

# Schroder

# QEP Global Core Fund

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## Final Report and Accounts

October 2011



Schroders

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Schroder

## QEP Global Core Fund

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# Fund Information

## Investment objective and policy

The fund's investment objective is to achieve the optimum overall return of capital and income in sterling terms through flexible global investment management.

The fund will invest internationally in equities quoted on recognised stock exchanges.

The fund may also invest in a wide range of investments including transferable securities, collective investment schemes, warrants and money market instruments.

## Financial highlights

Dealing price	14.10.11	18.10.10	% change
I Income units	155.30p	155.20p xd	0.06
I Accumulation units	199.50p	199.40p	0.05
X Accumulation units	56.89p	56.69p	0.35
A Income units	49.93p	–	–
A Accumulation units	49.94p	–	–
	15.12.11	15.12.10	
Final distribution per I Income unit	3.6294p	3.0063p	

## Fund information

Launch date	24 May 1989	
Launch price	50.00p per I Income unit	
	50.00p per I Accumulation unit	
Launch date	16 April 2007	
Launch price	50.00p per X Accumulation unit	
Launch date	16 November 2010	
Launch price	50.00p per A Income unit	
	500.00p per A Accumulation unit	
	Interim	Final
Accounting dates	15 April	15 October
Revenue allocation dates	15 June	15 December

# Fund Information (continued)

## Total expense ratio

	For the year to 15.10.11	For the year to 15.10.10
I Income units	0.37%	0.38%
I Accumulation units	0.37%	0.37%
X Accumulation units <sup>1</sup>	0.02%	0.03%
A Income units	0.40% <sup>2</sup>	–
A Accumulation units	0.40% <sup>2</sup>	–

- 1 The annual management charge for X Accumulation units is invoiced directly to unitholders and is therefore not included in the Total expense ratio for that unit class.
- 2 The Total expense ratio is annualised based on the fees suffered during the accounting period.

# Review of Investment Activities

**From 18 October 2010 to 14 October 2011 the price of I Accumulation units on a dealing price to dealing price basis rose 0.05%. In comparison, the Morgan Stanley Capital International World Index generated a negative net return of 0.65%<sup>1</sup> in sterling terms.**

<sup>1</sup> Source: Thomson Financial Datastream.

Equity markets were volatile over the period, as investors swung between confidence in a global economic recovery and fears that we could be heading back into recession. These concerns were particularly acute in the third quarter due to deteriorating global economic indicators and the escalating European sovereign debt crisis.

The fund outperformed the index over the period, securing positive returns as the wider market declined. Strong stock selection drove the relative gains – particularly our holdings in the consumer discretionary, industrials and financials sectors. Regionally, stock selection in Japan made a significant contribution to performance.

Within defensive areas, we have a higher allocation to healthcare, spread broadly across health maintenance organisations, healthcare providers and pharmaceutical companies. Among materials stocks, we favour miners. We have moved from a broadly neutral to slightly overweight position in resources, favouring large cap integrated oil stocks. Elsewhere, we are overweight insurers and we are increasing our exposure to banks. We continue to reduce our technology overweight, as these stocks have performed relatively well.

The portfolio is structured to outperform across a broad range of market environments. Multiple investment strategies are spread across a large number of small stock positions to capture broad themes and limit stock specific risk, while top down risks (such as those arising from region and sector positions) are carefully managed.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.



**Fund Manager:**  
**Justin Abercrombie**

Based in London

Joined Schroders in 1996 and was a founding member of the QEP Global Equities team

Justin is the lead fund manager for all global equity strategies: Core, Value & Quality

His investment career began in 1992 at the Pareto Partners, developing currency, bond and equity strategies

He holds a Degree in Business Economics from the University of Reading and an MSc in Econometrics

# Net Asset Value and Comparative Tables

## Unit price range

Year to 31 December	I Income units		I Accumulation units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2006	149.70	131.30	174.20	152.90
2007	158.70	141.40	187.40	168.70
2008	153.60	101.80	184.50	125.50
2009	147.50	96.95	185.90	119.50
2010	167.90	139.40	215.70	175.70
2011 to 15 October	174.90	141.70	224.70	182.00

Year to 31 December	X Accumulation units		A Income units	
	Highest dealing p	Lowest dealing p	Highest dealing p	Lowest dealing p
2006	–	–	–	–
2007	52.81	47.49	–	–
2008	52.07	35.48	–	–
2009	52.68	33.80	–	–
2010	61.35	49.90	53.99	49.93
2011 to 15 October	63.99	51.86	56.23	45.55

Year to 31 December	A Accumulation units	
	Highest dealing p	Lowest dealing p
2006	–	–
2007	–	–
2008	–	–
2009	–	–
2010	53.99	49.93
2011 to 15 October	56.24	45.56

# Net Asset Value and Comparative Tables (continued)

## Net revenue

Year to 31 December	I Income units pence per unit	I Accumulation units pence per unit
2006	2.2750	2.6250
2007	2.6450	3.1550
2008	3.0881	3.7520
2009	2.9566	3.6601
2010	3.1847	4.0001
2011 to 15 October	3.6294	4.6594

Year to 31 December	X Accumulation units pence per unit	A Income units pence per unit
2006	–	–
2007	0.6187	–
2008	1.1860	–
2009	1.1485	–
2010	1.2993	Nil
2011 to 15 October	1.5152	1.0953

Year to 31 December	A Accumulation units pence per unit
2006	–
2007	–
2008	–
2009	–
2010	Nil
2011 to 15 October	1.0953

# Net Asset Value and Comparative Tables (continued)

Net asset value

As at 15 October	Net asset value £000's	Net asset value per unit p	Number of units in issue
<b>2009</b>			
I Income units	343,440	141.63	242,483,597
I Accumulation units	71,228	178.33	39,941,895
X Accumulation units	142,904	50.51	282,926,007
<b>2010</b>			
I Income units	301,148	154.18	195,325,844
I Accumulation units	75,275	198.08	38,001,321
X Accumulation units	149,038	56.28	264,831,383
<b>2011</b>			
I Income units	269,317	152.23	176,915,729
I Accumulation units	103,686	200.24	51,781,868
X Accumulation units	153,748	57.07	269,397,517
A Income units	38	49.01	78,336
A Accumulation units	181	50.11	360,292

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.



# Risk Profile

The fund invests in assets which are exposed to currencies other than sterling. Exchange rates may cause the value of overseas investments and the revenue from them to rise or fall.

The fund invests in less developed markets which are generally less well regulated than the UK. They may be less liquid and may have less reliable custody arrangements.

The fund invests in emerging markets and the Far East. This involves a high degree of risk and should be seen as long term in nature.

The fund invests in smaller companies which may be less liquid than larger companies and price swings may therefore be greater than in larger company funds.

The fund uses derivatives. This involves a higher degree of risk and may lead to a higher volatility in the unit prices of the fund.

The fund stock lends. There is a risk that the borrower might become insolvent or refuse to honour its obligations to return the securities causing a delay to the fund in recovering its securities and possibly incurring a loss.

For these reasons, the purchase of units should not normally be regarded as a short term investment.

# Statement of the Manager's Responsibilities

The Financial Services Authority's Collective Investment Schemes Sourcebook (COLL) requires the Manager to prepare accounts for each annual and half yearly accounting period, in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the financial position of the fund and of its net revenue and the net capital losses on the property of the fund for the year. In preparing the accounts the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the fund will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements.

The Manager is responsible for the management of the fund in accordance with its Trust Deed, the Prospectus and the COLL and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Manager's report and accounts for the year ended 15 October 2011 were signed on 2 December 2011 on behalf of the Manager by:

**C.E. Helmstetter**  
Directors

**J.M. Cardew**

# Report of the Trustee

## Statement of the Trustee's responsibilities in relation to the accounts of the Scheme

The Trustee is responsible for the safekeeping of all of the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed by the Authorised Fund Manager in accordance with the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL) and the Scheme's Trust Deed and Prospectus, as appropriate, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

## Trustee's Report for the accounting period from 16 October 2010 to 15 October 2011

Schroder QEP Global Core Fund ("the Scheme")

Having carried out such procedures as we consider necessary to discharge our responsibilities as trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Fund Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL as appropriate, and, where applicable, the Scheme's Trust Deed and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

## J.P. Morgan Trustee and Depositary Company Limited

Trustee

Bournemouth

7 November 2011

# Report of the Independent Auditors

## **Independent Auditors' report to the unitholders of Schroder QEP Global Core Fund ("the fund")**

We have audited the financial statements of Schroder QEP Global Core Fund for the year ended 15 October 2011 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

## **Respective responsibilities of Authorised Fund Manager and Auditors**

As explained more fully in the Authorised Fund Manager's Responsibilities Statement the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# Report of the Independent Auditors (continued)

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the fund at 15 October 2011 and of the net revenue and the net capital losses of the scheme property of the fund for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

## Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the fund have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

## PricewaterhouseCoopers LLP

Chartered Accountants & Statutory Auditors

Edinburgh

2 December 2011

- (a) The maintenance and integrity of the Schroders website is the responsibility of the Authorised Fund Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Portfolio Statement

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Africa</b>			
<b>South Africa 0.16%</b>			
(2010 – 0.12%)			
Bidvest Group	9,251	115	0.03
Gold Fields	10,808	104	0.02
Kumba Iron Ore	6,881	263	0.05
Mr Price Group	19,712	112	0.02
MTN Group	21,437	226	0.04
		<b>820</b>	<b>0.16</b>
<b>Asia</b>			
<b>China 0.24%</b>			
(2010 – 0.22%)			
China Shenhua Energy H	110,000	291	0.06
Dongfeng Motor Group H	290,000	284	0.05
Great Wall Motor	233,750	190	0.04
Yanzhou Coal Mining H	90,000	143	0.03
Zhaojin Mining Industry H	140,000	170	0.03
Zijin Mining Group H	732,000	179	0.03
		<b>1,257</b>	<b>0.24</b>
<b>Hong Kong 0.52%</b>			
(2010 – 0.61%)			
Cheung Kong	31,000	236	0.04
China Mobile	80,500	494	0.09
CNOOC	433,000	467	0.09
Dah Chong Hong Holdings	316,000	216	0.04
Fosun International	128,500	40	0.01
Guangdong Investment	810,000	313	0.06
Lenovo	466,000	199	0.04
New World Development	210,000	149	0.03
Swire Pacific A	77,500	571	0.11
Television Broadcasts	9,000	32	0.00
Wheelock	26,000	47	0.01
		<b>2,764</b>	<b>0.52</b>

