

LIONTRUST SUSTAINABLE FUTURE ICVC

Interim Report &
Financial Statements (unaudited)

For the period:
1 February 2019
to
31 July 2019

Managed in accordance with
The Liontrust Sustainable Future Process

LIONTRUST FUND PARTNERS LLP

LIONTRUST 

Contents

Management and Administration	3
Notes applicable to the financial statements of all Sub-funds	6
Liontrust Sustainable Future Absolute Growth Fund	7
Liontrust Sustainable Future Cautious Managed Fund	18
Liontrust Sustainable Future Corporate Bond Fund	31
Liontrust Sustainable Future Defensive Managed Fund	43
Liontrust Sustainable Future European Growth Fund	56
Liontrust Sustainable Future Global Growth Fund	67
Liontrust Sustainable Future Managed Fund	78
Liontrust Sustainable Future UK Growth Fund	91
Liontrust UK Ethical Fund	103



Management and Administration

Management and Administration

The Authorised Corporate Director ("ACD") of Liontrust Sustainable Future ICVC (the "Company") is:

Liontrust Fund Partners LLP

The registered office of the ACD and the Company is 2 Savoy Court, London, WC2R 0EZ.

The ACD is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the Investment Association.

The ultimate holding company of the ACD is Liontrust Asset Management PLC ("LAM", "Liontrust" or the "Group") which is incorporated in England.

Depository

The Bank of New York Mellon (International) Limited

1 Canada Square

London E14 5AL

(Authorised by Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA).

Auditor

PricewaterhouseCoopers LLP

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

Administrator and Registrar

The Bank of New York Mellon (International) Limited

1 Canada Square

London E14 5AL

(Authorised by PRA and regulated by the FCA and the PRA).

Management and Administration (continued)

Company Information

The Company is an investment company with variable capital under regulation 12 of the Open-Ended Investment Company Regulations 2001, incorporated in England and Wales under registered number IC 89 and authorised by the Financial Conduct Authority on 29 January 2001. At the period end the Company offered nine Sub-funds, the Liontrust Sustainable Future Absolute Growth Fund, the Liontrust Sustainable Future Cautious Managed Fund, the Liontrust Sustainable Future Corporate Bond Fund, the Liontrust Sustainable Future Defensive Managed Fund, the Liontrust Sustainable Future European Growth Fund, the Liontrust Sustainable Future Global Growth Fund, the Liontrust Sustainable Future Managed Fund, the Liontrust Sustainable Future UK Growth Fund and the Liontrust UK Ethical Fund (the "Sub-funds").

The Company is a UCITS scheme which complies with the FCA's Collective Investment Schemes Sourcebook ("COLL") and is structured as an umbrella company so that different Sub-funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary.

The assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Each share class has the same rights on a winding up of the Company. Investment of the assets of each of the Sub-funds must comply with the FCA's COLL and the investment objective and policy of the relevant Sub-fund.

Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets.

During the period to 31 July 2019 and at the balance sheet date, the Company did not use SFTs or total return swaps, as such no disclosure is required.

Holdings in Other Funds of the Company

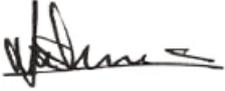
As at 31 July 2019, the following Liontrust Sustainable Future ICVC Funds held shares in the Liontrust Sustainable Future Corporate Bond Fund.

Fund	Holdings	Market value (£'000)
Liontrust Sustainable Future Cautious Managed Fund	7,647,358	8,742
Liontrust Sustainable Future Defensive Managed Fund	17,443,144	19,941
Liontrust Sustainable Future Managed Fund	62,505,213	71,456

Management and Administration (continued)

Member's Statement

In accordance with COLL 4.5.8BR, we hereby certify the Interim report and the financial statements were approved by the management committee of members of the ACD and authorised for issue on 26 September 2019.



Antony Morrison

Member

26 September 2019

Notes applicable to the financial statements of all Sub-funds

for the period from 1 February 2019 to 31 July 2019

Accounting Policies

Basis of accounting

The financial statements of the Company comprise the financial statements of each of the Sub-funds and have been prepared on a going concern basis in accordance with UK Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Statements of UK Authorised Funds" issued by the IMA (now known as the Investment Association) in May 2014 (the "SORP").

The accounting and distribution policies applied are consistent with those disclosed within the annual report & financial statements for the year ended 31 January 2019.

Sustainable Future Absolute Growth Fund

Report for the period from 1 February 2019 to 31 July 2019

Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation through selective investment, principally in global equities based on price and prospects of above average earnings growth.

Investment may on occasions be limited to a single country. Limited investment in global bond markets may be made from time to time. Allocations to bonds, equities and cash will vary over time depending on market circumstances.

All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Note: Typically, at least 70% of the Net Asset Value of the Sub-fund will be invested in global equities with up to 30% of the Net Asset Value of the Sub-fund being invested in bonds and cash.

Sustainable Future Absolute Growth Fund (continued)

Investment review

Market review

Equities enjoyed another solid period, despite a dip in May, and many indices are entering recording-breaking territory once again. As we have grown used to over recent years, this has been against macro uncertainty in the background, with tensions rising in the Middle East and the US and China continuing to argue on trade.

For now, increasing dovishness and largesse from central banks is proving strong enough to counteract the impact of trade fears and the never-ending Brexit saga in the UK.

Against this backdrop, all eyes were on the latest G20 leaders' summit in Osaka at the end of June, which included another meeting between Presidents Trump and Xi Jinping as they try to break the deadlock. The pair agreed to resume the stalled talks and Trump said tariffs in place would remain but the proposed \$300bn, which would have extended taxes to virtually everything China ships to the United States, will not be triggered for the "time being".

In the midst of all this, the Federal Reserve followed through with a widely-trailed rate cut at the end of July – the first since 2008 – and we seem to be in a new policy era of pre-emptive action rather than in response to any kind of market or economic excess.

As always, we continue to stress that whatever macro events are unfolding in the background, the underlying business fundamentals for the areas of the global market in which we invest remain strong. Important structural dynamics, such as the shift to a digital economy, the drive to improve efficiency and the importance of improving quality of life, also continue to drive earnings.

Our themes are structural in nature and therefore less transient than cyclical drivers, which can change constantly. The key factor behind all our themes is the conviction that, over time, the global economy will become more sustainable.

Fund review

The Sustainable Future Absolute Growth fund returned 18.9% over the six months under review, outperforming the IA Flexible Investment sector average of 10.1%*.

In terms of asset allocation, we reduced our cash position from 15% back down to 4% over the first quarter – having upped cash in Q4 2018 – feeling the sell-off at the end of last year had discounted an overly negative outcome on both Brexit and the US/Chinese trade war. We then upped our cash position to 17% over Q2, bring this back to 15 by the end of July: while we still see few signs of a recession on the immediate horizon, we feel the economic up-cycle is reaching its tenth year, with some key risks emerging – particularly related to tariffs and a potential trade war as outlined above.

Our process targets businesses that can grow structurally, driven by the shift towards a global economy that is more efficient, provides a higher quality of life and is more resilient.

Among our top performers was US software business Cadence Design Systems, which has continued to climb following strong results in January despite concerns around a cyclical slowdown in the semiconductor industry.

The company is broadening its chip design software offering to new customers, as the likes of Amazon, Google and even Tesla invest in chip design teams. Cadence's software offering is essential to this design and demand from these businesses, as well as more traditional chip manufacturing customers, will drive growth over the short and long term. This type of innovation delivers better efficiency, which is key to our *Improving the efficiency of energy usage* theme.

Spanish telecom firm Cellnex was another contributor over the period, posting solid first-quarter results in May, having completed a capital increase of €1.2 billion to acquire further sites in France, Italy and Switzerland. CEO Tobias Martinez underlined the 'transformational dimension' of the acquisition, with the company's current 29,000 sites expected to grow by more than 50%.

Sustainable Future Absolute Growth Fund (continued)

Investment review (continued)

Fund review (continued)

We believe infrastructure is the backbone of the digital economy and tower companies like Cellnex are poised to benefit from continued growth in communications: 5G, small cells and the Internet of Things will all increase demand for telecom infrastructure and the need for denser networks. Cellnex is an important consolidator in the European market, as the telecommunication companies divest their tower assets to focus on their core business. Cellnex then becomes an independent provider, with the telecoms companies all sharing its towers. This model matches that in the US and is more efficient for the overall infrastructure network by avoiding duplicated towers.

Elsewhere, a number of familiar names maintain their position among our top performers including healthcare business IQVIA, with the company's data-driven strategy for outsourcing clinical trials creating an important competitive advantage.

IQVIA exemplifies another important theme our process targets within the global healthcare industry – affordability. The healthcare system needs to ensure the treatments and innovations it develops are available to the wider global population and this needs to be done in a way that does not bankrupt the overall economy. In the large Western economies, this is complicated by the fact populations are “greying”, which puts more cost burden on the system. IQVIA provides an important solution to the problem of drug costs by significantly improving the efficiency of clinical trials.

