03
BHP Billiton Finance 4.3% 25/09/2042	GBP100,000	96	0.03
British Land 6.75% 31/03/2020	GBP210,000	243	0.08
BUPA Finance 7.5% 04/07/2016	GBP243,000	278	0.09
Canary Wharf Finance II 5.952% 22/10/2037	GBP300,000	366	0.11
Cattles 6.875% 17/01/2014 **	GBP288,000	1	-
Chorus 6.75% 06/04/2020	GBP175,000	193	0.06
Circle Anglia Social Housing 7.25% 12/11/2038	GBP157,000	223	0.07
Clydesdale Bank 4.625% 08/06/2026	GBP136,000	145	0.04
Co-operative Bank 4.75% 11/11/2021	GBP208,000	220	0.07
CPUK Finance 7.239% 28/02/2042	GBP101,000	123	0.04
DNB Bank 4.25% 27/01/2020	GBP154,000	166	0.05
DNB Bank 7.25% 23/06/2020	GBP69,000	74	0.02
Eastern Power Networks 4.75% 30/09/2021	GBP116,000	126	0.04
ELM B.V. 6.3024% Perpetual	GBP100,000	108	0.03
Equity Release Funding '3' 5.05% 26/04/2033	GBP139,000	148	0.05
European Bank for Reconstruction & Development 5.625% 07/12/2028	GBP400,000	492	0.15
European Investment Bank 6% 07/12/2028	GBP195,000	245	0.08
European Investment Bank 5.625% 07/06/2032	GBP308,000	380	0.12
European Investment Bank 3.875% 08/06/2037	GBP229,000	226	0.07

Stewardship Income Fund

Portfolio Statement

(continued)

as at 30 November 2013 (unaudited)

	Nominal Values	Market Value £000	Total Net Assets %
European Investment Bank 5% 15/04/2039	GBP300,000	354	0.11
Experian Finance 4.75% 23/11/2018	GBP100,000	110	0.03
Fidelity International 7.125% 13/02/2024	GBP100,000	113	0.03
FirstGroup 8.125% 19/09/2018	GBP141,000	168	0.05
FirstGroup 6.875% 18/09/2024	GBP100,000	114	0.04
Friends Life 12% 21/05/2021 †	GBP135,000	178	0.06
GlaxoSmithKline Capital 3.375% 20/12/2027	GBP135,000	125	0.04
GlaxoSmithKline Capital 4.25% 18/12/2045	GBP155,000	150	0.05
Go-Ahead 5.375% 29/09/2017	GBP76,000	83	0.03
Great Rolling Stock 6.25% 27/07/2020	GBP227,000	265	0.08
Great Rolling Stock 6.5% 05/04/2031	GBP100,000	120	0.04
Hammerson 6.875% 31/03/2020	GBP150,000	181	0.06
HSBC 6.5% 20/05/2024	GBP127,000	155	0.05
HSBC 5.75% 20/12/2027	GBP158,000	172	0.05
HSBC 7% 07/04/2038	GBP250,000	311	0.10
ING Bank 6.875% 29/05/2023	GBP246,000	274	0.09
InterContinental Hotels 6% 09/12/2016	GBP100,000	112	0.03
InterContinental Hotels 3.875% 28/11/2022	GBP100,000	100	0.03
Intu Metrocentre Finance 4.125% 06/12/2023	GBP136,000	136	0.04
John Lewis 6.125% 21/01/2025	GBP250,000	289	0.09
KFW 5% 10/09/2024	GBP262,000	307	0.10
KFW 6% 07/12/2028	GBP97,000	126	0.04
KFW 5% 09/06/2036	GBP200,000	242	0.08
Kingfisher 5.625% 15/12/2014	GBP175,000	181	0.06
Koninklijke 6.875% 14/03/2073	GBP100,000	102	0.03
Land Securities Capital Markets 4.875% 07/11/2019	GBP192,000	214	0.07
Leeds Building Society 4.875% 16/11/2020	GBP155,000	175	0.05
Legal & General 5.875% Perpetual	GBP250,000	268	0.08
Legal & General Finance 5.875% 05/04/2033	GBP60,000	71	0.02
Lend Lease Europe Finance 6.125% 12/10/2021	GBP154,000	162	0.05
Lloyds Bank 5.125% 07/03/2025	GBP159,000	180	0.06
Lloyds Bank 7.625% 22/04/2025	GBP137,000	162	0.05
Lloyds Bank 6% 08/02/2030	GBP100,000	124	0.04
Lloyds Bank 6.5% 17/09/2040	GBP300,000	374	0.12
London & Quadrant Housing 5.5% 27/01/2040	GBP87,000	103	0.03
Longstone Finance 4.896% 19/04/2036	GBP195,000	195	0.06
Marks & Spencer 5.625% 24/03/2014	GBP250,000	253	0.08
Marks & Spencer 6.125% 06/12/2021	GBP100,000	111	0.03
Moat Homes Finance 5% 23/09/2041	GBP100,000	104	0.03
Motability Operations 5.25% 28/09/2016	GBP120,000	132	0.04
Motability Operations 6.625% 10/12/2019	GBP173,000	211	0.07
Motability Operations 5.625% 29/11/2030	GBP100,000	117	0.04
Muenchener Rueckversicherungs 7.625% 21/06/2028	GBP120,000	143	0.04
Muenchener Rueckversicherungs 6.625% 26/05/2042	GBP100,000	115	0.04
National Australia Bank 5.125% 09/12/2021	GBP79,000	89	0.03
National Australia Bank 7.125% 12/06/2023	GBP261,000	306	0.10
National Express 6.25% 13/01/2017	GBP104,000	115	0.04
National Grid Electricity Transmission 6.5% 27/07/2028	GBP257,000	321	0.10
Nationwide Building Society 5.625% 09/09/2019	GBP100,000	115	0.04
Nationwide Building Society 5.625% 28/01/2026	GBP100,000	119	0.04
Nestle Finance International 2.25% 30/11/2023	GBP232,000	213	0.07
Next 5.375% 26/10/2021	GBP100,000	112	0.03
Northern Ireland Electricity 6.875% 18/09/2018	GBP100,000	116	0.04
Northumbrian Water Finance 5.125% 23/01/2042	GBP100,000	108	0.03