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Indonesia 0.05%</b>			
(2010 – 0.11%)			
Indo Tambangray	26,500	79	0.02
Perusahaan Gas Negara	530,500	100	0.02
Telekomunikasi Indonesia B	145,000	74	0.01
		<b>253</b>	<b>0.05</b>
<b>Japan 9.22%</b>			
(2010 – 9.54%)			
77 Bank	41,000	103	0.02
Aichi Machine Industry	14,000	26	0.00
Ajinomoto	103,000	742	0.14
Alps Electric	35,200	177	0.03
Asahi Glass	139,000	830	0.16
Asahi Kasei	92,000	365	0.07
Avex Group Holdings	25,300	188	0.03
Bank of Kyoto	26,000	138	0.03
Bank of Yokohama	106,000	316	0.06
Belluna	7,700	41	0.01
Benesse Holdings	6,300	173	0.03
Bridgestone	40,900	587	0.11
Canon	20,500	577	0.11
Canon Electronics	3,600	61	0.01
Chiba Bank	134,000	545	0.10
Chugai Pharmaceutical	17,600	176	0.03
CMiC	13,000	139	0.03
Dai Nippon Printing	37,000	246	0.05
Daicel	45,000	160	0.03
Daishi Bank	19,000	39	0.01
Daiwa House Industry	73,000	592	0.11
Doshisha	1,900	31	0.01
Eagle Industry	8,000	57	0.01
Eisai	37,500	946	0.18
Exedy	10,900	254	0.05
F.C.C.	6,200	79	0.01
Fast Retailing	2,500	276	0.05
Ferrotec	23,200	214	0.04
Fuji Heavy Industries	107,000	407	0.08
Fuji Machine Manufacturing	6,400	71	0.01
Fuyo General Lease	3,100	69	0.01

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Japan (continued)</b>			
Gunma Bank	39,000	130	0.02
Hachijuni Bank	38,000	134	0.02
Heiwa	10,200	113	0.02
Heiwa Real Estate	26,000	35	0.01
Higo Bank	33,000	116	0.02
Hitachi Capital	19,900	148	0.03
Hitachi Chemical	24,500	267	0.05
Hokkoku Bank	15,000	35	0.01
Honda Motor	30,100	553	0.10
Hoya	43,400	638	0.12
Hyakugo Bank	11,000	28	0.01
Ibiden	36,700	545	0.10
IHI	169,000	247	0.05
Inpex	226	924	0.18
IT Holdings	14,600	99	0.02
ITO	11,100	124	0.02
Itochu	117,000	743	0.14
Japan Petroleum Exploration	4,900	119	0.02
Japan Retail Fund Investment	156	160	0.03
JGC	35,000	582	0.11
JX Holdings	84,000	313	0.06
Kadokawa Group Holdings	5,700	121	0.02
Kagoshima Bank	8,000	34	0.01
Kaken Pharmaceutical	69,000	541	0.10
Kandenko	17,000	47	0.01
Kayaba Industry	56,000	200	0.04
KDDI	286	1,366	0.26
Keiyo Bank	19,000	59	0.01
Kewpie	12,000	108	0.02
Kintetsu World Express	3,400	64	0.01
KS Holdings	14,200	343	0.07
Kyorin Holdings	19,000	225	0.04
Lawson	17,500	620	0.12
Lintec	12,000	150	0.03
Maeda Road Construction	6,000	40	0.01
Matsumotokiyoshi Holdings	6,500	79	0.01
Megmilk Snow Brand	5,900	72	0.01
Meitec	4,700	56	0.01
Mimasu Semiconductor Industry	4,100	22	0.00



# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Japan (continued)</b>			
Ministop	2,300	27	0.01
Mitsubishi	95,100	1,213	0.23
Mitsubishi Chemical Holdings	125,000	511	0.10
Mitsubishi Electric	151,000	871	0.17
Mitsubishi UFJ Financial Group	617,700	1,688	0.32
Mitsubishi UFJ Lease & Finance	6,630	163	0.03
Mitsui	124,000	1,137	0.22
Mitsui Engineering & Shipbuilding	140,000	141	0.03
Mitsui Mining & Smelting	117,000	195	0.04
Mizuho Financial Group	1,277,500	1,139	0.22
Moshi Moshi Hotline	7,600	48	0.01
Musashi Seimitsu Industries	3,800	55	0.01
NGK Spark Plug	40,000	339	0.06
NHK Spring	40,000	220	0.04
Nippo	10,000	58	0.01
Nippon Carbon	24,000	47	0.01
Nippon Coke and Engineering	60,000	53	0.01
Nippon Electric Glass	108,000	676	0.13
Nippon Light Metal	163,000	164	0.03
Nippon Telegraph & Telephone	29,900	937	0.18
Nishi-Nippon City Bank	58,000	100	0.02
Nitori Holdings	4,500	280	0.05
Nitto Denko	26,000	701	0.13
Nittoc Construction	142,000	115	0.02
Nomura Real Estate	30	111	0.02
NTT Data	202	425	0.08
NTT DoCoMo	931	1,060	0.20
Orix	13,100	701	0.13
Orix JREIT	40	111	0.02
Pacific Metals	78,000	283	0.05
Pola Orbis Holdings	4,300	76	0.01
Rengo	31,000	137	0.03
Resona	45,400	126	0.02
Riso Kagaku	3,600	39	0.01
Ryohin Keikaku	6,900	217	0.04
San-In Godo Bank	15,000	67	0.01
Santen Pharmaceutical	19,500	492	0.09
Sekisui Chemical	101,000	528	0.10
Shimachu	6,300	90	0.02

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Japan (continued)</b>			
Shimamura	5,800	377	0.07
Shinko Plantech	7,700	43	0.01
Shinsei Bank	300,000	218	0.04
Shizuoka Bank	32,000	201	0.04
Sky Perfect JSAT Holdings	327	106	0.02
SoftBank	62,600	1,267	0.24
Sony	54,100	678	0.13
Studio Alice	4,500	49	0.01
Sugi Holdings	13,400	229	0.04
Sumitomo	78,300	623	0.12
Sumitomo Chemical	54,000	131	0.02
Sumitomo Electric Industries	60,400	420	0.08
Sumitomo Metal Mining	65,000	545	0.10
Sumitomo Mitsui Financial Group	77,300	1,346	0.26
Sumitomo Mitsui Trust Holdings	307,000	661	0.13
Tachi-S	12,200	139	0.03
Taihei Kogyo	29,000	91	0.02
Takeda Pharmaceutical	49,600	1,455	0.28
Toagosei	118,000	363	0.07
Tocalo	3,800	46	0.01
Tokai Rika	9,600	103	0.02
Tokai Rubber Industries	28,800	239	0.05
Tokyo Gas	182,000	511	0.10
Tokyo Tatemono	60,000	121	0.02
Tokyu REIT	27	89	0.02
Tonen General Sekiyu	57,000	413	0.08
Toppan Forms	7,100	35	0.01
Toshiba TEC	35,000	83	0.02
Toyo Ink Manufacturing	29,000	73	0.01
Toyota Motor	65,500	1,367	0.26
TS Tech	17,500	164	0.03
Tsuruha Holding	3,600	118	0.02
Unipres	20,400	353	0.07
United Arrows	23,100	273	0.05
USS	1,440	76	0.01
Valor	25,400	254	0.05
Yahoo! Japan	724	150	0.03
Yamada Denki	12,030	516	0.10
Yamazen	6,600	30	0.01

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Japan (continued)</b>			
Yokohama Rubber	50,000	180	0.03
Yoruzu	16,400	244	0.05
Zappallas	46	30	0.01
		<b>48,576</b>	<b>9.22</b>
<b>Malaysia 0.05%</b>			
(2010 – 0.07%)			
Digi.Com	22,100	143	0.03
Malayan Banking	1	0	0.00
PLUS Expressways	138,500	122	0.02
		<b>265</b>	<b>0.05</b>
<b>Philippines 0.03%</b>			
(2010 – 0.03%)			
DMCI Holdings	199,800	110	0.02
Globe Telecom	4,790	64	0.01
		<b>174</b>	<b>0.03</b>
<b>Singapore 0.79%</b>			
(2010 – 0.84%)			
ComfortDelGro	148,000	100	0.02
Ho Bee Investment	204,000	133	0.02
Jardine Cycle & Carriage	25,000	522	0.10
Keppel	209,800	912	0.17
M1	22,000	27	0.01
Sakari Resources	169,000	202	0.04
SembCorp Industries	368,000	728	0.14
SembCorp Marine	98,000	189	0.03
Singapore Post	73,000	37	0.01
Singapore Telecommunications	631,000	997	0.19
StarHub	45,000	64	0.01
UOL Group	35,000	72	0.01
Yangzijiang Shipbuilding Holdings	404,000	191	0.04
		<b>4,174</b>	<b>0.79</b>
<b>South Korea 0.45%</b>			
(2010 – 0.20%)			
Daewoo Ship Building & Marine Engineering	16,980	241	0.05
Daou Technology	26,280	145	0.03

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>South Korea (continued)</b>			
Halla Climate Control	8,320	103	0.02
Hyundai Heavy Industries	2,633	433	0.08
Hyundai Mobis	1,179	218	0.04
Hyundai Motor	3,899	454	0.09
Kia Motors	6,608	254	0.05
KT&G	5,570	230	0.04
Samsung Heavy Industries	18,100	293	0.05
		<b>2,371</b>	<b>0.45</b>
<b>Taiwan 0.33%</b>			
(2010 – 0.31%)			
Apex Biotechnology	70,000	88	0.02
Chinese Gamer International	25,000	41	0.01
Coretronic	223,000	107	0.02
CTCI	52,000	41	0.01
Dynapack International Technology	25,000	62	0.01
Formosa Chemical & Fibre	100,000	180	0.03
HTC	23,100	355	0.07
Macronix International	261,313	62	0.01
Powertech Technology	136,400	195	0.04
Silitech Technology	36,360	59	0.01
Taiwan Prosperity Chemical	59,000	109	0.02
TSRC	96,000	149	0.03
Wistron	364,330	283	0.05
		<b>1,731</b>	<b>0.33</b>
<b>Thailand 0.17%</b>			
(2010 – 0.14%)			
Advanced Information Services <sup>1</sup>	122,100	315	0.06
Bangkok Dusit Medical Services <sup>1</sup>	35,200	47	0.01
BEC World <sup>1</sup>	122,100	97	0.02
CP All <sup>1</sup>	111,600	111	0.02
Delta Electronics <sup>1</sup>	143,900	56	0.01
PTT Exploration & Production <sup>1</sup>	92,700	286	0.05
		<b>912</b>	<b>0.17</b>