Long-term holding Ecolab also continues to generate solid performance, a global leader in products that look to cut use of important resources, particularly water, for clients across the world. By cutting water and energy use, it also reduces costs for customers and has a reputation for great service and product innovation. Ecolab is a strong fit for our *Improving the management of water* theme and also continues to innovate: it is developing a polymer for Amazon, for example, that reinforces the strength of recycled cardboard.

We continue to see opportunities in the growing move towards digital payments and holdings such as Visa and Paypal feature among our stronger names over the period.

By understanding what is important to consumers and merchants, Paypal has risen to become the number one choice for online payment transactions. A customer's priority when they transact online is to ensure their personal and financial information is safe and they are not exposed to fraudulent sellers; merchants' priorities meanwhile are for customer confidence in their purchase, and increased conversion rates. The stats stack up here: figures show customer conversion at checkout is 90% with Paypal, compared to around 50% when merchants use their own payment platform.

American Tower is another long-term contributor, continuing to see demand for wireless telecommunication capacity in the US, as well as Brazil and India. In the modern digital economy, customers demand greater and greater connectivity on mobile devices. American Tower is a beneficiary of our theme of *Connecting People*: this demand is secular, not cyclical, and the company performed well in difficult market conditions.

In terms of detractors over the period, US pharmaceutical business Eli Lilly and Co has struggled since announcing lower-than-expected first-quarter sales for its top-selling diabetes drug Trulicity – with the required rebates and discounts taking a toll and likely to weigh on revenue growth for the year. Lilly has been banking on newer drugs such as psoriasis treatment Taltz and migraine treatment Emgality to grow revenues and help offset pricing pressures and sales declines for other products but sales of both fell short of estimates in the quarter.

Norwegian metals producer Norsk Hydro also continues to suffer after warning it would miss 2019 expectations due to restricted output in its Brazil facility where the company has taken action to address environmental damage.

*Source: Financial Express, primary share class, total return, net of fees and income reinvested, 31.01.19 to 31.07.19.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

Sustainable Future Absolute Growth Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases

Kerry class 'A' shares
 Palo Alto Networks
 Salesforce.com
 Trupanion
 Daikin
 Adobe Systems
 DocuSign
 Alphabet class 'A' shares
 IQVIA
 Autodesk

Sales

Kerry class 'A' shares
 SS&C Technologies
 RELX
 Henkel non-voting preference shares
 Cellnex Telecom
 Compass
 Alphabet class 'A' shares
 Ecolab
 Autodesk
 Adobe Systems

Sustainable Future Absolute Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 5 because Sub-funds of this type have experienced medium to high rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG[†] grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

[†] Environmental, Social and Governance ("ESG")

Sustainable Future Absolute Growth Fund (continued)

Portfolio Statement (unaudited)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	AUSTRALIA (1.92%)	5,571	2.14
43,124	CSL	5,571	2.14
	CANADA (1.88%)	4,141	1.59
55,900	Waste Connections	4,141	1.59
	DENMARK (1.46%)	3,784	1.46
67,475	Ringkjøbing Landbobank	3,784	1.46
	GERMANY (4.60%)	6,477	2.49
73,187	Hella	2,862	1.10
233,333	Infineon Technologies	3,615	1.39
	HONG KONG (1.24%)	2,230	0.86
3,075,851	China Everbright International	2,230	0.86
	IRELAND; REPUBLIC OF (3.54%)	11,195	4.31
66,190	Kerry class 'A' shares	6,308	2.43
121,060	Kingspan	4,887	1.88
	ITALY (1.21%)	3,920	1.51
163,532	Banca Generali	3,920	1.51
	JAPAN (5.86%)	18,206	7.01
58,200	Daikin	5,943	2.29
7,500	Keyence	3,561	1.37
32,168	Shimano	3,733	1.44
106,200	TechnoPro	4,969	1.91
	NETHERLANDS (2.98%)	8,017	3.09
22,231	ASML	4,100	1.58
63,700	InterXion	3,917	1.51

Sustainable Future Absolute Growth Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	NORWAY (2.65%)	4,775	1.84
192,415	DNB	2,835	1.09
686,099	Norsk Hydro	1,940	0.75
	SPAIN (1.90%)	5,294	2.04
171,784	Cellnex Telecom	5,294	2.04
	SWEDEN (1.03%)	3,603	1.39
485,457	Svenska Handelsbanken series 'A' shares	3,603	1.39
	SWITZERLAND (2.28%)	4,676	1.80
21,259	Roche	4,676	1.80
	UNITED KINGDOM (7.23%)	14,147	5.44
295,636	Abcam	3,861	1.49
162,898	Compass	3,393	1.30
224,585	Prudential	3,812	1.47
313,250	St. James's Place Capital	3,081	1.18
	UNITED STATES OF AMERICA (47.47%)	130,664	50.27
27,800	Adobe Systems	6,785	2.61
44,800	Alexion Pharmaceuticals	4,143	1.59
7,400	Alphabet class 'A' shares	7,359	2.83
30,900	American Tower class 'A' shares	5,339	2.06
49,400	Autodesk	6,298	2.42
66,700	Cadence Design Systems	4,026	1.55
113,206	Charles Schwab	3,994	1.54
65,000	DocuSign	2,746	1.06
47,455	Ecolab	7,815	3.01
59,200	Eli Lilly	5,268	2.03
12,520	Equinix	5,130	1.97
71,003	First Republic Bank	5,759	2.22
15,300	Intuit	3,464	1.33
64,900	IQVIA	8,430	3.24

Sustainable Future Absolute Growth Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
UNITED STATES OF AMERICA (continued)			
30,536	Nasdaq	2,403	0.92
46,100	Nike class 'B' shares	3,238	1.25
37,900	Palo Alto Networks	7,015	2.70
56,200	PayPal	5,067	1.95
47,017	PerkinElmer	3,306	1.27
17,800	Rockwell Automation	2,336	0.90
17,200	Roper Industries	5,107	1.96
46,772	Salesforce.com	5,902	2.27
23,100	Splunk	2,553	0.98
21,670	Thermo Fisher Scientific	4,913	1.89
111,000	Trimble Navigation	3,831	1.47
117,600	Trupanion	3,089	1.19
36,800	Visa	5,348	2.06
	Portfolio of investments	226,700	87.24
	Net other assets	33,146	12.76
	Total net assets	259,846	100.00

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

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2019.

Sustainable Future Absolute Growth Fund (continued)

Performance record (unaudited)

as at 31 July 2019

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2019 per share (p)	31 July 2018 per share (p)
Class 2 Net Accumulation	0.4777	0.5504
Class 3 Net Accumulation	1.2945	1.2506

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2019			
Class 2 Net Accumulation	57,526,753	113,222	196.82
Class 3 Net Accumulation	52,384,122	146,624	279.90
31 January 2019			
Class 2 Net Accumulation	35,839,454	60,070	167.61
Class 3 Net Accumulation	51,949,363	123,532	237.79
31 January 2018			
Class 2 Net Accumulation	26,042,986	41,415	159.02
Class 3 Net Accumulation	51,511,180	115,707	224.63
31 January 2017			
Class 2 Net Accumulation	20,125,634	27,296	135.63
Class 3 Net Accumulation	51,580,931	98,414	190.80

Sustainable Future Absolute Growth Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Income				
Net capital gains		33,587		11,937
Revenue	1,682		1,324	
Expenses	(689)		(431)	
Interest payable and similar charges	—		—	
Net revenue before taxation	993		893	
Taxation	(130)		(91)	
Net revenue after taxation		863		802
Total return before distributions		34,450		12,739
Distributions		(863)		(802)
Change in net assets attributable to shareholders from investment activities		33,587		11,937

Statement of change in net assets attributable to shareholders (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Opening net assets attributable to shareholders		183,602		157,122
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	47,062		10,767	
Amounts paid on cancellation of shares	(5,358)		(5,637)	
		41,704		5,130
Dilution adjustment		—		5
Change in net assets attributable to shareholders from investment activities		33,587		11,937
Retained distribution on accumulation shares		953		804
Closing net assets attributable to shareholders		259,846		174,998

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Absolute Growth Fund (continued)

Balance Sheet (unaudited)

as at 31 July 2019

	31.7.2019 (£'000)	31.1.2019 (£'000)
Assets		
Fixed Assets		
Investments	226,700	160,196
Current assets:		
Debtors	2,604	1,913
Cash and bank balances	31,494	23,853
Total other assets	34,098	25,766
Total assets	260,798	185,962
Liabilities		
Creditors:		
Other creditors	(952)	(2,360)
Total liabilities	(952)	(2,360)
Net assets attributable to shareholders	259,846	183,602

Sustainable Future Cautious Managed Fund

Report for the period from 1 February 2019 to 31 July 2019

Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation and income through diversified investment within and across global securities markets.

Allocations to bonds, equities and cash will vary over time depending on market circumstances. Equity selections will be based on price and long term total return prospects.