Stewardship Income Fund

Portfolio Statement

(continued)

as at 30 November 2013 (unaudited)

	Nominal Values	Market Value £000	Total Net Assets %
Notting Hill Housing Trust 5.25% 07/07/2042	GBP114,000	129	0.04
Paragon 3.729% 20/04/2017	GBP115,000	107	0.03
Peabody Capital 5.25% 17/03/2043	GBP163,000	186	0.06
PepsiCo 2.5% 01/11/2022	GBP100,000	94	0.03
Principality Building Society 1.52188% 08/07/2016	GBP72,000	62	0.02
Provident Financial 8% 23/10/2019	GBP150,000	165	0.05
QBE Insurance 10% 14/03/2014	GBP200,000	204	0.06
QBE Insurance 6.125% 28/09/2015	GBP105,000	113	0.04
Rabobank Capital Funding Trust IV 5.556% Perpetual	GBP250,000	255	0.08
Rabobank Netherlands 5.25% 23/05/2041	GBP97,000	105	0.03
Reseau Ferre de France 5.5% 01/12/2021	GBP370,000	432	0.13
Royal Bank of Scotland 6.625% 17/09/2018	GBP75,000	89	0.03
Royal Bank of Scotland 5.125% 13/01/2024	GBP109,000	124	0.04
RSA Insurance 9.375% 20/05/2039	GBP167,000	204	0.06
Safeway 6% 10/01/2017	GBP209,000	233	0.07
Segro 6% 30/09/2019	GBP149,000	172	0.05
Severn Trent Utilities Finance 6.125% 26/02/2024	GBP255,000	304	0.09
Southern Gas Networks 6.375% 15/05/2040	GBP125,000	158	0.05
Southern Water Services Finance 6.192% 31/03/2029	GBP215,000	257	0.08
SSE 8.375% 20/11/2028	GBP250,000	356	0.11
SSE 5.453% Perpetual	GBP89,000	92	0.03
Stagecoach 5.75% 16/12/2016	GBP216,000	238	0.07
Standard Chartered 4.375% 18/01/2038	GBP132,000	125	0.04
Standard Chartered Bank 7.75% 03/04/2018	GBP250,000	295	0.09
Standard Life 6.546% Perpetual	GBP85,000	93	0.03
Suez Environnement 5.375% 02/12/2030	GBP200,000	222	0.07
Svenska Handelsbanken 5.5% 26/05/2016	GBP210,000	231	0.07
Svenska Handelsbanken 4% 18/01/2019	GBP124,000	132	0.04
Tate & Lyle International 6.75% 25/11/2019	GBP125,000	148	0.05
Telecom Italia 6.375% 24/06/2019	GBP250,000	259	0.08
Telefonica Emisiones 5.289% 09/12/2022	GBP300,000	311	0.10
Tesco Property Finance '4' 5.8006% 13/10/2040	GBP105,195	115	0.04
Tesco Property Finance '5' 5.6611% 13/10/2041	GBP123,283	132	0.04
Thames Water Utilities Cayman Finance 5.75% 13/09/2030	GBP74,000	82	0.03
Thames Water Utilities Cayman Finance 4.375% 03/07/2034	GBP100,000	98	0.03
Thames Water Utilities Cayman Finance 5.5% 11/02/2041	GBP147,000	166	0.05