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Australasia</b>			
<b>Australia 3.33%</b>			
(2010 – 3.48%)			
Adelaide Brighton	68,551	129	0.02
ARB	6,583	35	0.01
Ardent Leisure	68,538	50	0.01
Australia & New Zealand Banking Group	71,389	979	0.19
Beach Energy	205,027	149	0.03
BHP Billiton	123,519	2,973	0.56
Campbell Brothers	2,757	79	0.02
CFS Retail Property Trust	213,898	253	0.05
Coal & Allied Industries	613	49	0.01
Cochlear	5,226	183	0.03
Commonwealth Bank of Australia	30,805	956	0.18
CSL	38,541	755	0.14
Energy Resources of Australia	68,509	147	0.03
Fleetwood	18,460	140	0.03
Grange Resources	202,869	59	0.01
IRESS Market Technology	35,964	161	0.03
Kingsgate Consolidated	33,742	166	0.03
Linc Energy	84,719	114	0.02
Macquarie Group	32,882	520	0.10
Medusa Mining	35,183	163	0.03
Monadelphous Group	13,264	164	0.03
Mount Gibson Iron	269,803	271	0.05
National Australia Bank	94,020	1,490	0.28
Navitas	16,111	41	0.01
Newcrest Mining	35,789	853	0.16
OZ Minerals	62,004	443	0.08
Platinum Asset Management	21,931	54	0.01
Ramelius Resources	24,989	21	0.00
Ramsay Health Care	13,316	161	0.03
Rio Tinto	5,392	240	0.05
Sonic Healthcare	53,497	402	0.08
Stockland Trust Group	94,595	187	0.04
Telstra	525,853	1,054	0.20
Westfield Group	107,940	539	0.10
Westpac Banking	125,018	1,764	0.34
Woodside Petroleum	9,328	213	0.04
Woolworths	71,212	1,139	0.22

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Australia (continued)</b>			
WorleyParsons	21,734	384	0.07
Wotif.com Holdings	23,096	57	0.01
		<b>17,537</b>	<b>3.33</b>
<b>New Zealand 0.00%</b>			
(2010 – 0.02%)			
Sky City Entertainment Group	1,210	2	0.00
		<b>2</b>	<b>0.00</b>
<b>Europe</b>			
<b>Austria 0.15%</b>			
(2010 – 0.21%)			
Erste Group Bank	10,222	147	0.03
Oesterreichische Post	2,877	55	0.01
OMV	19,981	436	0.08
Semperit Holding	1,826	48	0.01
Voestalpine	5,899	123	0.02
		<b>809</b>	<b>0.15</b>
<b>Belgium 0.31%</b>			
(2010 – 0.96%)			
Ageas	261,859	322	0.06
Befimmo	592	30	0.01
Bekaert	4,326	123	0.02
KBC Groupe	17,634	269	0.05
Mobistar	23,394	870	0.16
SIPEF	556	27	0.01
		<b>1,641</b>	<b>0.31</b>
<b>Cyprus 0.03%</b>			
(2010 – 0.00%)			
Prosafe	30,299	137	0.03
		<b>137</b>	<b>0.03</b>
<b>Czech Republic 0.05%</b>			
(2010 – 0.07%)			
Telefonica O2 Czech Republic	17,208	239	0.05
		<b>239</b>	<b>0.05</b>

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Denmark 0.50%</b>			
(2010 – 0.31%)			
AP Moller – Maersk B	75	317	0.06
Danske Bank	38,027	334	0.06
DS Norden	3,141	59	0.01
Lundbeck H	68,920	886	0.17
Novo Nordisk B	16,482	1,037	0.20
		<b>2,633</b>	<b>0.50</b>
<b>Finland 0.74%</b>			
(2010 – 0.90%)			
Kone B	11,461	394	0.08
Nokia	208,943	832	0.16
Orion B	59,358	808	0.15
Pohjola Bank A	15,378	114	0.02
Sampo	36,038	647	0.12
Stora Enso R	118,545	488	0.09
UPM-Kymmene	20,952	162	0.03
Wartsila	25,254	461	0.09
		<b>3,906</b>	<b>0.74</b>
<b>France 2.67%</b>			
(2010 – 3.67%)			
Air Liquide	3,978	323	0.06
Arkema	5,046	219	0.04
AXA	92,609	888	0.17
BIC	6,924	410	0.08
BNP Paribas	44,928	1,271	0.24
Christian Dior	7,286	612	0.12
CNP Assurances	45,252	436	0.08
Credit Agricole	57,440	262	0.05
Euler Hermes	1,270	51	0.01
Fonciere des Regions	4,420	208	0.04
GDF Suez	7,720	160	0.03
Imerys	3,185	112	0.02
LVMH	1,962	197	0.04
M6-Metropole Television	24,440	264	0.05
Natixis	137,518	270	0.05
Netgem	9,447	23	0.00
Sanofi-Aventis	48,272	2,155	0.41

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>France (continued)</b>			
Schneider Electric	1,712	69	0.01
SCOR	28,794	439	0.08
Societe Generale	34,944	638	0.12
TOTAL	87,283	2,846	0.54
Valeo	7,868	248	0.05
Vinci	25,320	790	0.15
Vivendi	83,016	1,205	0.23
		<b>14,096</b>	<b>2.67</b>
<b>Germany 3.15%</b>			
(2010 – 3.79%)			
Aixtron	9,237	90	0.02
Allianz	21,579	1,463	0.28
Aurubis	12,672	464	0.09
BASF	51,576	2,323	0.44
Bayer	12,763	503	0.09
BMW	24,828	1,228	0.23
Centrotherm Photovoltaics	3,522	46	0.01
Commerzbank	168,094	246	0.05
Daimler	18,768	622	0.12
Deutsche Bank	40,405	964	0.18
Fresenius Medical Care	12,605	565	0.11
Fuchs Petrolub Non-Voting Preference	16,290	479	0.09
Gerry Weber International	14,195	262	0.05
Hannover Rueckversicherungs	5,864	188	0.03
Hugo Boss Preference	2,647	158	0.03
K&S	15,658	604	0.11
Lanxess	8,297	300	0.06
Munchener Rueckversicherungs- Gesellschaft	1,649	141	0.03
ProSiebenSat.1 Media	23,485	302	0.06
RWE A	21,593	574	0.11
SAP	40,552	1,476	0.28
Siemens	31,781	2,086	0.40
SMA Solar Technology	1,228	43	0.01
Volkswagen Non-Voting Preference	8,017	801	0.15
Wacker Chemie	9,868	653	0.12
		<b>16,581</b>	<b>3.15</b>



# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Greece 0.09%</b>			
(2010 – 0.08%)			
OPAP	70,965	468	0.09
		<b>468</b>	<b>0.09</b>
<b>Guernsey 0.08%</b>			
(2010 – 0.06%)			
Highland Gold Mining	24,187	44	0.01
Resolution	130,300	356	0.07
		<b>400</b>	<b>0.08</b>
<b>Ireland 0.29%</b>			
(2010 – 0.47%)			
Accenture A	38,100	1,409	0.27
Paddy Power	3,519	120	0.02
		<b>1,529</b>	<b>0.29</b>
<b>Italy 1.34%</b>			
(2010 – 1.35%)			
Banca Monte dei Paschi di Siena	435,408	156	0.03
Banca Popolare di Milano	86,408	134	0.02
Banco Popolare Societa Cooperative	29,678	32	0.01
Beni Stabili	26,520	11	0.00
Enel	351,341	1,093	0.21
ENI	124,947	1,703	0.32
Exor	9,002	126	0.02
Hera	66,157	69	0.01
Intesa Sanpaolo	569,720	645	0.12
Mediaset	182,635	415	0.08
Recordati	110,241	619	0.12
Saipem	22,977	580	0.11
Snam Rete Gas	92,484	296	0.06
Terna Rete Elettrica Nazionale	144,982	363	0.07
Tod's	3,175	192	0.04
UniCredit	672,019	557	0.10
Unione di Banche Italiane	34,077	93	0.02
		<b>7,084</b>	<b>1.34</b>

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Jersey 0.11%</b>			
(2010 – 0.00%)			
Beazley Group	40,188	48	0.01
Shire	26,315	543	0.10
		<b>591</b>	<b>0.11</b>
<b>Luxembourg 0.06%</b>			
(2010 – 0.00%)			
SES FDR A	19,898	319	0.06
		<b>319</b>	<b>0.06</b>
<b>Netherlands 0.99%</b>			
(2010 – 0.81%)			
Aegon	120,764	370	0.07
BE Semiconductor	7,895	33	0.01
Corio	4,257	138	0.03
Eurocommercial Properties	2,132	59	0.01
Fugro	7,745	288	0.06
ING Groep	182,807	966	0.18
Koninklijke Boskalis Westminster Groep	17,789	399	0.08
Koninklijke DSM	17,991	590	0.11
SBM Offshore	16,005	215	0.04
Sligro Food Group	5,190	109	0.02
SNS Reaal Groep	70,227	125	0.02
Unilever	83,155	1,796	0.34
Vistaprint	6,300	115	0.02
		<b>5,203</b>	<b>0.99</b>
<b>Norway 0.90%</b>			
(2010 – 0.66%)			
Aker Solutions	73,235	486	0.09
Cermaq	11,563	85	0.02
DnB NOR	58,768	424	0.08
Fred Olsen Energy	14,734	305	0.06
Kvaerner ASA <sup>2</sup>	73,235	67	0.01
Marine Harvest	840,776	221	0.04
Statoil	67,350	1,052	0.20
Storebrand A	41,569	163	0.03
Telenor	70,428	742	0.14