All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may also invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Note: Typically, 60% of the Net Asset Value of the Sub-fund will be invested in global equities and 40% in bonds and cash.

Sustainable Future Cautious Managed Fund (continued)

Investment review

Market review

Equities enjoyed another solid period, despite a dip in May, and many indices are entering recording-breaking territory once again. As we have grown used to over recent years, this has been against macro uncertainty in the background, with tensions rising in the Middle East and the US and China continuing to argue on trade.

For now, increasing dovishness and largesse from central banks is proving strong enough to counteract the impact of trade fears and the never-ending Brexit saga in the UK.

Against this backdrop, all eyes were on the latest G20 leaders' summit in Osaka at the end of June, which included another meeting between Presidents Trump and Xi Jinping as they try to break the deadlock. The pair agreed to resume the stalled talks and Trump said tariffs in place would remain but the proposed \$300bn, which would have extended taxes to virtually everything China ships to the United States, will not be triggered for the "time being".

In the midst of all this, the Federal Reserve followed through with a widely-trailed rate cut at the end of July – the first since 2008 – and we seem to be in a new policy era of pre-emptive action rather than in response to any kind of market or economic excess.

As always, we continue to stress that whatever macro events are unfolding in the background, the underlying business fundamentals for the areas of the global market in which we invest remain strong. Important structural dynamics, such as the shift to a digital economy, the drive to improve efficiency and the importance of improving quality of life, also continue to drive earnings.

Our themes are structural in nature and therefore less transient than cyclical drivers, which can change constantly. The key factor behind all our themes is the conviction that, over time, the global economy will become more sustainable.

Fund review

The Sustainable Future Cautious Managed fund delivered 12.6% over the six months under review, outperforming the IA Mixed Investment 40-85% Shares sector average of 10.6%*.

In terms of asset allocation, we started 2019 overweight cash and underweight UK and global equities and gradually added money back into the market over Q1, also increasing our overweight corporate bond allocation. We felt the sell-off in the final quarter of 2018 had discounted an overly negative outcome for both Brexit and the US/Chinese trade war and the reality is likely to be more moderate.

That said, we reduced our overweight equity position back to neutral over the second quarter and also brought our cash underweight back to neutral. We maintained our overweight credit/underweight Gilt position. While we still see few signs of a recession on the immediate horizon, we feel the economic up-cycle is reaching its tenth year, with some key risks emerging – particularly related to tariffs and a potential trade war as outlined above.

Asset allocation was positive over the period, with stock selection the main driver of returns.

The portfolio continues to target companies that can grow as the global economy becomes more efficient, offer a higher quality of life and provide a more resilient global economy. Key holdings over the period included Among our top performers was US software business Cadence Design Systems, which has continued to climb following strong results in January despite concerns around a cyclical slowdown in the semiconductor industry.

The company is broadening its chip design software offering to new customers, as the likes of Amazon, Google and even Tesla invest in chip design teams. Cadence's software offering is essential to this design and demand from these businesses, as well as more traditional chip manufacturing customers, will drive growth over the short and long term. This type of innovation delivers better efficiency, which is key to our *Improving the efficiency of energy usage* theme.

Spanish telecom firm Cellnex was another contributor over the period, posting solid first-quarter results in May, having completed a capital increase of €1.2 billion to acquire further sites in France, Italy and Switzerland. CEO Tobias Martinez underlined the 'transformational dimension' of the acquisition, with the company's current 29,000 sites expected to grow by more than 50%.

Sustainable Future Cautious Managed Fund (continued)

Investment review (continued)

Fund review (continued)

We believe infrastructure is the backbone of the digital economy and tower companies like Cellnex are poised to benefit from continued growth in communications: 5G, small cells and the Internet of Things will all increase demand for telecom infrastructure and the need for denser networks. Cellnex is an important consolidator in the European market, as the telecommunication companies divest their tower assets to focus on their core business. Cellnex then becomes an independent provider, with the telecoms companies all sharing its towers. This model matches that in the US and is more efficient for the overall infrastructure network by avoiding duplicated towers.

Elsewhere, a number of familiar names maintain their position among our top performers including healthcare business IQVIA, with the company's data-driven strategy for outsourcing clinical trials creating an important competitive advantage.

IQVIA exemplifies another important theme our process targets within the global healthcare industry – affordability. The healthcare system needs to ensure the treatments and innovations it develops are available to the wider global population and this needs to be done in a way that does not bankrupt the overall economy. In the large Western economies, this is complicated by the fact populations are “greying”, which puts more cost burden on the system. IQVIA provides an important solution to the problem of drug costs by significantly improving the efficiency of clinical trials.

Long-term holding Ecolab also continues to generate solid performance, a global leader in products that look to cut use of important resources, particularly water, for clients across the world. By cutting water and energy use, it also reduces costs for customers and has a reputation for great service and product innovation. Ecolab is a strong fit for our *Improving the management of water* theme and also continues to innovate: it is developing a polymer for Amazon, for example, that reinforces the strength of recycled cardboard.

We continue to see opportunities in the growing move towards digital payments and holdings such as Visa and Paypal feature among our stronger names over the period.

By understanding what is important to consumers and merchants, Paypal has risen to become the number one choice for online payment transactions. A customer's priority when they transact online is to ensure their personal and financial information is safe and they are not exposed to fraudulent sellers; merchants' priorities meanwhile are for customer confidence in their purchase, and increased conversion rates. The stats stack up here: figures show customer conversion at checkout is 90% with Paypal, compared to around 50% when merchants use their own payment platform.

American Tower is another long-term contributor, continuing to see demand for wireless telecommunication capacity in the US, as well as Brazil and India. In the modern digital economy, customers demand greater and greater connectivity on mobile devices. American Tower is a beneficiary of our theme of Connecting People: this demand is secular, not cyclical, and the company performed well in difficult market conditions.

In terms of detractors over the period, US pharmaceutical business Eli Lilly and Co has struggled since announcing lower-than-expected first-quarter sales for its top-selling diabetes drug Trulicity – with the required rebates and discounts taking a toll and likely to weigh on revenue growth for the year. Lilly has been banking on newer drugs such as psoriasis treatment Taltz and migraine treatment Emgality to grow revenues and help offset pricing pressures and sales declines for other products but sales of both fell short of estimates in the quarter.

Norwegian metals producer Norsk Hydro also continues to suffer after warning it would miss 2019 expectations due to restricted output in its Brazil facility where the company has taken action to address environmental damage.

*Source: Financial Express, primary share class, total return, net of fees and income & interest reinvested, 31.01.19 to 31.07.19.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

Sustainable Future Cautious Managed Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases

Treasury 1.625% Gilts 22/10/2028
 Liontrust Sustainable Future Corporate Bond Fund*
 Kerry class 'A' shares
 GlaxoSmithKline
 St. James's Place Capital
 Coventry Building Society 6.875% Perpetual Bonds
 Cineworld
 Kingspan
 Palo Alto Networks
 Prudential

Sales

Cellnex Telecom
 Rabobank 4.625% Subordinated European Medium Term Notes
 23/5/2029
 Treasury 5% Gilts 7/3/2025
 Swiss Re Finance 2.534% Floating Rate Notes 30/4/2050
 Henkel non-voting preference shares
 Treasury 4.5% Gilts 7/12/2042
 Cadence Design Systems
 Kerry class 'A' shares
 SS&C Technologies
 Treasury 4.25% Gilts 7/12/2055

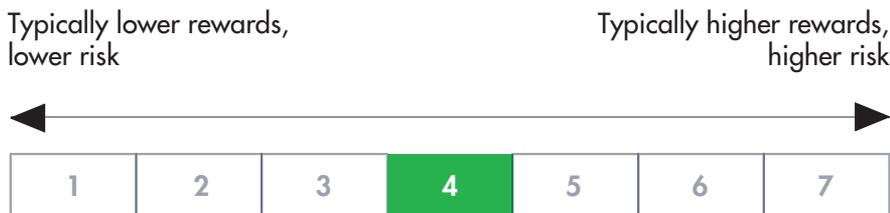
*Related party investment.