Together Housing Finance 4.5% 17/12/2042	GBP100,000	97	0.03
Toyota Motor Credit 4% 07/12/2017	GBP110,000	120	0.04
United Utilities Water 5.625% 20/12/2027	GBP180,000	206	0.06
Virgin Media Secured Finance 5.5% 15/01/2021	GBP100,000	101	0.03
Vodafone 8.125% 26/11/2018	GBP137,000	172	0.05
Vodafone 5.9% 26/11/2032	GBP175,000	202	0.06
Wales & West Utilities Finance 4.625% 13/12/2023	GBP100,000	107	0.03
Wells Fargo 3.5% 12/09/2029	GBP100,000	93	0.03
Wells Fargo Bank 5.25% 01/08/2023	GBP100,000	110	0.03
Wessex Water Services Finance 4% 24/09/2021	GBP100,000	104	0.03
Western Power Distribution East Midlands 6.25% 10/12/2040	GBP190,000	235	0.07
Westfield Europe Finance 5.5% 27/06/2017	GBP125,000	140	0.04
Westpac Banking 5% 21/10/2019	GBP190,000	214	0.07
White City Property Finance 5.1202% 17/04/2035	GBP48,608	52	0.02
WM Morrison Supermarkets 4.625% 08/12/2023	GBP100,000	104	0.03
Yorkshire Building Society 13.5% 01/04/2025	GBP207,500	293	0.09
Yorkshire Water Services Odsal Finance 6.5876% 21/02/2023	GBP285,000	346	0.11
Zurich Finance 6.625% Perpetual	GBP232,000	258	0.08

Stewardship Income Fund

Portfolio Statement

(continued)

as at 30 November 2013 (unaudited)

	Nominal Values	Market Value £000	Total Net Assets %
Mortgage-Backed			
Juturna European Loan Conduit '16' 5.0636% 10/08/2033	GBP118,654	130	0.04
Silk Road Finance Number One (FRN) 1.9175% 21/12/2052	GBP46,069	46	0.01
Silverstone Master Issuer (FRN) 1.96719% 21/01/2055	GBP80,000	81	0.03
Silverstone Master Issuer 5.063% 21/01/2055	GBP234,000	257	0.08
US DOLLAR DENOMINATED BONDS (0.24%*)		396	0.12
Corporate Bonds			
Danone 3% 15/06/2022	USD445,000	260	0.08
Kellogg 3.125% 17/05/2022	USD230,000	136	0.04
FORWARD CURRENCY CONTRACTS (0.00%*)		10	-
Euro			
Sold EUR1,549,157 for GBP1,297,117 Settlement 08/01/2014		6	-
US Dollar			
Sold USD653,303 for GBP404,130 Settlement 08/01/2014		4	-
Portfolio of investments		298,456	93.01
Net other assets		22,441	6.99
Total net assets		320,897	100.00

All investments are approved securities as defined in the Collective Investment Schemes sourcebook unless otherwise stated.

* Comparative figures shown in brackets relate to 31 May 2013.

** Delisted/Suspended investments.

† This investment is a related party.