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Norway (continued)</b>			
TGS Nopec Geophysical	34,500	495	0.10
Yara International	24,688	701	0.13
		<b>4,741</b>	<b>0.90</b>
<b>Poland 0.07%</b>			
(2010 – 0.13%)			
KGHM Polska Miedz	13,216	394	0.07
		<b>394</b>	<b>0.07</b>
<b>Portugal 0.15%</b>			
(2010 – 0.31%)			
Banco Comercial Portugues	251,111	37	0.01
Banco Espirito Santo	152,086	251	0.05
Jeronimo Martins	18,588	209	0.04
Portugal Telecom	61,567	286	0.05
		<b>783</b>	<b>0.15</b>
<b>Russia 0.00%</b>			
(2010 – 0.06%)			
<b>Spain 1.54%</b>			
(2010 – 1.98%)			
Almirall	38,271	171	0.03
Banco Bilbao Vizcaya Argentaria	207,224	1,174	0.22
Banco Espanol de Credito	8,736	35	0.01
Banco Popular Espanol	61,488	190	0.04
Banco Santander	344,616	1,884	0.36
Caixabank	98,274	296	0.06
Enagas	32,938	418	0.08
Ferrovial	28,223	232	0.05
Grifols B Non-Voting	11,673	48	0.01
Mapfre	151,888	336	0.06
Red Electrica	17,711	550	0.10
Repsol	54,021	1,047	0.20
Tecnicas Reunidas	6,147	145	0.03
Telefonica	103,734	1,390	0.26
Viscofan Envolturas Cululosicas	6,773	167	0.03
Vueling Airlines	4,097	19	0.00
		<b>8,102</b>	<b>1.54</b>

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Sweden 1.05%</b>			
(2010 – 1.46%)			
Alliance Oil SDR	22,727	185	0.03
Atlas Copco	51,957	657	0.12
Axfood	20,832	461	0.09
Billerud	18,399	88	0.02
Boliden	56,879	465	0.09
Getinge B	27,697	433	0.08
Hennes & Mauritz	9,666	194	0.04
Hexpol B	2,629	35	0.01
Hoganas B	2,444	45	0.01
Intrum Justitia	13,920	120	0.02
Kinnevik Investment	19,824	253	0.05
Lundin Petroleum	9,123	119	0.02
Meda A	29,908	187	0.03
Nordea Bank	126,400	704	0.13
Svenska Handelsbanken	30,402	521	0.10
Tele2 B	78,173	981	0.19
Telefonaktiebolaget LM Ericsson B	14,017	96	0.02
		<b>5,544</b>	<b>1.05</b>
<b>Switzerland 3.74%</b>			
(2010 – 3.52%)			
ABB	51,844	637	0.12
ACE	31,400	1,236	0.23
Allied World Assurance Holdings	10,100	350	0.07
Aryzta	16,756	479	0.09
Baloise Holding	5,882	293	0.05
Credit Suisse	58,951	1,042	0.20
EMS-Chemie Holding	1,805	206	0.04
Garmin	28,200	605	0.11
Helvetia Holding	946	199	0.04
Lindt & Spruengli	8	183	0.03
Nestle	115,443	4,255	0.81
Noble	21,900	430	0.08
Novartis	97,724	3,612	0.69
Pargesa Holdings	1,709	82	0.02
Roche Holdings Genusscheine	33,039	3,338	0.63
Sika Finanz	107	132	0.02
Syngenta	5,742	1,090	0.21

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Switzerland (continued)</b>			
UBS	102,193	782	0.15
Zurich Financial Services	5,400	769	0.15
		<b>19,720</b>	<b>3.74</b>
<b>Turkey 0.03%</b>			
(2010 – 0.15%)			
Koza Anadolu Metal Madencilik Isletmeleri	22,203	32	0.01
Tofas Turk Otomobil Fabrikasi	63,311	151	0.02
		<b>183</b>	<b>0.03</b>
<b>United Kingdom 11.31%</b>			
(2010 – 10.49%)			
Aberdeen Asset Management	235,347	447	0.09
Afren	194,384	176	0.03
African Barrick Gold	88,447	482	0.09
AMEC	20,949	180	0.03
Anglo American	65,343	1,542	0.29
Antofagasta	37,703	421	0.08
ARM Holdings	40,698	242	0.05
Ashmore Group	104,536	343	0.07
AstraZeneca	78,001	2,342	0.44
Aviva	129,251	438	0.08
Barclays	675,522	1,189	0.23
BG Group	140,678	1,889	0.36
BHP Billiton	111,031	2,160	0.41
BP	499,374	2,079	0.39
Brewin Dolphin Holdings	20,042	24	0.00
British American Tobacco	88,546	2,483	0.47
British Sky Broadcasting Group	102,515	693	0.13
Bunzl	32,430	256	0.05
Cairn Energy	164,888	492	0.09
Centrica	328,964	1,018	0.19
Compass Group	168,487	932	0.18
Diageo	35,275	456	0.09
Drax Group	61,509	289	0.05
Electrocomponents	140,585	298	0.06
Elementis	64,032	86	0.02
Enquest	35,953	37	0.01
Ensco	11,000	316	0.06

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>United Kingdom (continued)</b>			
Eurasian Natural Resources	38,263	253	0.05
Ferrexpo	115,856	393	0.07
Filtrona	27,394	96	0.02
Fresnillo	13,824	229	0.04
GKN	227,103	448	0.09
GlaxoSmithKline	214,356	2,952	0.56
Greggs	6,890	35	0.01
Gulfsands Petroleum	17,735	35	0.01
Halfords Group	25,556	84	0.02
Halma	47,159	163	0.03
Hochschild Mining	13,379	64	0.01
Home Retail Group	137,864	171	0.03
HSBC Holdings	762,616	4,004	0.76
IMI	71,474	579	0.11
Imperial Tobacco Group	59,716	1,319	0.25
Investec	88,031	324	0.06
JKX Oil & Gas	76,999	128	0.02
Johnson Matthey	16,379	291	0.06
Kazakhmys	45,133	406	0.08
Kesa Electricals	78,696	75	0.01
Legal & General Group	725,246	762	0.14
Lloyds Banking Group	1,746,584	581	0.11
Marks & Spencer Group	146,677	487	0.09
Morgan Crucible	34,012	90	0.02
Morrison (Wm.) Supermarkets	254,553	776	0.15
Next	23,482	613	0.12
Pace	34,624	32	0.01
Paragon Group of Companies	101,497	159	0.03
Petrofac	37,550	510	0.10
Petropavlovsk	18,721	127	0.02
Premier Oil	52,524	196	0.04
Prudential	143,531	907	0.17
Reckitt Benckiser	42,112	1,411	0.27
Rio Tinto	43,846	1,467	0.28
Royal Bank of Scotland Group	979,544	237	0.04
Royal Dutch Shell A	186,707	4,077	0.77
Royal Dutch Shell B	120,597	2,681	0.51
RSA Insurance Group	328,870	377	0.07
Scottish & Southern Energy	90,212	1,219	0.23

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>United Kingdom (continued)</b>			
Senior	19,664	31	0.01
Smith & Nephew	98,993	580	0.11
Smith (DS)	45,065	88	0.02
Spectris	35,216	417	0.08
Standard Chartered	66,746	947	0.18
Tesco	391,978	1,603	0.30
Unilever	37,987	801	0.15
Vedanta Resources	23,918	290	0.06
Vodafone Group	2,037,490	3,535	0.67
WH Smith	15,799	87	0.02
Wood Group (John)	19,366	113	0.02
Xstrata	104,561	1,018	0.19
		<b>59,578</b>	<b>11.31</b>
<b>Middle East</b>			
<b>Israel 0.32%</b>			
(2010 – 0.32%)			
Bank Hapoalim	217,672	484	0.09
Bank Leumi Le-Israel B.M.	202,522	404	0.08
Bezeq-Israeli Telecommunication	166,288	210	0.04
Check Point Software Technologies	2,959	109	0.02
ICL-Israel Chemicals	65,636	456	0.09
		<b>1,663</b>	<b>0.32</b>
<b>North America</b>			
<b>Canada 4.32%</b>			
(2010 – 4.67%)			
AG Growth International	2,300	50	0.01
AGF Management B	15,000	134	0.03
Agrium	12,000	570	0.11
Alimentation Couche Tard B	30,400	575	0.11
Atco Non-Voting	1,900	73	0.01
Bank of Montreal	31,900	1,163	0.22
Bank of Nova Scotia	16,200	524	0.10
Barrick Gold	15,300	465	0.09
Baytex Energy	12,000	374	0.07
CAE	21,700	132	0.02
Cameco	18,500	244	0.05
Canaccord Financial	4,000	22	0.00

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Canada (continued)</b>			
Canadian National Railway	21,746	999	0.19
Canadian Natural Resources	29,900	612	0.12
Canadian Oil Sands	64,600	905	0.17
Canadian Western Bank	5,700	94	0.02
Centerra Gold	23,900	296	0.06
CGI Group A Sub-Voting	56,400	698	0.13
CI Financials	13,000	162	0.03
Crescent Point Energy	12,100	323	0.06
Davis Henderson	2,600	27	0.00
Daylight Energy	33,900	206	0.04
Empire A Non-Voting	3,100	113	0.02
EnCana	12,300	161	0.03
Genworth MI Canada	2,900	39	0.01
Gildan Activewear	16,100	275	0.05
Great-West Lifeco	33,000	455	0.09
IGM Financial	22,839	616	0.12
Industrial Alliance Insurance and Financial Services	22,800	458	0.09
Manulife Financial	136,100	1,093	0.21
Metro A	20,100	582	0.11
National Bank of Canada	11,900	517	0.10
Open Text A Sub-Voting	5,800	198	0.04
Pembina Pipeline	17,200	275	0.05
Petrominerals	25,300	403	0.08
Potash Corp of Saskatchewan	40,700	1,274	0.24
Power Corporation of Canada Sub-Voting	31,727	485	0.09
Power Financial	24,700	415	0.08
Research in Motion	52,300	780	0.15
Rogers Communications B	49,300	1,115	0.21
Royal Bank of Canada	27,100	806	0.15
Saputo	8,100	209	0.04
Shaw Communications B	34,900	460	0.09
Sheritt International	63,300	191	0.04
Shoppers Drug Mart	17,200	443	0.08
Silver Wheatron	8,000	162	0.03
Stantec	3,800	55	0.01
Sun Life Financial	8,800	145	0.03
Suncor Energy	19,400	369	0.07
Tim Hortons	7,900	243	0.04



# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Canada (continued)</b>			
TMX Group	15,100	397	0.07
Toronto-Dominion Bank	15,200	710	0.13
Vermilion Energy	6,800	193	0.03
Yamana Gold	31,800	303	0.06
Yamana Gold (US listing)	15,791	150	0.04
		<b>22,738</b>	<b>4.32</b>
<b>Mexico 0.07%</b>			
(2010 – 0.01%)			
Alfa A	33,200	246	0.05
Industrias Penoles	4,150	115	0.02
		<b>361</b>	<b>0.07</b>
<b>United States 50.06%</b>			
(2010 – 47.33%)			
3M	35,641	1,764	0.33
Abbott Laboratories	80,000	2,659	0.50
Advance America	8,800	45	0.01
Advance Auto Parts	13,800	526	0.10
Advanced Battery Technologies	35,900	23	0.00
Aeropostale	20,800	172	0.03
Aetna	21,900	520	0.10
Aflac	43,600	1,116	0.21
Agree Realty	2,200	31	0.01
Alaska Air Group	11,100	445	0.08
Alliance Resource Partners	11,600	521	0.10
Allstate	29,799	463	0.09
Altera	19,684	439	0.08
Altria Group	15,044	263	0.05
Amazon.com	7,000	1,075	0.20
American Capital Agency	5,300	92	0.02
American Electric Power	23,900	586	0.11
American Express	41,800	1,204	0.23
American Financial Group	22,100	454	0.09
American International Group Warrants	765	3	0.00
America's Car Mart	5,400	104	0.02
Ameriprise Financial	13,000	347	0.07
AmerisourceBergen	39,300	952	0.18
Amgen	38,276	1,385	0.26

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>United States (continued)</b>			
Amphenol A	6,900	191	0.04
Amsurg	4,100	63	0.01
AmTrust Financial Services	8,000	118	0.02
Anadarko Petroleum	10,126	443	0.08
Analog Devices	24,000	538	0.10
Annaly Capital Management A	52,200	529	0.10
Apache	27,900	1,585	0.30
Apollo Commercial Real Estate	3,200	27	0.00
Apollo Group A	23,400	641	0.12
Apple	35,218	9,296	1.76
Applied Materials	57,700	418	0.08
Arbor Realty Trust	19,200	40	0.01
Arch Coal	28,400	308	0.06
Archer-Daniels-Midland	14,100	246	0.05
Arlington Asset Investment A	2,100	33	0.01
Armour Residential REIT	43,834	188	0.04
Ascena Retail Group	18,000	325	0.06
Asiainfo-Linkage	39,000	239	0.05
Assurant	16,300	377	0.07
AT&T	256,294	4,737	0.90
Autoliv	8,100	288	0.05
Aveo Pharmaceuticals	7,400	79	0.01
Ball	15,900	339	0.06
Bank of America	411,460	1,602	0.30
Bank of New York Mellon	17,700	211	0.04
Baxter International	36,000	1,267	0.24
Becton Dickinson	26,200	1,221	0.23
Bed Bath & Beyond	12,800	486	0.09
Bemis	10,200	199	0.04
Berkshire Hathaway B	15,840	744	0.14
Best Buy	38,300	618	0.12
BGC Partners A	53,200	229	0.04
Big Lots	20,300	442	0.08
Bio Rad Laboratories A	1,400	84	0.02
Biogen Idec	11,100	714	0.14
BMC Software	18,000	437	0.08
Boeing	12,800	517	0.10
Boston Beer A	2,700	145	0.03
Bridgepoint Education	2,200	28	0.01

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>United States (continued)</b>			
Brinker International	22,300	312	0.06
Bristol-Myers Squibb	83,700	1,732	0.33
Broadridge Financial Solutions	28,875	392	0.07
Brown-Forman	5,500	256	0.05
Buckle	9,300	239	0.05
CA	46,500	635	0.12
Calamos Asset Management A	6,100	44	0.01
Capital One Financial	37,800	997	0.19
Capstead Mortgage	19,500	142	0.03
Career Education	38,500	378	0.07
Caterpillar	27,016	1,420	0.27
Cato A	15,200	232	0.04
Cec Entertainment	11,800	229	0.04
Celgene	2,600	109	0.02
Centene (Del)	25,900	467	0.09
CF Industries Holdings	7,200	673	0.13
Chemed	10,000	337	0.06
Chesapeake Energy	60,300	1,046	0.20
Chevron	83,337	5,255	1.00
Chubb	22,004	864	0.16
Cigna	40,100	1,128	0.21
Cimarex Energy	5,800	216	0.04
Cinemark Holdings	23,600	298	0.06
Cisco Systems	198,593	2,186	0.41
Citigroup	142,039	2,473	0.47
Cliffs Natural Resources	7,600	309	0.06
Clorox	9,500	407	0.08
Cloud Peak Energy	27,100	344	0.07
CNO Financial Group	83,500	296	0.06
Coach	13,700	531	0.10
Coca-Cola	87,015	3,718	0.71
Cognizant Technology Solutions	13,200	600	0.11
Coinstar	7,700	262	0.05
Colgate-Palmolive	23,200	1,350	0.26
Comcast	15,600	234	0.04
ConocoPhillips	66,189	2,854	0.54
Consolidated Edison	24,100	876	0.17
Corn Products International	16,700	465	0.09
Corning	40,500	348	0.07

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>United States (continued)</b>			
Costco Wholesale	18,900	972	0.18
Covance	3,400	103	0.02
CR Bard	8,000	437	0.08
CSX	74,400	985	0.19
CTC Media	32,300	239	0.05
Cummins	10,800	658	0.12
CVS Caremark	60,300	1,336	0.25
Darden Restaurants	22,064	641	0.12
DaVita	19,100	760	0.14
Deere	23,514	1,045	0.20
Dell	117,990	1,225	0.23
Deluxe	22,800	323	0.06
Devon Energy	32,800	1,251	0.24
Devry	21,700	594	0.11
Diamond Offshore Drilling	19,200	724	0.14
Dollar Tree	6,600	332	0.06
Domtar	3,900	184	0.03
Dover	19,400	654	0.12
E.I. du Pont de Nemours	6,000	169	0.03
Eastman Chemical	11,000	262	0.05
eBay	29,800	628	0.12
EMC	17,800	262	0.05
Emerson Electric	44,600	1,327	0.25
Energen	19,900	588	0.11
Energizer	7,600	352	0.07
Entegris	44,200	223	0.04
Entergy	4,300	181	0.03
Entertainment Properties Trust	6,700	162	0.03
Equifax	17,900	383	0.07
Exelon	52,400	1,434	0.27
Express Scripts	21,000	537	0.10
Exxon Mobil	197,940	9,728	1.85
Ezcorp Non Voting A	16,500	296	0.06
Fastenal	15,100	316	0.06
FBL Financial Group	3,000	57	0.01
Federated Investors B	29,700	337	0.06
Fifth Third Bancorp	141,200	1,000	0.19
Flowers Foods	21,000	263	0.05
Forest Laboratories	44,200	908	0.17

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>United States (continued)</b>			
Fossil	2,200	130	0.02
Franklin Resources	8,200	519	0.10
Freeport-McMoRan Copper & Gold	39,590	908	0.17
Fresh Del Monte Produce	6,400	102	0.02
Furiex Pharmaceuticals	1,341	11	0.00
General Dynamics	27,800	1,090	0.21
General Electric	318,829	3,328	0.63
General Mills	40,820	1,017	0.19
G-III Apparel Group	12,800	222	0.04
Gilead Sciences	45,138	1,154	0.22
Glacier Bancorp	16,900	115	0.02
Global Payments	8,800	245	0.05
Goldman Sachs Group	28,553	1,713	0.33
Goodrich	5,900	452	0.09
Google	8,270	3,079	0.58
Gramercy Capital	17,800	35	0.01
Guess	20,000	398	0.08
Halliburton	15,000	346	0.07
Harris	29,400	675	0.13
Hartford Financial Services Group	33,000	377	0.07
Healthspring	13,800	355	0.07
Hecla Mining	34,200	126	0.02
Henry Schein	6,100	247	0.05
Hess	22,100	796	0.15
Hewlett-Packard	119,501	1,966	0.37
Hillenbrand	19,700	250	0.05
HJ Heinz	27,300	902	0.17
Home Depot	19,417	427	0.08
Honeywell International	22,700	702	0.13
Horace Mann Educators	8,800	66	0.01
Hormel Foods	23,100	420	0.08
Hornbeck Offshore Services	14,100	268	0.05
Hubbell B	7,900	275	0.05
Humana	8,500	401	0.08
Huntington Bancshares	128,800	422	0.08
Huntington Ingalls Industries	3,083	51	0.01
Illinois Tool Works	26,200	769	0.15
Integrated Silicon Solutions	17,300	92	0.02
Intel	233,918	3,457	0.66

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>United States (continued)</b>			
International Business Machines	49,645	5,949	1.13
Intersections	3,400	34	0.01
ITT Educational Services	9,000	364	0.07
Ixys	6,300	52	0.01
J&J Snack Foods	3,700	116	0.02
J.B. Hunt Transport Services	8,500	225	0.04
J.M. Smucker	12,300	585	0.11
J2 Global Communications	18,600	348	0.07
James River Coal Terminal	37,200	206	0.04
John Bean Technologies	7,800	74	0.01
John Wiley & Sons A	5,300	165	0.03
Johnson & Johnson	121,904	4,968	0.94
Jos A Bank Clothiers	5,850	185	0.04
Joy Global	5,800	285	0.05
JP Morgan Chase <sup>3</sup>	171,126	3,410	0.65
Kellogg	8,700	301	0.06
Keycorp	145,700	590	0.11
Kimberly-Clark	23,900	1,083	0.21
KLA-Tencor	12,400	340	0.06
Kraft Foods A	33,700	745	0.14
Kroger	56,100	794	0.15
Kulicke & Soffa Industries	45,500	256	0.05
L-3 Communications Holdings	4,400	192	0.04
Laboratory Corporation of America Holdings	10,500	530	0.10
Lam Research	22,800	622	0.12
Lender Processing Services	28,100	266	0.05
Lexmark International A	19,500	366	0.07
LHC Group	12,400	138	0.03
Life Partners	7,100	28	0.00
Life Technologies	6,200	148	0.03
Lifepoint Hospitals	9,500	226	0.04
Lilly (Eli)	73,217	1,771	0.34
Limited Brands	21,600	574	0.11
Lincoln Educational Services	22,800	127	0.02
Lincoln National Corporation	58,700	663	0.13
Linear Technology	14,000	274	0.05
Littelfuse	8,300	242	0.05
Lockheed Martin	20,674	994	0.19
Lorillard	15,800	1,171	0.22