Sustainable Future Cautious Managed Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 4 because Sub-funds of this type have experienced average rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- The Sub-fund has holdings which are denominated in currencies other than Sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Investments in emerging markets may involve a higher element of risk due to less well regulated markets and political and economic instability.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG† grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

† Environmental, Social and Governance ("ESG")

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	UNITED KINGDOM GOVERNMENT BONDS (6.17%)	6,486	5.60
£5,160,000	Treasury 1.625% Gilts 22/10/2028	5,630	4.86
£800,000	Treasury 3.75% Gilts 7/9/2021	856	0.74
	STERLING DENOMINATED DEBT SECURITIES (18.31%)	17,405	15.02
£300,000	3i 5.75% European Medium Term Notes 3/12/2032	393	0.34
£310,000	Annington Funding 3.184% European Medium Term Notes 12/7/2029	330	0.28
£350,000	AT&T 7% Guaranteed Senior European Medium Term Bonds 30/4/2040	551	0.47
£650,000	Aviva 6.125% Floating Rate Bonds 14/11/2036	761	0.66
£200,000	AXA 5.453% Subordinated Perpetual Floating Rate Notes	224	0.19
£226,000	AXA 6.6862% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds	267	0.23
£450,000	British Telecommunications 3.125% European Medium Term Notes 21/11/2031	491	0.42
£550,000	Bunzl Finance 2.25% Bonds 11/6/2025	564	0.49
£600,000	Cadent Finance 2.125% European Medium Term Notes 22/9/2028	613	0.53
£300,000	Compass 2% European Medium Term Notes 5/9/2025	318	0.27
£800,000	Coventry Building Society 6.875% Perpetual Bonds	819	0.71
£500,000	CPUK Finance 3.69% European Medium Term Notes 28/2/2047	542	0.47
£550,000	Deutsche Telekom International Finance 8.875% Guaranteed Bonds 27/11/2028	871	0.75
£260,000	Direct Line Insurance 4.75% Perpetual Bonds	215	0.19
£350,000	Dwr Cymru Financing 2.5% European Medium Term Notes 31/3/2036	382	0.33
£250,000	GlaxoSmithKline Capital 5.25% Guaranteed European Medium Term Bonds 19/12/2033	355	0.31
£400,000	HSBC 3% 22/7/2028	424	0.37
£300,000	HSBC 7% Guaranteed Subordinated European Medium Term Bonds 7/4/2038	438	0.38
£350,000	InterContinental Hotels 3.75% European Medium Term Notes 14/8/2025	387	0.33
£700,000	Legal & General 5.125% Bonds 14/11/2048	774	0.67
£323,000	Liberty Living Finance 3.375% Bonds 28/11/2029	349	0.30
£300,000	NGG Finance 5.625% Floating Rate Notes 18/6/2073	328	0.28
£400,000	Notting Hill Housing Trust 2.875% Bonds 31/1/2029	423	0.36
£300,000	Orange 8.125% Guaranteed Senior European Medium Term Bonds 20/11/2028	461	0.40
£300,000	Places for People Homes 5.875% European Medium Term Notes 23/5/2031	389	0.34
£900,000	Prudential 5.625% Bonds 20/10/2051	998	0.86
£400,000	Santander 7.375% Perpetual Bonds	424	0.37
£250,000	Severn Trent Water Utilities 6.25% Guaranteed Bonds 7/6/2029	351	0.30
£650,000	Standard Chartered 5.125% Subordinated European Medium Term Notes 6/6/2034	751	0.65

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
STERLING DENOMINATED DEBT SECURITIES (continued)			
£500,000	Telefónica Emisiones 5.375% Guaranteed European Medium Term	608	0.52
£800,000	Verizon Communications 3.375% Bonds 27/10/2036	908	0.78
£400,000	Vodafone 4.875% Bonds 3/10/2078	414	0.36
£275,000	Western Power Distribution 3.5% Bonds 16/10/2026	293	0.25
£480,000	WM Morrison Supermarkets 4.75% European Medium Term Notes 4/7/2029	586	0.51
£300,000	Yorkshire Water Services Odsal Finance 6.454% Guaranteed Bonds 28/5/2027	403	0.35
UNITED STATES DOLLAR DENOMINATED DEBT SECURITIES (3.19%)		1,677	1.44
\$800,000	Demeter Investments 5.625% Bonds 15/8/2052	702	0.61
\$800,000	HSBC Bank 2.5% Perpetual Floating Rate Note	445	0.38
\$200,000	Lloyds Bank 12% Perpetual Bonds	200	0.17
\$200,000	SCOR 5.25% Perpetual Bonds	154	0.13
\$200,000	Standard Chartered 7.75% Perpetual Bonds	176	0.15
EQUITIES (64.17%)		74,244	64.05
AUSTRALIA (0.89%)		904	0.78
6,998	CSL	904	0.78
CHANNEL ISLANDS; GUERNSEY (0.93%)		982	0.85
774,530	Renewables Infrastructure	982	0.85
DENMARK (0.59%)		697	0.60
12,431	Ringkjoebing Landbobank	697	0.60
GERMANY (2.00%)		942	0.81
12,388	Hella Hueck	484	0.42
29,568	Infineon Technologies	458	0.39
HONG KONG (0.57%)		469	0.41
646,346	China Everbright International	469	0.41

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	IRELAND; REPUBLIC OF (2.66%)	3,404	2.94
8,631	Kerry class 'A' shares	822	0.71
33,710	Kingspan	1,361	1.18
46,913	Smurfit Kappa	1,221	1.05
	ITALY (0.50%)	571	0.49
23,826	Banca Generali	571	0.49
	JAPAN (2.66%)	2,913	2.51
1,000	Canadian Solar Infrastructure Fund	779	0.67
9,200	Daikin	940	0.81
500	Keyence	237	0.20
3,365	Shimano	391	0.34
12,100	TechnoPro	566	0.49
	NETHERLANDS (0.92%)	1,143	0.99
3,330	ASML	614	0.53
8,600	InterXion	529	0.46
	NORWAY (0.91%)	768	0.66
36,530	DNB	538	0.46
81,073	Norsk Hydro	230	0.20
	SPAIN (0.95%)	544	0.47
17,640	Cellnex Telecom	544	0.47
	SWEDEN (0.55%)	429	0.37
57,808	Svenska Handelsbanken series 'A' shares	429	0.37
	SWITZERLAND (0.75%)	700	0.60
3,184	Roche Holding	700	0.60

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	UNITED KINGDOM (30.90%)	39,447	34.02
104,743	3i	1,165	1.01
106,134	Abcam	1,386	1.20
607,603	Aquila European Renewables Income Fund	577	0.50
259,258	Cineworld	661	0.57
74,818	Compass	1,558	1.34
226,953	Crest Nicholson	833	0.72
15,958	Croda International	748	0.64
216,450	DFS Furniture	513	0.44
123,974	GB	744	0.64
477,990	GCP Infrastructure Investments Fund	601	0.52
117,468	GlaxoSmithKline	2,000	1.73
570,382	Greencoat UK Wind	792	0.68
7,020	GW Pharmaceuticals ADR (each representing 12 ordinary share)	929	0.80
241,512	Gym	611	0.53
47,635	Hargreaves Lansdown	999	0.86
141,389	Informa	1,236	1.07
20,481	Intertek	1,169	1.01
815,233	IP	559	0.48
734,938	John Laing Environmental Assets	860	0.74
469,211	Legal & General	1,228	1.06
7,647,358	Liontrust Sustainable Future Corporate Bond Fund*	8,742	7.54
21,233	London Stock Exchange	1,405	1.21
515,945	NextEnergy Solar Fund	604	0.52
146,814	Paragon	612	0.53
134,453	Porvair	764	0.66
593,236	PRS REIT	558	0.48
84,657	Prudential	1,437	1.24
28,720	RELX	561	0.48
239,758	Rightmove	1,267	1.09
711,922	SDCL Energy Efficiency Income Trust	762	0.66
39,325	Softcat	375	0.32
147,902	Sophos	643	0.55
96,828	St. James's Place Capital	952	0.82
20,567	Unilever	1,019	0.88
699,242	US Solar Fund	577	0.50

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	UNITED STATES OF AMERICA (18.39%)	20,331	17.55
3,200	Adobe Systems	781	0.67
4,500	Alexion Pharmaceuticals	416	0.36
300	Alphabet class 'A' shares	298	0.26
100	Alphabet class 'C' shares	99	0.09
6,800	American Tower class 'A' shares	1,175	1.01
5,800	Autodesk	739	0.64
8,700	Cadence Design Systems	525	0.45
15,406	Charles Schwab	544	0.47
5,900	DocuSign	249	0.21
8,900	Ecolab	1,466	1.26
9,600	Eli Lilly	854	0.74
2,128	Equinix	872	0.75
10,049	First Republic Bank	815	0.70
3,000	Intuit	679	0.59
8,000	IQVIA	1,039	0.90
8,300	Nasdaq	653	0.56
7,900	Nike class 'B' shares	555	0.48
5,200	Palo Alto Networks	963	0.83
8,700	PayPal	784	0.68
8,500	PerkinElmer	598	0.52
3,500	Rockwell Automation	459	0.40
2,300	Roper Industries	683	0.59
7,300	Salesforce.com	921	0.79
4,000	Splunk	442	0.38
3,975	Thermo Fisher Scientific	901	0.78
19,400	Trimble Navigation	670	0.58
11,000	Trupanion	289	0.25
6,900	Visa	1,003	0.87
11,600	Waste Connections	859	0.74
	Portfolio of investments	99,812	86.11
	Net other assets	16,094	13.89
	Total net assets	115,906	100.00

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

All investments are in ordinary shares unless otherwise stated.

Comparative figures in brackets show percentages for each category of holding at 31 January 2019.

* Related party investment.