Stewardship Income Fund

Material Portfolio Changes

for the period 1 June 2013 to 30 November 2013 (unaudited)

	Cost		Proceeds
Major purchases	£000	Major sales	£000
British Land	3,555	SSE	5,247
Aberdeen Asset Management	3,050	Hilton Food	2,638
Moneysupermarket.com	2,443	Hill & Smith	2,264
Wolseley	2,139	Keller	2,107
Inchcape	1,915	N Brown	2,003
Foxtons	771	Ashtead	1,971
PayPoint	758	Dairy Crest	1,930
Royal Mail	654	Aberdeen Asset Management	1,513
Lloyds Banking	650	Cineworld	1,451
HSBC	556	Royal Mail	1,088

Stewardship Income Fund

Performance Record

as at 30 November 2013 (unaudited)

Net Asset Value and Ongoing Charges Figure

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Ongoing Charges Figure (%)
Share Class 1				
Accumulation 31/05/11	130,241,656	85,871,305	151.7	n/a
Accumulation 31/05/12	114,440,891	78,629,819	145.5	n/a
Accumulation 31/05/13	140,762,317	74,391,033	189.2	1.62
Accumulation 30/11/13	138,404,712	68,383,276	202.4	1.59
Share Class 1				
Income 31/05/11	77,710,390	72,026,716	107.9	n/a
Income 31/05/12	65,412,598	66,236,341	98.76	n/a
Income 31/05/13	77,065,654	62,394,954	123.5	1.60
Income 30/11/13	74,436,200	57,221,701	130.1	1.57
Share Class 2				
Accumulation 31/05/13	1,888,485	3,201,601	58.99	0.90**
Accumulation 30/11/13	8,896,171	14,045,993	63.34	0.80
Share Class 2				
Income 31/05/11	17,488,667	13,170,628	132.8	n/a
Income 31/05/12	17,219,632	14,058,102	122.5	n/a
Income 31/05/13	24,274,198	15,720,833	154.4	0.85
Income 30/11/13	34,700,418	21,191,993	163.7	0.81
Share Class 4				
Income 31/05/11	61,640,300	50,407,634	122.3	n/a
Income 31/05/12	53,107,050	46,718,390	113.7	n/a
Income 31/05/13	62,743,189	43,529,794	144.1	0.05
Income 30/11/13	64,459,596	42,066,251	153.2	0.03

*The Ongoing Charges Figure (OCF) is calculated in accordance with the Key Investor Information Regulations and for each accounting period shows the total expenses paid by each share class in the period, annualised, against its average net asset value. The OCF can fluctuate as underlying costs change.

**The OCF quoted is from launch and does not represent a full year. It shows the total expenses paid by the share class in the period, annualised, against its average net asset value.

Stewardship Income Fund

Performance Record

(continued)

as at 30 November 2013 (unaudited)

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(t) per share (p)
Share Class 1			
Accumulation 2008	163.7	94.13	6.2027
Accumulation 2009	123.7	87.80	5.3355
Accumulation 2010	146.6	119.5	5.0797
Accumulation 2011	153.4	133.8	5.5092
Accumulation 2012	167.5	142.5	6.0836
Accumulation 2013*	204.8	169.0	6.7109
Share Class 1			
Income 2008	136.6	75.79	5.1752
Income 2009	94.48	69.08	4.3030
Income 2010	106.5	90.40	3.8985
Income 2011	109.8	94.33	4.0429
Income 2012	111.6	97.68	4.9902
Income 2013*	132.7	112.6	4.5132
Share Class 2			
Accumulation 2012	52.09	49.59	-
Accumulation 2013*	64.07	52.56	2.2061
Share Class 2			
Income 2008	163.9	91.47	6.1691
Income 2009	115.0	83.74	5.1657
Income 2010	130.8	110.3	4.7266
Income 2011	135.3	116.5	4.9535
Income 2012	139.7	121.1	5.7079
Income 2013*	166.7	140.9	5.7883
Share Class 4			
Income 2008	147.1	82.52	5.6164
Income 2009	104.6	75.54	4.7242
Income 2010	120.0	100.7	4.3755
Income 2011	124.4	107.4	4.6053
Income 2012	129.7	112.3	5.5075
Income 2013*	155.9	130.9	5.0477

(t) Distributed for income shares and allocated for accumulation shares.