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>United States (continued)</b>			
Mastec	25,700	327	0.06
MasterCard	700	150	0.03
Mattel	44,200	766	0.15
Maxim Integrated Products	18,800	300	0.06
Maximus	9,800	235	0.04
McCormick	14,800	444	0.08
McDonald's	44,700	2,524	0.48
McGraw-Hill	26,238	738	0.14
Meadowbrook Insurance Group	8,400	50	0.01
Medtronic	64,963	1,348	0.26
Merck	89,832	1,871	0.36
MetLife	67,000	1,334	0.25
Metropcs Communications	45,300	259	0.05
Mettler Toledo	1,100	99	0.02
Microsoft	320,982	5,514	1.05
MKS Instruments	17,100	261	0.05
Monsanto	6,200	289	0.05
Morgan Stanley	73,200	690	0.13
Murphy Oil	29,400	961	0.18
Nanometrics	20,100	220	0.04
National Oilwell Varco	3,900	160	0.03
Natural Resource Partners	18,100	334	0.06
Newfield Exploration	6,000	156	0.03
Newmont Mining	27,200	1,135	0.22
Nike B	15,708	917	0.17
Nordstrom	16,100	505	0.10
Norfolk Southern	26,800	1,144	0.22
Nu Skin Enterprises A	7,900	222	0.04
Occidental Petroleum	43,548	2,324	0.44
Oracle	162,294	3,235	0.61
Pall	7,500	230	0.04
Parexel International	8,200	108	0.02
Park National	900	31	0.01
Parker-Hannifin	12,300	564	0.11
Patterson	24,600	453	0.09
Penn Virginia Resource Partners	6,800	110	0.02
PepsiCo	69,277	2,719	0.52
Perrigo	1,123	70	0.01
PetSmart	15,900	456	0.09

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>United States (continued)</b>			
Pfizer	225,737	2,702	0.51
PG&E	16,500	444	0.08
Philip Morris International	68,544	2,913	0.55
Plains All American Pipeline	5,400	209	0.04
PNC Financial Services Group	32,800	1,056	0.20
Polaris Industries	4,200	156	0.03
Polo Resources	778,320	29	0.01
Portfolio Recovery Associates	2,300	95	0.02
Portland General Electric	16,600	254	0.05
Power-One	51,400	172	0.03
PPG Industries	9,500	474	0.09
Precision Castparts	6,800	704	0.13
Price T Rowe Group	17,000	568	0.11
Primoris Services	5,200	40	0.01
Principal Financial Group	51,400	803	0.15
Procter & Gamble	112,890	4,620	0.88
Protective Life	18,000	193	0.04
Prudential Financial	33,000	1,051	0.20
PSS World Medical	14,600	194	0.04
Public Storage	3,400	246	0.05
QUALCOMM	41,396	1,413	0.27
Quest Diagnostics	18,900	578	0.11
Ralph Lauren	3,500	326	0.06
Rayonier	19,500	485	0.09
Raytheon	29,300	792	0.15
Rent-A-Center	19,700	383	0.07
Ross Stores	8,000	428	0.08
RPC	25,700	314	0.06
Ruddick	6,700	177	0.03
SAIC	74,500	595	0.11
Sandisk	24,000	702	0.13
Seaboard	30	37	0.01
Seacor Holdings	5,100	287	0.05
Simon Property Group	12,500	909	0.17
Southern	42,800	1,160	0.22
Southern Copper	6,400	113	0.02
Spartan Stores	15,800	164	0.03
Spectrum Pharmaceuticals	15,300	86	0.02
St Jude Medical	27,900	679	0.13



# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>United States (continued)</b>			
StanCorp Financial Group	11,000	206	0.04
Starbucks	9,300	246	0.05
Stillwater Mining	9,600	56	0.01
Strayer Education	4,800	265	0.05
Stryker	21,125	668	0.13
Suburban Propane Partners	7,700	230	0.04
Tal International Group	6,900	121	0.02
Target	35,200	1,172	0.22
Techne	3,500	156	0.03
Telenav	29,600	178	0.03
Teradata	9,100	336	0.06
Teradyne	36,300	293	0.06
Texas Instruments	68,517	1,328	0.25
The Mosaic	20,100	717	0.14
The Travelers Companies	26,700	854	0.16
Tidewater	4,600	137	0.03
Time Warner Cable	15,400	678	0.13
TJX	21,000	760	0.14
Tractor Supply	2,400	100	0.02
TRW Automotive Holdings	22,100	554	0.11
Tupperware Brands	7,700	280	0.05
Tyson Foods A	50,500	587	0.11
UGI	12,400	214	0.04
Union Pacific	27,500	1,581	0.30
United Parcel Service B	33,400	1,448	0.27
United Technologies	43,705	2,053	0.39
UnitedHealth Group	65,185	1,928	0.37
Unitil	1,900	31	0.01
Universal Health Services B	15,800	383	0.07
Universal Travel Group	23,200	36	0.01
UNUM Group	48,300	721	0.14
US Bancorp	19,700	303	0.06
Varian Medical Systems	7,300	260	0.05
Verizon Communications	126,308	2,982	0.57
Visa	5,600	332	0.06
Vishay International	41,300	264	0.05
W P Carey	2,200	54	0.01
W.W. Grainger	3,500	349	0.07
Waddell & Reed Financial	15,300	242	0.05

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>United States (continued)</b>			
Walgreen	61,100	1,269	0.24
Wal-Mart Stores	80,721	2,816	0.53
Walt Disney	30,000	646	0.12
Warnaco Group A	10,000	302	0.06
Waters	7,200	352	0.07
Watson Pharmaceuticals	7,100	307	0.06
Websense	8,200	96	0.02
Weis Markets	1,600	39	0.01
Wells Fargo	211,256	3,501	0.66
Westar Energy	7,000	119	0.02
Westlake Chemical	6,500	157	0.03
Windstream	39,400	295	0.06
World Acceptance	6,700	256	0.05
Xcel Energy	26,200	413	0.08
Xilinx	32,200	619	0.12
Yum! Brands	20,900	683	0.13
		<b>263,803</b>	<b>50.06</b>
<b>South America</b>			
<b>Brazil 0.14%</b>			
(2010 – 0.18%)			
Bradespar	8,700	105	0.02
Companhia de Bebidas das Americas ADR (Spons)	9,800	204	0.04
Companhia Saneamento Basico de Sao Paulo ADR (Spons)	3,200	107	0.02
Companhia Siderurgica Nacional ADR (Spons)	24,900	136	0.02
Companhia Souza Cruz	12,800	93	0.02
Vale ADR	7,100	106	0.02
		<b>751</b>	<b>0.14</b>
<b>Other</b>			
<b>Bahamas 0.00%</b>			
(2010 – 0.03%)			
<b>Bermuda 0.64%</b>			
(2010 – 0.76%)			
Arch Capital Group	14,700	307	0.06
Assured Guaranty	14,100	107	0.02

# Portfolio Statement (continued)

	Holding at 15.10.11	Market Value £000's	% of total net assets
<b>Bermuda (continued)</b>			
Axis Capital Holdings	21,200	349	0.07
Catlin Group	40,226	160	0.03
Endurance Specialty Holdings	9,200	189	0.03
First Pacific	232,000	143	0.03
Giordano International	266,000	113	0.02
Great Eagle Holdings	66,000	93	0.02
Jardine Matheson Holdings	4,800	151	0.03
Jardine Strategic	3,500	61	0.01
Kerry Properties	53,500	127	0.02
Midland Holdings	74,000	23	0.00
Seadrill	23,772	474	0.09
Shenzhen International Holdings	5,645,000	209	0.04
Smartone Telecommunications Holdings	433,000	465	0.09
Texwinca Holdings	80,000	60	0.01
Validus Holding	16,000	258	0.05
VTech Holdings	15,000	85	0.02
		<b>3,374</b>	<b>0.64</b>
<b>Cayman Islands 0.08%</b>			
(2010 – 0.20%)			
Herbalife	3,600	131	0.02
Minth Group	66,000	43	0.01
Xinyi Glass Holding	764,000	270	0.05
		<b>444</b>	<b>0.08</b>
<b>Netherlands Antilles 0.29%</b>			
(2010 – 0.26%)			
Schlumberger	34,386	1,514	0.29
		<b>1,514</b>	<b>0.29</b>
Portfolio of investments		<b>530,165</b>	<b>100.61</b>
Net other liabilities		(3,195)	(0.61)
<b>Net assets attributable to unitholders</b>		<b>526,970</b>	<b>100.00%</b>

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official listings.

- 1 Foreign registered.
- 2 Recently issued securities within the meaning of the COLL.
- 3 A related party to the fund (Note 12).

# Statement of Total Return

For the year ended 15 October 2011

		2011		2010	
	Notes	£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital (losses)/gains	2		(8,493)		49,853
Revenue	3	16,551		15,207	
Expenses	4	(1,511)		(1,545)	
Finance costs:					
Interest payable	6	(7)		(4)	
Net revenue before taxation		<b>15,033</b>		<b>13,658</b>	
Taxation	5	(1,665)		(1,645)	
Net revenue after taxation			<b>13,368</b>		<b>12,013</b>
<b>Total return before distributions</b>			<b>4,875</b>		<b>61,866</b>
Finance costs: Distributions	6		(13,027)		(12,003)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(8,152)</b>		<b>49,863</b>

# Statement of Change in Net Assets Attributable to Unitholders

For the year ended 15 October 2011

		2011		2010	
		£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders			525,461		557,572
Amounts receivable on issue of units		75,577		16,985	
Amounts payable on cancellation of units		(72,405)		(103,921)	
			<b>3,172</b>		<b>(86,936)</b>
Stamp duty reserve tax			(10)		(3)
Change in net assets attributable to unitholders from investment activities			(8,152)		49,863
Retained distribution on Accumulation units			6,499		4,964
Unclaimed distributions			0		1
<b>Closing net assets attributable to unitholders</b>			<b>526,970</b>		<b>525,461</b>

# Balance Sheet

As at 15 October 2011

		2011		2010	
	Notes	£000's	£000's	£000's	£000's
<b>Assets</b>					
Investment assets			530,165		530,132
Debtors	7	9,236		4,098	
Cash and bank balances	8	12,512		9,735	
Total other assets			<b>21,748</b>		<b>13,833</b>
<b>Total assets</b>			<b>551,913</b>		<b>543,965</b>
<b>Liabilities</b>					
Creditors	9	(6,671)		(4,317)	
Bank overdrafts	10	(11,850)		(8,315)	
Distribution payable on Income units		(6,422)		(5,872)	
Total other liabilities			<b>(24,943)</b>		<b>(18,504)</b>
<b>Total liabilities</b>			<b>(24,943)</b>		<b>(18,504)</b>
<b>Net assets attributable to unitholders</b>					
			<b>526,970</b>		<b>525,461</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of accounting

**The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010.**

### Revenue

Dividends receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex dividend. For US REITs, on receipt of the capital/revenue split in the following calendar year, the allocation of the dividend is adjusted within the accounts. Stock lending income and interest receivable from bank balances are accounted for on an accruals basis.