Sustainable Future Cautious Managed Fund (continued)

Performance record (unaudited)

as at 31 July 2019

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2019 per share (p)	31 July 2018 per share (p)
Class 2 Net Income	1.5668	1.5096
Class 3 Net Income	1.5904	1.5273
Class Z Net Income*	—	1.2000

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2019			
Class 2 Net Income	71,733,733	101,123	140.97
Class 3 Net Income	10,325,226	14,783	143.18
Class Z Net Income*	—	—	—
31 January 2019			
Class 2 Net Income	36,804,399	46,752	127.03
Class 3 Net Income	6,506,361	8,383	128.84
Class Z Net Income	1,000	1	130.45
31 January 2018			
Class 2 Net Income	14,150,236	18,157	128.32
Class 3 Net Income	2,899,991	3,762	129.74
Class Z Net Income	10,001,000	13,085	130.83
31 January 2017			
Class 2 Net Income	4,411,253	5,139	116.49
Class 3 Net Income	986,448	1,158	117.38
Class Z Net Income	10,001,000	11,812	118.11

* Share class closed 22 May 2019.

Sustainable Future Cautious Managed Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Income				
Net capital gains		8,410		318
Revenue	1,026		406	
Expenses	(361)		(107)	
Interest payable and similar charges	—		—	
Net revenue before taxation	665		299	
Taxation	(42)		(25)	
Net revenue after taxation		623		274
Total return before distributions		9,033		592
Distributions		(913)		(360)
Change in net assets attributable to shareholders from investment activities		8,120		232

Statement of change in net assets attributable to shareholders (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Opening net assets attributable to shareholders		55,136		35,004
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	53,005		9,585	
Amounts paid on cancellation of shares	(355)		(13,300)	
		52,650		(3,715)
Dilution adjustment		—		9
Change in net assets attributable to shareholders from investment activities		8,120		232
Closing net assets attributable to shareholders		115,906		31,530

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Cautious Managed Fund (continued)

Balance Sheet (unaudited)

as at 31 July 2019

	31.7.2019 (£'000)	31.1.2019 (£'000)
Assets		
Fixed Assets		
Investments	99,812	50,637
Current assets:		
Debtors	3,433	661
Cash and bank balances	15,074	4,753
Total other assets	18,507	5,414
Total assets	118,319	56,051
Liabilities		
Creditors:		
Bank overdrafts	(1)	—
Distribution payable	(1,288)	(604)
Other creditors	(1,124)	(311)
Total liabilities	(2,413)	(915)
Net assets attributable to shareholders	115,906	55,136

Sustainable Future Corporate Bond Fund

Report for the period from 1 February 2019 to 31 July 2019

Investment objective and policy

The Sub-fund aims to achieve a high level of investment income through diversified investment, principally in sterling denominated fixed interest securities issued by corporates, governments and supranational institutions.

Limited investment in non-sterling denominated fixed interest securities may be made from time to time. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Sustainable Future Corporate Bond Fund (continued)

Investment review (continued)

Fund review

The Sustainable Future Corporate Bond fund produced a solid absolute return of 6.7% over the period under review, outperforming the IA Sterling Corporate Bond sector average of 6.3% but lagging the iBoxx Sterling Corporate Index's 7.5%*.

Corporates outperformed government debt over the period, which saw the portfolio benefit from its overweight credit position. Sector allocation and stock selection both contributed positively to returns, particularly our core sector overweights in insurance and telecommunications through some higher beta subordinated bond holdings in names such as Axa and Prudential. Higher spread duration holdings such as Verizon and AT&T also benefited from the risk-on tone in markets.

This strong performance from credit was offset by the negative contribution from the portfolio's underweight position to interest rate risk, as developed market government bond yields fell sharply over the period. Having started the period at 0.15%, German 10-year Bund yields fell below the 0% threshold in March, before extending further into negative territory to reach an all-time low of -0.44% by the end of July.

Meanwhile, US 10-year Treasury yields fell 62bp to end July at 2.01%, having briefly dipped below 2% earlier in the period. UK Gilt yields followed a similar path, despite rising after the extensions to Article 50 in March and April, with 10-year Gilt yields enduring a volatile six months, ultimately sinking to a historic low of 0.61% at the end of July. This record proved short-lived however, with UK 10 year Gilt yields continuing their decline, dropping below 0.5% in August.

Looking at the overall period, financial markets generally continued their good start to the year, despite a sharp fall in May, with concerns over trade and global slowdown offset, for now, by more accommodative central bank policy.

First out of the gates was the European Central Bank (ECB), which left benchmark rates unchanged at its July meeting but indicated a stimulus package is under development, which many expect means a cut at the next meeting in September. Markets had been watching closely for the Bank's reaction to slowing eurozone growth and president Mario Draghi indicated he could also revive the €2.6tn quantitative easing programme in the coming months. The likely path of further monetary stimulus was reaffirmed by the nomination of current IMF Chair Christine Lagarde to take over the ECB presidency in November, among the more dovish candidates for the role.

Around the world, the list of central banks easing or getting ready to do so is lengthening, mirroring the correlation of policy we saw at the height of the global financial crisis in 2008. It includes emerging markets like Vietnam and Brazil, as well as Australia, Russia, South Africa, South Korea, Chile and, Indonesia among others.

In the midst of all this, the Federal Reserve followed through with a widely trailed rate cut at the end of July – the first since 2008 – and we seem to be in a new policy era of pre-emptive action rather than in response to any kind of market or economic excess. As we came into the year, the Fed was still talking about rate hikes in 2019 but economic weakness drove a turnaround in narrative, with commentary continually stressing its patient approach.

Having been targeted by President Trump for not doing enough to support the US economy, Chair Jerome Powell said the case for more accommodative policy had strengthened at the June meeting and highlighted trade concerns as the key reason for the 0.25% cut at the end of July.

Despite softening its stance somewhat at its most recent August meeting, the Bank of England continues to be less dovish than its peers, with UK headlines instead dominated by Brexit developments.

After the supposed exit date of 29 March passed, Theresa May made a final attempt to establish a parliamentary majority behind her EU exit deal in May but, although avoiding a no-deal scenario by agreeing a further Article 50 extension until 31 October, she announced her resignation after a much-maligned spell in the role.

With Boris Johnson winning the ensuing Conservative Leadership Race and taking the reigns as prime minister in July, the chances of a no-deal look to have increased. Despite his pro-Brexit cabinet appointments, there has been little to suggest how they will be able to overcome the current stalemate, particularly given the ongoing split in the Conservative party, and ongoing debate about whether parliament can reject a no-deal. This raises the possibility of a general election, which would require an extension to the October deadline, as well as significantly threatening the Conservative/DUP coalition's slender majority.

Sustainable Future Corporate Bond Fund (continued)

Investment review (continued)

Fund review (continued)

Investor concerns were further exacerbated by European Parliamentary election results over the period, which saw Nigel Farage's Brexit party dominate in the UK. Across Europe however, while populist parties gained seats, it was not nearly as many as were expected. The other notable exception to this trend was Italy, sparking fresh fears over the future of its own fractious relationship with the EU. Tensions remain elevated after the country slipped into technical recession during the period, following two consecutive quarters of economic contraction. This led the European Commission (EC) to cut the country's GDP growth forecast, which leaves its budget deficit outside the previously agreed range, although they have elected not to take disciplinary action.

*Source: Financial Express, primary share class, total return, net of fees and interest reinvested, 31.01.19 to 31.07.19.

Portfolio activity

Against this backdrop, there was modest portfolio activity over the period. Early on, corporates took advantage of favourable market conditions: new issuance was relatively high and better absorbed by the market than initially anticipated, with premiums narrowing significantly as a result. We also took advantage, participating in some of these new issues gaining exposure to high-quality names, whilst capturing the new issue premiums on offer.

We established a position in Swiss Re, which provides reinsurance and insurance services. The company is industry leading in terms of integrating sustainability research and analysis, not only into its investment process but also underwriting practices. The issue offered an attractive opportunity to gain exposure to a high-quality issuer, rated AA- at the senior level, with high levels of solvency.

This was part funded by disposing of our holding in Allianz, where we believe the bonds we held are now fully valued. We also reduced our exposure to Legal & General in order to fund the addition on relative value grounds.

We also participated in a new issue from Vodafone, switching out of some of our existing holding in the sterling hybrids in order to capture the attractive relative value on offer in the new US dollar hybrids. The issuance was the last part of the funding required for the acquisition of Liberty Global's central and eastern European assets.

Later in the period, we initiated a position in Orsted via a new issue that came at an attractive valuation level: the company is one of the largest green energy developers in the world, having made significant progress in its transition from fossil-based to green energy. It has achieved this by converting power stations from coal and gas to sustainable biomass. The investment was funded by the disposal of TC Dudgeon bonds, which had performed well since issue.

We also established a position in Telefonica, as the bonds were trading at an attractive discount relative to comparable telecommunication peers. The company's credit profile is supported by its well-diversified business profile, strong positioning in its core markets, prominent infrastructure assets with the leading fibre footprint in Europe and Latin America, and management's ongoing commitment to deleveraging.