Past performance is not necessarily a guide to future performance. The price of shares, and the revenue from them, may go down as well as up.

* To 30 November 2013.

Share class 2 Accumulation was launched 13 September 2012.

Stewardship Income Fund

Statement of Total Return

for the period 1 June 2013 to 30 November 2013 (unaudited)

	01/06/13 to 30/11/13		01/06/12 to 30/11/12	
	£000	£000	£000	£000
Income				
Net capital gains		17,018		28,099
Revenue	6,526		6,248	
Expenses	(1,845)		(1,664)	
Finance costs: Interest	-		-	
Net revenue before taxation	4,681		4,584	
Taxation	-		-	
Net revenue after taxation		4,681		4,584
Total return before distribution		21,699		32,683
Finance costs: Distribution		(3,956)		(4,093)
Change in net assets attributable to shareholders from investment activities		17,743		28,590

Statement of Change in Net Assets Attributable to Shareholders

for the period 1 June 2013 to 30 November 2013 (unaudited)

	01/06/13 to 30/11/13		01/06/12 to 30/11/12	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		306,734		250,180
Amounts receivable on creation of shares	9,668		10,635	
Amounts payable on cancellation of shares	(14,688)		(18,505)	
		(5,020)		(7,870)
Stamp duty reserve tax		(61)		(45)
Change in net assets attributable to shareholders from investment activities		17,743		28,590
Retained distribution on accumulation shares		1,498		1,537
Unclaimed distributions		3		3
Closing net assets attributable to shareholders		320,897		272,395

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

Stewardship Income Fund

Balance Sheet

as at 30 November 2013 (unaudited)

	30/11/13 £000	31/05/13 £000
Assets		
Portfolio of investments	298,456	294,414
Debtors	2,810	4,964
Cash and bank balances	22,842	16,719
Total other assets	25,652	21,683
Total assets	324,108	316,097
Liabilities		
Creditors	(1,366)	(7,027)
Bank overdrafts	(640)	-
Distribution payable on income shares	(1,205)	(2,336)
Total liabilities	(3,211)	(9,363)
Net assets attributable to shareholders	320,897	306,734

Authorised Corporate Director's Investment Report

for the period 1 June 2013 to 30 November 2013 (unaudited)

Fund Objective

Investment is concentrated in companies in any market whose products and operations are considered to be making a positive contribution to society and seeks to avoid companies which, on balance, are felt to be harming the world, its people, or its wildlife. The portfolio is chosen with the aim of achieving long-term capital growth.

The Fund may invest indirectly through other permitted investment vehicles in accordance with its investment powers as set out in the Prospectus.

Synthetic Risk and Reward Indicator

The Synthetic Risk and Reward Indicator is calculated in accordance with the Key Investor Information Regulations and is disclosed in a fund's KIIDs (Key Investor Information Documents). It is calculated from the last five years' performance data and shows the historic volatility of the Fund and is updated periodically. The SRRI is reported against standard bands ranging from 1 (lower risk/reward) to 7 (higher risk/reward). This classification is intended as a general indication of the overall level of risk of a fund in order to facilitate comparisons between funds.

The most recent value of the SRRI for the Fund was 6, published on 31 January 2013. From the most recent review it has been determined that this is still appropriate.

A fuller explanation of the SRRI and the risk and reward profile of the Fund is contained in the Fund's KIIDs.

Fund manager	Sophie Horsfall
Fund size	£404.2 million
Launch date	13 October 1987

Market Review

There were mixed returns for investors in the six months to the end of November. From June to September, markets were dominated by speculation about when the US central bank would start to reduce the scale of its monetary support to the economy. The quantitative easing policy has been a major prop to the markets and fears that it would be withdrawn rapidly triggered volatility in both bonds and equities. The subsequent surprise decision by the US Federal Reserve to postpone the tapering helped markets recover, albeit against the backdrop of considerable uncertainty about the raising of the US debt ceiling. There was good news in the period from major economies, including the US and UK, as well as Europe emerging from recession. Prime Minister Abe's aggressive policies continued to move things in the right direction in Japan, including inflation, while the emerging markets suffered.