### Special dividends

Special dividends are treated as revenue or capital depending on the facts of each particular case.

### Expenses

Expenses of the fund are charged against revenue except for Stamp duty reserve tax and costs associated with the purchase and sale of investments which are allocated to the capital of the fund.

From 1 January 2011, the calculation of the Administration charge changed from monthly to daily. The overall percentage remains unchanged.

### Taxation

Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses. The tax effect of different items of revenue or expenses is allocated between revenue and capital using the marginal basis.

Deferred taxation is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred taxation is provided for at the average rate of taxation expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

### Distributions

The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. This revenue is distributed annually on 15 December. An interim distribution based on available revenue at the half year, is distributed on 15 June. The ordinary element of scrip dividends is treated as revenue but does not form part of the distribution. The distribution is in accordance with the COLL.

# Notes to the Accounts (continued)

## Valuation

Listed investments of the fund have been valued at market value at 18:00 on the balance sheet date. Market value is defined by the SORP as fair value which generally is the bid value of each security.

## Forward currency contracts

Net gains/(losses) are reflected in Net capital (losses)/gains.

## Futures contracts

Net gains are reflected within Derivative contracts in Net capital (losses)/gains.

## Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate prevailing on the date of the transaction. Assets and liabilities valued in foreign currencies have been translated into sterling at the exchange rates prevailing at the balance sheet date.

## 2 Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	2011 £000's	2010 £000's
Non-derivative securities	(9,448)	50,122
Derivative contracts	899	375
Forward currency contracts	132	(767)
Currency (losses)/gains	(31)	145
Transaction charges	(45)	(22)
<b>Net capital (losses)/gains</b>	<b>(8,493)</b>	<b>49,853</b>

## 3 Revenue

	2011 £000's	2010 £000's
UK dividends	1,574	1,573
Overseas dividends	14,501	13,140
Property income distributions	24	384
Scrip dividends	341	10
Bank interest	16	6
Stock lending income (Note 15)	95	94
<b>Total revenue</b>	<b>16,551</b>	<b>15,207</b>

# Notes to the Accounts (continued)

## 4 Expenses

	2011 £000's	2010 £000's
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Annual management charge	1,393	1,404
VAT refund	0	(1)
	<b>1,393</b>	<b>1,403</b>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Trustee's fees	57	55
Safe custody fees	43	42
Dividend expenses	0	1
	<b>100</b>	<b>98</b>
<b>Other expenses:</b>		
Audit fee	12	11
Professional fee	6	33
	<b>18</b>	<b>44</b>
<b>Total expenses</b>	<b>1,511</b>	<b>1,545</b>

## 5 Taxation

<b>(a) Analysis of the tax charge for the year</b>		
	2011 £000's	2010 £000's
Overseas withholding tax	1,665	1,645
<b>Total taxation (Note 5(b))</b>	<b>1,665</b>	<b>1,645</b>

Corporation tax has not been provided for as expenses exceed the revenue liable to corporation tax.



# Notes to the Accounts (continued)

## (b) Factors affecting the current tax charge for the year

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for authorised unit trusts of 20% (2010 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2011 £000's	2010 £000's
<b>Net revenue before taxation</b>	<b>15,033</b>	<b>13,658</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	3,007	2,732
<b>Effects of:</b>		
Revenue not subject to corporation tax	(3,173)	(2,818)
Movement in excess management expenses	189	93
Irrecoverable overseas withholding tax	1,665	1,645
Movement in revenue taxable in different periods	(23)	(7)
<b>Current tax charge for the year (Note 5(a))</b>	<b>1,665</b>	<b>1,645</b>

## (c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £220,677 (2010 – £86,222) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

# Notes to the Accounts (continued)

## 6 Finance costs

### Distributions and interest payable

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units, and comprise:

	2011 £000's	2010 £000's
Interim Dividend distribution	0	637
Final Dividend distribution	12,920	10,578
	<b>12,920</b>	<b>11,215</b>
Add: Revenue deducted on cancellation of units	642	867
Deduct: Revenue received on creation of units	(535)	(79)
<b>Finance costs: Distributions</b>	<b>13,027</b>	<b>12,003</b>
<b>Finance costs: Interest payable</b>	<b>7</b>	<b>4</b>
<b>Total finance costs</b>	<b>13,034</b>	<b>12,007</b>
Net revenue after taxation	13,368	12,013
Scrip dividends	(341)	(10)
<b>Finance costs: Distributions</b>	<b>13,027</b>	<b>12,003</b>

Details of the distributions per unit are set out in the table on pages 61 and 62.

## 7 Debtors

	2011 £000's	2010 £000's
Amounts receivable for creation of units	2,727	32
Sales awaiting settlement	5,236	2,996
Accrued UK dividends	0	56
Accrued overseas dividends	1,084	817
VAT recoverable	0	1
Overseas withholding tax recoverable	182	191
Income tax recoverable	7	5
<b>Total debtors</b>	<b>9,236</b>	<b>4,098</b>

## 8 Cash and bank balances

	2011 £000's	2010 £000's
Cash and bank balances	11,630	9,735
Amounts held at futures clearing houses and brokers	882	0
<b>Total cash and bank balances</b>	<b>12,512</b>	<b>9,735</b>

# Notes to the Accounts (continued)

## 9 Creditors

	2011		2010	
	£000's	£000's	£000's	£000's
Amounts payable for cancellation of units		5		31
Purchases awaiting settlement		6,485		4,104
<b>Accrued expenses</b>				
<b>Manager and Agents</b>				
Annual management charge		154		157
<b>Trustee and Agents</b>				
Trustee's fees	6		2	
Safe custody fees	5		4	
Transaction charges	4		5	
		<b>15</b>		<b>11</b>
Other accrued expenses		12		11
Corporation tax payable		0		3
<b>Total creditors</b>		<b>6,671</b>		<b>4,317</b>

## 10 Bank overdrafts

	2011 £000's	2010 £000's
Bank overdrafts	10,966	8,315
Amounts overdrawn at futures clearing houses & brokers	884	0
<b>Total bank overdrafts</b>	<b>11,850</b>	<b>8,315</b>

## 11 Contingent liabilities

The aggregate contingent liabilities not provided for at the balance sheet date are:

	2011 £000's	2010 £000's
Nil paid rights	87	236
Warrants	0	560
<b>Total contingent liabilities</b>	<b>87</b>	<b>796</b>

# Notes to the Accounts (continued)

## 12 Related party transactions

The Manager and the Trustee actively co-operate to exercise control over the fund and are therefore related parties by virtue of their controlling influence.

Amounts paid during the year or due to the Manager or the Trustee at the balance sheet date are disclosed under Net capital (losses)/gains, Expenses, Finance costs, Creditors and Stock lending in the Notes to the Accounts. Bank interest paid or payable to the fund by the Trustee is disclosed in Revenue in the Notes to the Accounts.

Transactions relating to the creation and cancellation of units and the purchases and sales of investments which pass through, but are not for the benefit of, either related party are disclosed in the Statement of Change in Net Assets Attributable to Unitholders, Finance costs and Portfolio transaction costs in the Notes to the Accounts. Amounts due to or from the fund at the balance sheet date in relation to these transactions are disclosed under Debtors and Creditors in the Notes to the Accounts. Cash and bank balances and bank overdrafts with the Trustee are disclosed under Cash and bank balances and Bank overdrafts respectively in the Notes to the Accounts.

Related party holdings are disclosed in the Portfolio Statement.

## 13 Unit classes

The fund currently has five unit classes: I Income units, I Accumulation units, X Accumulation units, A Income Units and A Accumulation Units. The annual management charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Manager, the Investment Adviser and their overhead expenses and for each unit class is as follows:

I Income units	0.35%
I Accumulation units	0.35%
X Accumulation units	0.00%
A Income units	0.35%
A Accumulation units	0.35%

The expense is invoiced directly to X Accumulation unitholders.

The net asset value of each unit class, the net asset value per unit and the number of units in issue in each class are given in the Net Asset Value and Comparative Tables on page 8. The distributions per unit class are given in the Distribution Table on pages 61 and 62. All classes have the same rights on winding up.

# Notes to the Accounts (continued)

## 14 Derivative and other financial instruments

In accordance with the investment objective, the fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short term debtors and creditors arising directly from operations.

Under normal circumstances, the Manager would expect substantially all of the assets of the fund to be invested in securities appropriate to the fund's investment objective. Cash and near cash may only be held to assist in the redemption of units, the efficient management of the fund or for purposes regarded as ancillary to the fund.

The fund has little exposure to credit risk. The main risks arising from the fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year and the prior year.

### Market price risk

The fund's investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

### Foreign currency risk

The fund invests in overseas securities and the balance sheet can be significantly affected by movements in foreign exchange rates. The Manager seeks to manage exposure to currency movements by using forward currency contracts.