Following increased uncertainty over the short-term outlook for the business, we decided to dispose of our holding in Dignity PLC. The uncertainty is principally due to the ongoing Competition and Markets Authority (CMA) in-depth review of the funerals sector, as well as the slowdown in the UK death rate, both of which are likely to prevent any near-term recovery for the business.

We also exited our position in Society of Lloyds during the period following a review of its sustainability criteria. This resulted in a downgrade to a matrix rating of B5, making the name no longer investable. The downgrade stemmed from an on-going internal investigation into various claims of sexual misconduct.

There were also a number of relative value switches. Following a generous liability management exercise conducted by Prudential, we exited the position and rotated proceeds into Assicurazioni Generali bonds, which offered greater value. We also switched out of BNP Paribas, which had performed very strongly, into similarly highly rated Coventry Building Society where we see better value at current levels. We completed a cross currency switch within both Zurich and Swiss Re bonds, with the US dollar bonds trading at an attractive discount and offering yield and spread pick-ups relative to euro equivalents.

In terms of interest rate risk, we remain underweight versus the index but have continued to actively manage the position over the period. In the first quarter, we reduced the short to one year, closing positions to both the US and German markets as commentary from both central banks became increasingly dovish.

Sustainable Future Corporate Bond Fund (continued)

Investment review (continued)

Portfolio activity (continued)

Meanwhile, we re-established a one-year short position to the UK, as we continued to believe the Bank of England was keen to raise rates in the event of an orderly Brexit.

In Q2, we increased the position to 2.25 years short, re-establishing a short to the German market, where yields reached all-time lows, as well as to the US following a significant repricing in Treasury yields over the period.

Against this, we reduced our short to the UK, where we have reduced conviction amid heightened political uncertainty over the short term, although we continue to believe a no-deal Brexit scenario is unlikely. The portfolio's position is currently 1.5 years short to the German market, 0.5 years short to the UK and 0.25 years short to the US.

Outlook

While short-term uncertainty regarding Brexit and trade tariffs will likely result in market volatility, we continue to believe the macro backdrop for credit markets remains positive over the medium to long term. Concerns over economic slowdown – largely driven by trade fears – are offset by more accommodative central bank monetary policy. Meanwhile, default rates remain low and we still see robust trends in corporate earnings and conservatively managed corporate credit metrics, especially within investment grade.

Corporate bond valuations have continued to recover from the lows seen in Q4 2018 and we see scope for further improvements as technical and sentiment concerns subside, shifting focus back to the relatively strong underlying fundamentals. As we have said before, our core sector preferences within insurance and telecoms are supported by attractive valuations and higher credit quality and remain unchanged over the longer term.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

Material portfolio changes by value

Purchases

Treasury 8% Stock 7/6/2021
 Legal & General 5.125% Bonds 14/11/2048
 Coventry Building Society 6.875% Perpetual Bonds
 AXA 3.25% Subordinated Perpetual Floating Rate Notes
 AXA 5.453% Subordinated Perpetual Floating Rate Notes
 Aviva 6.125% Floating Rate Bonds 14/11/2036
 Argentum Netherlands 5.625% Bonds 15/8/2052
 Argentum Netherlands 5.125% Bonds 1/6/2048
 Telefónica Emisiones 5.375% Guaranteed European
 Medium Term Bonds 2/2/2026
 Swiss Re 2.534% Guaranteed Subordinated Floating
 Rate Bonds 30/4/2050

Sales

Treasury 8% Stock 7/6/2021
 Allianz 5.5% Perpetual
 AXA 5.453% Subordinated Perpetual Floating Rate Notes
 AXA 3.25% Subordinated Perpetual Floating Rate Notes
 Aviva 6.875% Guaranteed Subordinated Floating Rate European
 Medium Term Bonds 20/5/2058
 Swiss Re 2.534% Guaranteed Subordinated Floating Rate Bonds
 30/4/2050
 Argentum Netherlands 3.5% European Medium Term
 Notes 1/10/2046
 BNP Paribas 7% Perpetual Bonds
 Legal & General 5.5% Subordinated Floating Rate European
 Medium Term Notes 27/6/2064
 Prudential 5% Subordinated Floating Rate European Medium Term
 Notes 20/7/2055

Sustainable Future Corporate Bond Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 3 because Sub-funds of this type have experienced average rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is therefore a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- The value of these securities will fall if the issuer is unable to repay their debt or has their credit rating reduced. Generally, the higher perceived credit risk of the issuer, the higher the rate of interest.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG† grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

† Environmental, Social and Governance ("ESG")

Sustainable Future Corporate Bond Fund (continued)

Portfolio Statement (unaudited)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	CAYMAN ISLANDS (3.73%)	19,725	3.44
£5,500,000	Dwr Cymru Financing 2.5% European Medium Term Notes 31/3/2036	6,006	1.05
£3,000,000	Thames Water Utilities Cayman Finance 2.875% European Medium Term Notes 3/5/2027	3,025	0.53
£2,889,000	Thames Water Utilities Cayman Finance 4% Senior Notes 19/6/2025	3,245	0.56
£5,552,000	Yorkshire Water Services Odsal Finance 6.454% Guaranteed Bonds 28/5/2027	7,449	1.30
	CHANNEL ISLANDS; JERSEY (2.85%)	15,090	2.63
£5,750,000	CPUK Finance 3.588% Notes 28/2/2042	6,227	1.09
\$6,300,000	HBOS Capital Funding 6.85% Perpetual Bonds	5,235	0.91
£3,100,000	Porterbrook Rail Finance 4.625% Senior European Medium Term Notes 4/4/2029	3,628	0.63
	DENMARK (0.00%)	3,685	0.64
£3,500,000	Orsted 2.125% European Medium Term Notes 17/5/2027	3,685	0.64
	FRANCE (9.85%)	47,492	8.28
£13,600,000	AXA 5.453% Subordinated Perpetual Floating Rate Notes	15,258	2.66
£7,900,000	BPCE 5.25% Subordinated Notes 16/4/2029	9,654	1.68
£10,500,000	Orange 8.125% Guaranteed Senior European Medium Term Bonds 20/11/2028	16,131	2.81
\$8,400,000	SCOR SE 5.25% Perpetual Bonds	6,449	1.13
	GERMANY (1.51%)		
	IRELAND; REPUBLIC OF (0.98%)	3,044	0.53
£1,500,000	Lambay Capital Securities 6.25% Perpetual Subordinated European Medium Term Notes	28	0.00
£3,000,000	Student Finance 2.6663% Senior Notes 30/9/2024	3,016	0.53
	ITALY (0.95%)	9,247	1.61
£8,700,000	Assicurazioni Generali 6.269% Guaranteed Perpetual Subordinated Floating Rate Bonds	9,247	1.61
	LUXEMBOURG (1.82%)	10,340	1.80
£5,769,000	Aroundtown 3.25% European Medium Term Notes 18/7/2027	5,984	1.04
€1,500,000	Hellas Telecommunications II 0% Subordinated Floating Rate Notes 15/1/2015	1	0.00
€3,300,000	Telecom Italia Finance 7.75% European Medium Term Notes 24/1/2033	4,355	0.76

Sustainable Future Corporate Bond Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
NETHERLANDS (7.98%)		52,026	9.07
£5,550,000	Aegon 6.625% Guaranteed Senior European Medium Term Bonds 16/12/2039	8,991	1.57
€2,000,000	Argentum Netherlands 3.5% European Medium Term Notes 1/10/2046	2,121	0.37
\$7,000,000	Argentum Netherlands 5.125% Bonds 1/6/2048	6,145	1.07
\$7,000,000	Argentum Netherlands 5.625% Bonds 15/8/2052	6,146	1.07
£4,300,000	Deutsche Telekom International Finance 8.875% Guaranteed Bonds 27/11/2028	6,813	1.19
\$8,400,000	Deutsche Telekom International Finance 9.25% Bonds 1/6/2032	10,635	1.85
£9,450,000	Rabobank 4.625% Subordinated European Medium Term Notes 23/5/2029	11,175	1.95
SPAIN (0.00%)		5,351	0.93
£4,400,000	Telefónica Emisiones 5.375% Guaranteed European Medium Term Bonds 2/2/2026	5,351	0.93
UNITED KINGDOM (62.75%)		370,161	64.49
£4,600,000	3i 5.75% European Medium Term Notes 3/12/2032	6,028	1.05
£6,333,000	Annington Funding 3.184% European Medium Term Notes 12/7/2029	6,741	1.17
£10,750,000	Aviva 6.125% Floating Rate Bonds 14/11/2036	12,589	2.19
£8,005,000	British Telecommunications 3.125% European Medium Term Notes 21/11/2031	8,734	1.52
£2,933,000	British Telecommunications 5.75% Guaranteed Senior Bonds 7/12/2028	3,840	0.67
£5,000,000	Bunzl Finance 2.25% Bonds 11/6/2025	5,129	0.89
£5,000,000	Cadent Finance 2.125% European Medium Term Notes 22/9/2028	5,110	0.89
£4,000,000	Cardiff University 3% Bonds 7/12/2055	4,842	0.84
£4,500,000	Close Brothers 4.25% Bonds 24/1/2027	4,735	0.82
£4,100,000	Compass 3.85% Senior European Medium Term Notes 26/6/2026	4,840	0.84
£8,000,000	Coventry Building Society 6.875% Perpetual Bonds	8,190	1.43
£9,000,000	Direct Line Insurance 4.75% Perpetual Bonds	7,440	1.30
£5,250,000	Eversholt Funding 3.529% European Medium Term Notes 7/8/2042	5,412	0.94
£2,750,000	GlaxoSmithKline Capital 4.25% European Medium Term Bonds 18/12/2045	3,740	0.65
£2,350,000	GlaxoSmithKline Capital 5.25% Guaranteed European Medium Term Bonds 19/12/2033	3,338	0.58
£6,970,203	Greater Gabbard 4.137% Senior Notes 29/11/2032	8,195	1.43
£3,500,000	Hammerson 3.5% Bonds 27/10/2025	3,538	0.62
£3,000,000	HSBC 3% Senior Floating Rate Notes 22/7/2028	3,183	0.55
£2,500,000	HSBC 7% Guaranteed Subordinated European Medium Term Bonds 7/4/2038	3,649	0.64
\$9,420,000	HSBC Bank 2.5% Perpetual Floating Rate Note	5,243	0.91
£4,850,000	InterContinental Hotels 3.75% European Medium Term Notes 14/8/2025	5,360	0.93
£4,177,000	Intu (SGS) Finance 4.25% European Medium Term Notes 17/9/2035	3,614	0.63