Activity

Portfolio activity was relatively limited over the period. Regional weightings remained much the same whilst within sectors we lowered healthcare slightly to fund the increased allocation to industrials. We continue to look for stock specific opportunities to add to our US and European exposure. Companies in which we initiated new positions during the period included Johnson Controls, Roper Industrials and Novartis. The first two stocks are both US firms within the industrial sector and Novartis is a Swiss-domiciled global pharmaceutical group. Moving forward in terms of regional themes for the portfolio, our interest is now also being piqued by the widespread sense of disillusionment towards stocks in south east Asia and emerging markets. The end of the period saw a modest shift to the UK from the US as we marginally lowered the portfolio's exposure to the US consumer in favour of commercial and consumer services sectors.

Outlook

We remain broadly optimistic on equity markets due to a confidence in a gradual underlying economic recovery across most major regions. This is despite near-term uncertainty in particular in relation to the stand-off over the budget and debt ceiling in the US which may result in heightened market volatility in the coming quarter. Otherwise, our investments remain focused around long-term thematic areas that we expect to benefit from structural, social, economic and environmental tailwinds that will protect the Fund from shorter term macro instability. We maintain a bias towards high quality companies and see this as particularly important during times of economic uncertainty.

Performance Summary

The F&C Stewardship International Fund returned +3.1%, in the 6 months to 30 November 2013. By comparison, the benchmark (MSCI World) index rose by +3.5%. Returns are on a total return basis, net of fees and in sterling terms.

F&C Fund Management Limited
2 January 2014

Stewardship International Fund

Portfolio Statement

as at 30 November 2013 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
AUSTRALIA (1.54%*)		5,768	1.43
Santos	740,036	5,768	1.43
BELGIUM (1.03%*)		3,469	0.86
Umicore	127,540	3,469	0.86
BRAZIL (1.29%*)		4,395	1.09
Itau Unibanco ADR	508,605	4,395	1.09
CANADA (0.98%*)		-	-
CYPRUS (1.08%*)		3,232	0.80
Prosafe	703,243	3,232	0.80
DENMARK (0.89%*)		3,593	0.89
Novo Nordisk 'B'	32,915	3,593	0.89
FRANCE (0.96%*)		3,340	0.83
Essilor International	51,631	3,340	0.83
GERMANY (4.40%*)		19,511	4.83
Fresenius	98,431	8,515	2.11
Gerresheimer	101,993	4,207	1.04
SAP	133,547	6,789	1.68
IRELAND (3.40%*)		13,897	3.43
Accenture 'A'	191,083	9,076	2.24
Experian	426,994	4,821	1.19
ITALY (1.26%*)		4,773	1.18
Luxottica	147,286	4,773	1.18
JAPAN (8.82%*)		34,738	8.59
Keyence	23,860	5,867	1.45
Kubota	640,000	6,697	1.66
Murata Manufacturing	82,900	4,365	1.08
ORIX	528,600	5,895	1.46
Toyota Motor	196,000	7,458	1.84
USS	530,100	4,456	1.10
LUXEMBOURG (0.66%*)		2,055	0.51
L'Occitane International	1,512,000	2,055	0.51
NORWAY (0.55%*)		2,017	0.49
Tomra Systems	368,971	2,017	0.49
PORTUGAL (1.28%*)		5,886	1.46
Galp Energia 'B'	579,221	5,886	1.46
SPAIN (0.86%*)		-	-
SWITZERLAND (3.94%*)		23,043	5.70
Lindt & Spruengli	126	3,975	0.98
Novartis	127,892	6,173	1.53
Swatch	18,899	7,619	1.89
Swiss Re	96,573	5,276	1.30