Revenue received in other currencies is converted to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

# Notes to the Accounts (continued)

## Currency risk profile

The currency risk profile of the fund's net assets and liabilities at the balance sheet date was as follows:

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
<b>Australian dollar</b>			
2011	4	17,537	17,541
2010	(394)	18,312	17,918
<b>Brazilian real</b>			
2011	0	198	198
2010	139	524	663
<b>Canadian dollar</b>			
2011	(90)	22,345	22,255
2010	44	24,121	24,165
<b>Czech koruna</b>			
2011	0	239	239
2010	0	373	373
<b>Danish krone</b>			
2011	83	2,633	2,716
2010	0	1,656	1,656
<b>Euro</b>			
2011	813	59,578	60,391
2010	(41)	73,884	73,843
<b>Hong Kong dollar</b>			
2011	(136)	5,652	5,516
2010	56	5,941	5,997
<b>Indonesian rupiah</b>			
2011	0	253	253
2010	1	563	564
<b>Israeli sheqel</b>			
2011	119	1,624	1,743
2010	0	1,329	1,329
<b>Japanese yen</b>			
2011	520	48,576	49,096
2010	(418)	50,110	49,692
<b>Korean won</b>			
2011	131	2,371	2,502
2010	0	535	535
<b>Malaysian ringgit</b>			
2011	0	265	265
2010	0	371	371

# Notes to the Accounts (continued)

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
<b>Mexican peso</b>			
2011	0	361	361
2010	0	69	69
<b>New Zealand dollar</b>			
2011	0	2	2
2010	0	81	81
<b>Norwegian krone</b>			
2011	(186)	5,352	5,166
2010	0	3,838	3,838
<b>Philippine peso</b>			
2011	0	174	174
2010	0	160	160
<b>Polish zloty</b>			
2011	0	394	394
2010	0	661	661
<b>Singapore dollar</b>			
2011	105	4,174	4,279
2010	(104)	4,395	4,291
<b>South African rand</b>			
2011	(1)	820	819
2010	0	652	652
<b>Sterling</b>			
2011	(6,172)	59,813	53,641
2010	(4,579)	55,369	50,790
<b>Swedish krona</b>			
2011	0	5,544	5,544
2010	0	7,699	7,699
<b>Swiss franc</b>			
2011	2	17,099	17,101
2010	127	16,525	16,652
<b>Taiwan dollar</b>			
2011	5	1,731	1,736
2010	8	1,634	1,642
<b>Thai baht</b>			
2011	0	912	912
2010	80	744	824
<b>Turkish lira</b>			
2011	0	183	183
2010	0	766	766

# Notes to the Accounts (continued)

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
<b>US dollar</b>			
2011	1,608	272,335	273,943
2010	410	259,820	260,230

## Liquidity risk

The primary source of this risk to the fund is the liability to unitholders for any cancellation of units. This risk is minimised by holding cash, readily realisable securities and access to overdraft facilities.

## Interest rate risk

Interest receivable on bank balances or payable on bank overdraft positions and amounts held or overdrawn at futures clearing houses and brokers will be affected by fluctuations in interest rates.

## Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and liabilities at the balance sheet date was as follows:

Currency	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
<b>Australian dollar</b>			
2011	0	17,541	17,541
2010	0	18,549	18,549
<b>Brazilian real</b>			
2011	0	198	198
2010	0	663	663
<b>Canadian dollar</b>			
2011	34	22,386	22,420
2010	0	24,165	24,165
<b>Czech koruna</b>			
2011	0	239	239
2010	0	373	373
<b>Danish krone</b>			
2011	0	2,716	2,716
2010	0	1,656	1,656
<b>Euro</b>			
2011	121	60,340	60,461
2010	1	74,174	74,175



# Notes to the Accounts (continued)

Currency	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
<b>Hong Kong dollar</b>			
2011	0	5,814	5,814
2010	0	5,997	5,997
<b>Indonesian rupiah</b>			
2011	0	253	253
2010	0	564	564
<b>Israeli sheqel</b>			
2011	0	1,743	1,743
2010	0	1,329	1,329
<b>Japanese yen</b>			
2011	125	49,658	49,783
2010	0	50,774	50,774
<b>Korean won</b>			
2011	0	2,502	2,502
2010	0	535	535
<b>Malaysian ringgit</b>			
2011	0	265	265
2010	0	371	371
<b>Mexican peso</b>			
2011	0	361	361
2010	0	69	69
<b>New Zealand dollar</b>			
2011	0	2	2
2010	0	81	81
<b>Norwegian krone</b>			
2011	0	5,365	5,365
2010	0	3,838	3,838
<b>Philippine peso</b>			
2011	0	174	174
2010	0	160	160
<b>Polish zloty</b>			
2011	0	394	394
2010	0	661	661
<b>Singapore dollar</b>			
2011	0	4,279	4,279
2010	0	4,395	4,395
<b>South African rand</b>			
2011	0	819	819
2010	0	652	652

# Notes to the Accounts (continued)

Currency	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
<b>Sterling</b>			
2011	11,588	62,718	74,306
2010	9,725	55,463	65,188
<b>Swedish krona</b>			
2011	0	5,544	5,544
2010	0	7,699	7,699
<b>Swiss franc</b>			
2011	0	17,217	17,217
2010	0	16,652	16,652
<b>Taiwan dollar</b>			
2011	4	1,732	1,736
2010	4	1,638	1,642
<b>Thai baht</b>			
2011	0	912	912
2010	0	824	824
<b>Turkish lira</b>			
2011	0	183	183
2010	0	766	766
<b>US dollar</b>			
2011	640	276,046	276,686
2010	5	262,182	262,187
Currency	Floating rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
<b>Australian dollar</b>			
2011	0	0	0
2010	0	631	631
<b>Canadian dollar</b>			
2011	0	165	165
2010	0	0	0
<b>Euro</b>			
2011	0	70	70
2010	0	332	332
<b>Hong Kong dollar</b>			
2011	0	298	298
2010	0	0	0

# Notes to the Accounts (continued)

Currency	Floating rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
<b>Japanese yen</b>			
2011	0	687	687
2010	0	1,082	1,082
<b>Norwegian krone</b>			
2011	0	199	199
2010	0	0	0
<b>Singapore dollar</b>			
2011	0	0	0
2010	0	104	104
<b>Sterling</b>			
2011	11,850	8,815	20,665
2010	8,315	6,083	14,398
<b>Swiss franc</b>			
2011	0	116	116
2010	0	0	0
<b>US dollar</b>			
2011	0	2,743	2,743
2010	0	1,957	1,957

There are no material amounts of non-interest bearing financial assets, other than equities, which do not have a maturity date.

## Floating rate financial assets and financial liabilities

Sterling denominated bank balances and bank overdrafts bear interest at rates based on SONIA. Foreign currency bank balances and bank overdrafts and amounts held or overdrawn at futures clearing houses and brokers bear interest at rates based on LIBOR or its international equivalent.

## Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

# Notes to the Accounts (continued)

## 15 Stock lending

The fund enters into stock lending arrangements with various counterparties. At the balance sheet date there were no securities on loan (2010 – Nil) and consequently no collateral was held (2010 – Nil).

	2011 £000's	2010 £000's
<b>Analysis of stock lending income</b>		
Gross stock lending income	153	151
Fees paid to the Manager	(31)	(30)
Fees paid to depositary	(27)	(27)
<b>Net stock lending income (Note 3)</b>	<b>95</b>	<b>94</b>

## 16 Portfolio transaction costs

	2011		2010	
	£000's	£000's	£000's	£000's
<b>Analysis of total purchase costs</b>				
Purchases in year before transaction costs		354,778		202,041
Commissions	149		71	
Taxes	174		69	
Total purchase costs		<b>323</b>		<b>140</b>
<b>Gross purchase total</b>		<b>355,101</b>		<b>202,181</b>
<b>Analysis of total sales costs</b>				
Gross sales in year before transaction costs		345,730		285,778
Commissions	(143)		(100)	
Taxes	(21)		(20)	
Total sales costs		<b>(164)</b>		<b>(120)</b>
<b>Total sales net of transaction costs</b>		<b>345,566</b>		<b>285,658</b>

# Distribution Table

Interim distribution for  
the six months  
ended 15 April 2011

**Group 1** Units purchased prior to 16 October 2010

**Group 2** Units purchased on or after 16 October 2010

	<b>Net revenue 2011 p per unit</b>	<b>Equalisation 2011 p per unit</b>	<b>Distribution paid 15.6.11 p per unit</b>	<b>Distribution paid 15.6.10 p per unit</b>
<b>I Income Units</b>				
Group 1	0.0000	–	0.0000	0.1784
Group 2	0.0000	0.0000	0.0000	0.1784
<b>I Accumulation Units</b>				
Group 1	0.0000	–	0.0000	0.2047
Group 2	0.0000	0.0000	0.0000	0.2047
<b>X Accumulation Units</b>				
Group 1	0.0000	–	0.0000	0.0670
Group 2	0.0000	0.0000	0.0000	0.0670

Interim distribution for  
the period ended  
15 April 2011

**Group 1** Units purchased prior to 17 November 2010

**Group 2** Units purchased on or after 17 November 2010

	<b>Net revenue 2011 p per unit</b>	<b>Equalisation 2011 p per unit</b>	<b>Distribution paid 15.6.11 p per unit</b>	<b>Distribution paid 15.6.10 p per unit</b>
<b>A Income Units</b>				
Group 1	0.0000	–	0.0000	–
Group 2	0.0000	0.0000	0.0000	–
<b>A Accumulation Units</b>				
Group 1	0.0000	–	0.0000	–
Group 2	0.0000	0.0000	0.0000	–

# Distribution Table (continued)

Final distribution for  
the six months ended  
15 October 2011

**Group 1** Units purchased prior to 16 April 2011

**Group 2** Units purchased on or after 16 April 2011

	Net revenue 2011 p per unit	Equalisation 2011 p per unit	Distribution payable 15.12.11 p per unit	Distribution paid 15.12.10 p per unit
<b>I Income Units</b>				
Group 1	3.6294	–	3.6294	3.0063
Group 2	0.0774	3.5520	3.6294	3.0063
<b>I Accumulation Units</b>				
Group 1	4.6594	–	4.6594	3.7954
Group 2	1.6368	3.0226	4.6594	3.7954
<b>X Accumulation Units</b>				
Group 1	1.5152	–	1.5152	1.2323
Group 2	0.2337	1.2815	1.5152	1.2323
<b>A Income Units</b>				
Group 1	1.0953	–	1.0953	–
Group 2	0.0256	1.0697	1.0953	–
<b>A Accumulation Units</b>				
Group 1	1.0953	–	1.0953	–
Group 2	0.2890	0.8063	1.0953	–

## Corporate unitholders

Corporate unitholders receive the dividend distribution payment as detailed below:

100.00% of the total distribution together with the tax credit is received as franked investment income.

## Equalisation

Equalisation applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of Group 2 units and is refunded to the holders of these units as a return of capital.

Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# General Information

## Manager

Schroder Unit Trusts Limited  
31 Gresham Street  
London EC2V 7QA  
Authorised and regulated by  
the Financial Services Authority

## Investment Adviser

Schroder Investment Management Limited  
31 Gresham Street  
London EC2V 7QA  
Authorised and regulated by  
the Financial Services Authority

## Trustee

J.P. Morgan Trustee and  
Depositary Company Limited  
Chaseside  
Bournemouth BH7 7DA  
Authorised and regulated by  
the Financial Services Authority

## Registrar<sup>1</sup>

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

## Administration details

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## Independent Auditors

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<sup>1</sup> The Manager has delegated the function of Registrar to International Financial Data Services Limited.

## Authorisation

The fund is an authorised unit trust and is constituted pursuant to the COLL and is structured as a trust. The fund is a UCITS scheme for the purpose of the categorisation of the COLL.



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