Sustainable Future Corporate Bond Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
UNITED KINGDOM (continued)			
£4,706,000	Investec Bank 4.25% European Medium Term Notes 24/7/2028	4,796	0.84
£8,400,000	Legal & General 5.125% Bonds 14/11/2048	9,284	1.62
£5,745,000	Liberty Living Finance 3.375% Bonds 28/11/2029	6,199	1.08
\$3,000,000	Lloyds Bank 12% Perpetual Bonds	2,992	0.52
£2,000,000	Lloyds Bank 13% Perpetual Floating Rate Subordinated Bonds	3,453	0.60
£4,500,000	London & Quadrant Housing Trust 2.625% Bonds 28/2/2028	4,709	0.82
£3,000,000	Mitchells & Butlers Finance 6.469% Guaranteed Asset Backed Bonds 15/9/2032	3,390	0.59
£2,500,000	Motability Operations 3.625% European Medium Term Notes 10/3/2036	3,033	0.53
£5,000,000	Motability Operations 3.75% European Medium Term Notes 16/7/2026	5,793	1.01
£5,000,000	National Express 2.5% European Medium Term Notes 11/11/2023	5,154	0.90
£3,500,000	Next 3.625% Bonds 18/5/2028	3,711	0.65
£6,650,000	NGG Finance 5.625% Floating Rate Notes 18/6/2073	7,274	1.27
£5,000,000	Notting Hill Housing Trust 2.875% Bonds 31/1/2029	5,289	0.92
£4,800,000	Notting Hill Housing Trust 3.75% Bonds 20/12/2032	5,468	0.95
£4,800,000	Places for People Homes 5.875% European Medium Term Notes 23/5/2031	6,217	1.08
£16,000,000	Prudential 5.625% Bonds 20/10/2051	17,739	3.09
£5,000,000	Royal Bank of Scotland 3.125% European Medium Term Notes 28/3/2027	5,147	0.90
\$9,400,000	Royal Bank of Scotland 6.1% Bonds 10/6/2023	8,259	1.44
£5,500,000	Segro 2.375% Bonds 11/10/2029	5,732	1.00
£4,240,000	Severn Trent Water Utilities 6.25% Guaranteed Bonds 7/6/2029	5,948	1.04
£3,643,000	South Eastern Power Networks 6.375% Guaranteed Senior European Medium Term Bonds 12/11/2031	5,374	0.94
£6,000,000	Southern Gas Networks 3.1% European Medium Term Notes 15/9/2036	6,698	1.17
£4,000,000	Spirit Issuer 5.472% Guaranteed Senior Floating Rate Bonds 28/12/2034	4,181	0.73
£4,250,000	SSE 8.375% Guaranteed Senior Bonds 20/11/2028	6,457	1.12
£4,400,000	Stagecoach 4% Bonds 29/9/2025	4,728	0.82
£13,700,000	Standard Chartered 5.125% Subordinated European Medium Term Notes 6/6/2034	15,833	2.76
£5,659,000	Transport for London 2.125% Bonds 24/4/2025	6,001	1.05
£4,400,000	Travis Perkins 4.5% Bonds 7/9/2023	4,605	0.80
£27,000,000	Treasury 8% Stock 7/6/2021	30,775	5.36
£3,850,000	University of Liverpool 3.375% Bonds 25/6/2055	5,048	0.88
£2,800,000	Virgin Media Secured Finance 6.25% Guaranteed Senior Notes 28/3/2029	2,959	0.52
£6,700,000	Vodafone 4.875% Bonds 3/10/2078	6,937	1.21
\$5,600,000	Vodafone 6.25% Bonds 3/10/2078	4,762	0.83
£6,000,000	Western Power Distribution 6% European Medium Term Notes 9/5/2025	7,453	1.30
£6,294,000	WM Morrison Supermarkets 4.75% European Medium Term Notes 4/7/2029	7,682	1.34

Sustainable Future Corporate Bond Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
UNITED KINGDOM (continued)			
£4,500,000	Yorkshire Building Society 3.375% European Medium Term Notes 13/9/2028	4,353	0.76
£3,000,000	Yorkshire Water Finance 2.75% European Medium Term Notes 18/4/2041	3,238	0.56
		34,697	6.05
UNITED STATES OF AMERICA (6.27%)			
£10,400,000	AT&T 7% Guaranteed Senior European Medium Term Bonds 30/4/2040	16,364	2.85
\$9,000,000	Nationwide 4.302% 8/3/2029	7,663	1.34
£9,400,000	Verizon Communications 3.375% Bonds 27/10/2036	10,670	1.86
		(2,351)	(0.41)
FORWARD CURRENCY CONTRACTS (0.34%)			
		133	0.02
EURO (0.00%)			
£6,900,000	Buy Euro 30/08/2019 , Sell £6,146,996	133	0.02
		(2,484)	(0.43)
STERLING (0.34%)			
£17,052,035	Buy Sterling 30/08/2019 , Sell €19,250,000	(468)	(0.08)
£46,956,105	Buy Sterling 30/08/2019 , Sell \$59,750,000	(1,772)	(0.31)
£5,668,788	Buy Sterling 30/08/2019 , Sell \$7,250,000	(244)	(0.04)
		(1,681)	(0.29)
FUTURES ((0.69)%)			
(90)	Euro Buxl 30 Year Bond Future September 2019	(842)	(0.15)
(720)	Euro-Bobl Future September 2019	(681)	(0.12)
(140)	Euro-Bund Future September 2019	(529)	(0.09)
250	Long Gilt Future September 2019	627	0.11
(230)	US 10 Year Ultra Future September 2019	(422)	(0.07)
(420)	US 2 Year Note (CBT) Future September 2019	166	0.03
Portfolio of Investments		566,826	98.77
Net other assets		7085	1.23
Total net assets		573,911	100.00

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

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2019.

Sustainable Future Corporate Bond Fund (continued)

Performance record (unaudited)

as at 31 July 2019

Income record

Any distributions payable are paid on a quarterly basis (31 March, 30 June, 30 September and 31 December). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2019 per share (p)	31 July 2018 per share (p)
Class 2 Net Income	1.5387	1.5722
Class 3 Net Income	2.2108	2.2502
Class 6 Net Accumulation	2.5266	2.4936

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2019			
Class 2 Net Income	199,201,585	168,643	84.66
Class 3 Net Income	352,947,786	398,277	112.84
Class 6 Net Accumulation	4,961,711	6,991	140.90
31 January 2019			
Class 2 Net Income	185,999,417	150,365	80.84
Class 3 Net Income	319,841,382	344,634	107.75
Class 6 Net Accumulation	3,740,594	4,942	132.12
31 January 2018			
Class 2 Net Income	148,632,756	126,454	85.08
Class 3 Net Income	302,873,111	343,457	113.40
Class 6 Net Accumulation	2,416,777	3,235	133.87
31 January 2017			
Class 2 Net Income	114,689,271	93,886	81.86
Class 3 Net Income	173,197,701	188,986	109.12
Class 6 Net Accumulation	1,609,513	2,000	124.25

Sustainable Future Corporate Bond Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Income				
Net capital gains/(losses)		26,147		(15,273)
Revenue	10,079		9,760	
Expenses	(1,160)		(951)	
Interest payable and similar charges	(65)		(374)	
Net revenue before taxation	8,854		8,435	
Taxation	—		(60)	
Net revenue after taxation		8,854		8,375
Total return before distributions		35,001		(6,898)
Distributions		(10,401)		(9,582)
Change in net assets attributable to shareholders from investment activities		24,600		(16,480)