Stewardship International Fund

Portfolio Statement

(continued)

as at 30 November 2013 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
UNITED KINGDOM (13.26%*)		55,497	13.73
ASOS	49,249	2,854	0.71
BG	595,681	7,515	1.86
F&C International Heritage Fund 4 Acc †	7,000,000	11,669	2.89
Informa	750,080	4,178	1.03
Intertek	122,919	3,755	0.93
Pearson	408,294	5,508	1.36
Prudential	507,719	6,636	1.64
Rotork	129,899	3,674	0.91
Standard Chartered	362,873	5,280	1.31
Telecity	273,453	1,913	0.47
Tullow Oil	288,249	2,515	0.62
UNITED STATES (52.57%*)		214,302	53.02
Agilent Technologies	185,689	6,115	1.51
Amazon.com	30,224	7,150	1.77
Amdocs	400,925	9,938	2.46
Apple	34,611	11,563	2.86
Cardinal Health	295,868	11,672	2.89
Crown Castle International	197,964	9,033	2.23
CVS Caremark	183,796	7,511	1.86
DaVita HealthCare Partners	177,986	6,519	1.61
eBay	192,989	5,822	1.44
Henry Schein	80,369	5,625	1.39
IntercontinentalExchange	60,835	7,981	1.97
Johnson Controls	150,624	4,652	1.15
Kansas City Southern	93,933	6,981	1.73
Life Time Fitness	174,291	5,210	1.29
Mednax	82,767	5,603	1.39
Mettler-Toledo International	41,601	6,288	1.56
Nordstrom	110,285	4,233	1.05
PepsiCo	102,384	5,289	1.31
Praxair	124,045	9,608	2.38
Principal Financial	327,984	10,159	2.51
Roper Industries	81,222	6,462	1.60
Spectra Energy	430,553	8,872	2.19
Towers Watson 'A'	119,904	8,366	2.07
Tractor Supply	106,710	4,835	1.20
U.S. Bancorp	411,773	9,917	2.45
Under Armour 'A'	89,268	4,475	1.11
Union Pacific	60,971	6,077	1.50
W.W. Grainger	44,219	6,996	1.73
Whole Foods Market	201,508	7,038	1.74
Williams-Sonoma	118,674	4,312	1.07
Portfolio of investments		399,516	98.84
Net other assets		4,673	1.16
Total net assets		404,189	100.00

All investments held are listed, unless otherwise stated.

* Comparative figures shown in brackets relate to 31 May 2013.

† This investment is a related party.

Stocks shown as ADRs represent American Depositary Receipts.

Stewardship International Fund

Material Portfolio Changes

for the period 1 June 2013 to 30 November 2013 (unaudited)

	Cost		Proceeds
Major purchases	£000	Major sales	£000
Roper Industries	6,977	Tim Hortons	4,092
Novartis	6,090	Towers Watson 'A'	3,926
Johnson Controls	3,937	Ebro Foods	3,577
Experian	2,188	Benesse	3,481
Crown Castle International	1,459	HMS	3,470
Galp Energia 'B'	1,352	VeriFone Systems	3,395
Intertek	1,295	Agilent Technologies	3,005
Fresenius	1,223	Nordstrom	2,075
Life Time Fitness	1,142	Under Armour 'A'	1,752
Prudential	1,100	Williams-Sonoma	1,616

Stewardship International Fund

Performance Record

as at 30 November 2013 (unaudited)

Net Asset Value and Ongoing Charges Figure

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Ongoing Charges Figure (%)
Share Class 1				
Accumulation 31/05/11	48,217,852	19,510,646	247.1	n/a
Accumulation 31/05/12	36,170,037	15,340,437	235.8	n/a
Accumulation 31/05/13	53,016,141	17,585,134	301.5	1.68
Accumulation 30/11/13	51,558,677	16,582,782	310.9	1.61
Share Class 1				
Income 31/05/11	10,509,071	4,310,147	243.8	n/a
Income 31/05/12	8,753,121	3,775,560	231.8	n/a
Income 31/05/13	10,954,900	3,695,328	296.5	1.64
Income 30/11/13	10,223,151	3,343,917	305.7	1.60
Share Class 2				
Accumulation 31/05/11	31,401,305	17,623,167	178.2	n/a
Accumulation 31/05/12	35,818,815	20,885,679	171.5	n/a
Accumulation 31/05/13	44,889,166	20,291,062	221.2	0.80
Accumulation 30/11/13	49,277,452	21,509,321	229.1	0.77
Share Class 2				
Income 31/05/13	1,361,721	2,236,028	60.90	0.91**
Income 30/11/13	3,754,358	5,964,743	62.94	0.88
Share Class 4				
Income 31/05/11	278,370,736	113,738,128	244.7	n/a
Income 31/05/12	283,983,172	122,070,916	232.6	n/a
Income 31/05/13	287,070,784	96,411,450	297.8	0.04
Income 30/11/13	289,375,764	94,022,629	307.8	0.01

*The Ongoing Charges Figure (OCF) is calculated in accordance with the Key Investor Information Regulations and for each accounting period shows the total expenses paid by each share class in the period, annualised, against its average net asset value. The OCF can fluctuate as underlying costs change.

**The OCF quoted is from launch and does not represent a full year. It shows the total expenses paid by the share class in the period, annualised, against its average net asset value.

Performance Record

(continued)

as at 30 November 2013 (unaudited)

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(t) per share (p)
Share Class 1			
Accumulation 2008	230.6	149.2	0.6309
Accumulation 2009	220.9	151.5	0.4116
Accumulation 2010	255.0	208.6	0.6925
Accumulation 2011	258.6	208.1	0.3545
Accumulation 2012	257.8	229.1	0.5378
Accumulation 2013*	314.6	252.1	0.0636
Share Class 1			
Income 2008	229.6	148.1	0.9562
Income 2009	218.9	150.3	0.6264
Income 2010	251.7	206.4	0.6347
Income 2011	255.1	205.3	0.5378
Income 2012	254.2	225.9	0.5632
Income 2013*	309.3	248.0	0.0997
Share Class 2			
Accumulation 2008	161.7	105.5	1.5605
Accumulation 2009	157.4	107.2	1.4067
Accumulation 2010	183.2	148.8	1.7506
Accumulation 2011	186.6	150.4	1.7861
Accumulation 2012	187.2	166.1	1.7095
Accumulation 2013*	231.7	184.3	1.5949
Share Class 2			
Income 2012	51.29	48.86	-
Income 2013*	63.72	51.13	0.4994
Share Class 4			
Income 2008	230.7	149.7	3.4139
Income 2009	219.9	151.3	3.1608
Income 2010	253.1	207.9	3.9940
Income 2011	256.5	206.9	4.2148
Income 2012	256.3	227.0	4.1243
Income 2013*	313.0	249.5	4.3540

(t) Distributed for income shares and allocated for accumulation shares.

Past performance is not necessarily a guide to future performance. The price of shares, and the revenue from them, may go down as well as up.

* To 30 November 2013.

Share class 2 Income was launched 13 September 2012.

Stewardship International Fund

Statement of Total Return

for the period 1 June 2013 to 30 November 2013 (unaudited)

	01/06/13 to 30/11/13		01/06/12 to 30/11/12	
	£000	£000	£000	£000
Income				
Net capital gains		13,017		23,143
Revenue	2,583		2,905	
Expenses	(702)		(627)	
Finance costs: Interest	-		(3)	
Net revenue before taxation	1,881		2,275	
Taxation	(264)		(215)	
Net revenue after taxation		1,617		2,060
Total return before distribution		14,634		25,203
Finance costs: Distribution		(1,754)		(2,121)
Change in net assets attributable to shareholders from investment activities		12,880		23,082

Statement of Change in Net Assets Attributable to Shareholders

for the period 1 June 2013 to 30 November 2013 (unaudited)

	01/06/13 to 30/11/13		01/06/12 to 30/11/12	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		397,293		364,725
Amounts receivable on creation of shares	18,269		31,742	
Amounts payable on cancellation of shares	(24,340)		(38,070)	
		(6,071)		(6,328)
Stamp duty reserve tax		(9)		(7)
Change in net assets attributable to shareholders from investment activities		12,880		23,082
Retained distribution on accumulation shares		96		118
Closing net assets attributable to shareholders		404,189		381,590

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

Stewardship International Fund

Balance Sheet

as at 30 November 2013 (unaudited)

	30/11/13 £000	31/05/13 £000
Assets		
Portfolio of investments	399,516	392,402
Debtors	5,008	1,745
Cash and bank balances	1,688	8,822
Total other assets	6,696	10,567
Total assets	406,212	402,969
Liabilities		
Creditors	(327)	(2,266)
Bank overdrafts	(62)	(870)
Distribution payable on income shares	(1,634)	(2,540)
Total liabilities	(2,023)	(5,676)
Net assets attributable to shareholders	404,189	397,293