Statement of change in net assets attributable to shareholders (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Opening net assets attributable to shareholders		499,941		473,146
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	65,403		42,291	
Amounts paid on cancellation of shares	(16,149)		(8,492)	
		49,254		33,799
Dilution adjustment		—		(2)
Change in net assets attributable to shareholders from investment activities		24,600		(16,480)
Retained distribution on accumulation shares		114		77
Unclaimed distributions		2		—
Closing net assets attributable to shareholders		573,911		490,540

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Corporate Bond Fund (continued)

Balance Sheet (unaudited)

as at 31 July 2019

	31.7.2019 (£'000)	31.1.2019 (£'000)
Assets		
Fixed Assets		
Investments	571,784	495,081
Current assets:		
Debtors	17,947	10,418
Cash and bank balances	4,652	4,821
Total other assets	22,599	15,239
Total assets	594,383	510,320
Liabilities		
Investment liabilities	(4,958)	(3,428)
Creditors:		
Amounts due to future clearing houses and brokers	(579)	—
Bank overdrafts	—	(207)
Distribution payable	(5,644)	(4,985)
Other creditors	(9,291)	(1,759)
Total other liabilities	(15,514)	(6,951)
Total liabilities	(20,472)	(10,379)
Net assets attributable to shareholders	573,911	499,941

Sustainable Future Defensive Managed Fund

Report for the period from 1 February 2019 to 31 July 2019

Investment objective and policy

The Sub-fund aims to achieve income and some long term capital appreciation through diversified investment within and across global securities markets.

Allocations to bonds, equities and cash will vary over time depending on market circumstances. Equity selections will be based on price and long term total return prospects. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may also invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Note: Typically, 45% of the Net Asset Value of the Sub-fund will be invested in global equities and 55% in bonds and cash.

Sustainable Future Defensive Managed Fund (continued)

Investment review

Market review

Equities enjoyed another solid period, despite a dip in May, and many indices are entering recording-breaking territory once again. As we have grown used to over recent years, this has been against macro uncertainty in the background, with tensions rising in the Middle East and the US and China continuing to argue on trade.

For now, increasing dovishness and largesse from central banks is proving strong enough to counteract the impact of trade fears and the never-ending Brexit saga in the UK.

Against this backdrop, all eyes were on the latest G20 leaders' summit in Osaka at the end of June, which included another meeting between Presidents Trump and Xi Jinping as they try to break the deadlock. The pair agreed to resume the stalled talks and Trump said tariffs in place would remain but the proposed \$300bn, which would have extended taxes to virtually everything China ships to the United States, will not be triggered for the "time being".

In the midst of all this, the Federal Reserve followed through with a widely-trailed rate cut at the end of July – the first since 2008 – and we seem to be in a new policy era of pre-emptive action rather than in response to any kind of market or economic excess.

As always, we continue to stress that whatever macro events are unfolding in the background, the underlying business fundamentals for the areas of the global market in which we invest remain strong. Important structural dynamics, such as the shift to a digital economy, the drive to improve efficiency and the importance of improving quality of life, also continue to drive earnings.

Our themes are structural in nature and therefore less transient than cyclical drivers, which can change constantly. The key factor behind all our themes is the conviction that, over time, the global economy will become more sustainable.

Fund review

The Sustainable Future Defensive Managed fund delivered 11.1% over the six months under review, outperforming the IA Mixed Investment 20-60% Shares sector average of 7.3%*.

In terms of asset allocation, we started 2019 overweight cash and underweight UK and global equities and gradually added money back into the market over Q1, also increasing our overweight corporate bond allocation. We felt the sell-off in the final quarter of 2018 had discounted an overly negative outcome for both Brexit and the US/Chinese trade war and the reality is likely to be more moderate.

That said, we reduced our overweight equity position back to neutral over the second quarter and also brought our cash underweight back to neutral. We maintained our overweight credit/underweight Gilt position. While we still see few signs of a recession on the immediate horizon, we feel the economic up-cycle is reaching its tenth year, with some key risks emerging – particularly related to tariffs and a potential trade war as outlined above.

Asset allocation was positive over the period, with stock selection the main driver of returns.

The portfolio continues to target companies that can grow as the global economy becomes more efficient, offer a higher quality of life and provide a more resilient global economy.

Key holdings over the period included US software business Cadence Design Systems, which has continued to climb following strong results in January despite concerns around a cyclical slowdown in the semiconductor industry.

The company is broadening its chip design software offering to new customers, as the likes of Amazon, Google and even Tesla invest in chip design teams. Cadence's software offering is essential to this design and demand from these businesses, as well as more traditional chip manufacturing customers, will drive growth over the short and long term. This type of innovation delivers better efficiency, which is key to our *Improving the efficiency of energy usage* theme.

Spanish telecom firm Cellnex was another contributor over the period, posting solid first-quarter results in May, having completed a capital increase of €1.2 billion to acquire further sites in France, Italy and Switzerland. CEO Tobias Martinez underlined the 'transformational dimension' of the acquisition, with the company's current 29,000 sites expected to grow by more than 50%.

Sustainable Future Defensive Managed Fund (continued)

Investment review (continued)

Fund review (continued)

We believe infrastructure is the backbone of the digital economy and tower companies like Cellnex are poised to benefit from continued growth in communications: 5G, small cells and the Internet of Things will all increase demand for telecom infrastructure and the need for denser networks. Cellnex is an important consolidator in the European market, as the telecommunication companies divest their tower assets to focus on their core business. Cellnex then becomes an independent provider, with the telecoms companies all sharing its towers. This model matches that in the US and is more efficient for the overall infrastructure network by avoiding duplicated towers.

Elsewhere, a number of familiar names maintain their position among our top performers including healthcare business IQVIA, with the company's data-driven strategy for outsourcing clinical trials creating an important competitive advantage.

IQVIA exemplifies another important theme our process targets within the global healthcare industry – affordability. The healthcare system needs to ensure the treatments and innovations it develops are available to the wider global population and this needs to be done in a way that does not bankrupt the overall economy. In the large Western economies, this is complicated by the fact populations are “greying”, which puts more cost burden on the system. IQVIA provides an important solution to the problem of drug costs by significantly improving the efficiency of clinical trials.

Long-term holding Ecolab also continues to generate solid performance, a global leader in products that look to cut use of important resources, particularly water, for clients across the world. By cutting water and energy use, it also reduces costs for customers and has a reputation for great service and product innovation. Ecolab is a strong fit for our Improving the management of water theme and also continues to innovate: it is developing a polymer for Amazon, for example, that reinforces the strength of recycled cardboard.

We continue to see opportunities in the growing move towards digital payments and holdings such as Visa and Paypal feature among our stronger names over the period.

By understanding what is important to consumers and merchants, Paypal has risen to become the number one choice for online payment transactions. A customer's priority when they transact online is to ensure their personal and financial information is safe and they are not exposed to fraudulent sellers; merchants' priorities meanwhile are for customer confidence in their purchase, and increased conversion rates. The stats stack up here: figures show customer conversion at checkout is 90% with Paypal, compared to around 50% when merchants use their own payment platform.

American Tower is another long-term contributor, continuing to see demand for wireless telecommunication capacity in the US, as well as Brazil and India. In the modern digital economy, customers demand greater and greater connectivity on mobile devices. American Tower is a beneficiary of our theme of *Connecting People*: this demand is secular, not cyclical, and the company performed well in difficult market conditions.

In terms of detractors over the period, US pharmaceutical business Eli Lilly and Co has struggled since announcing lower-than-expected first-quarter sales for its top-selling diabetes drug Trulicity – with the required rebates and discounts taking a toll and likely to weigh on revenue growth for the year. Lilly has been banking on newer drugs such as psoriasis treatment Taltz and migraine treatment Emgality to grow revenues and help offset pricing pressures and sales declines for other products but sales of both fell short of estimates in the quarter.

Norwegian metals producer Norsk Hydro also continues to suffer after warning it would miss 2019 expectations due to restricted output in its Brazil facility where the company has taken action to address environmental damage.

*Source: Financial Express, primary share class, total return, net of fees and income & interest reinvested, 31.01.19 to 31.07.19.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

Sustainable Future Defensive Managed Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases

Treasury 1.625% Gilts 22/10/2028
 Liontrust Sustainable Future Corporate Bond Fund
 Treasury 3.75% Gilts 7/9/2021
 Argentum Netherlands 5.625% Bonds 15/8/2052
 Kerry class 'A' shares
 GlaxoSmithKline
 Deutsche Telekom International Finance 8.875%
 Guaranteed Bonds 27/11/2028
 Cineworld
 Telefónica Emisiones 5.375% Guaranteed European
 Medium Term Bonds 2/2/2026
 St. James's Place Capital

Sales

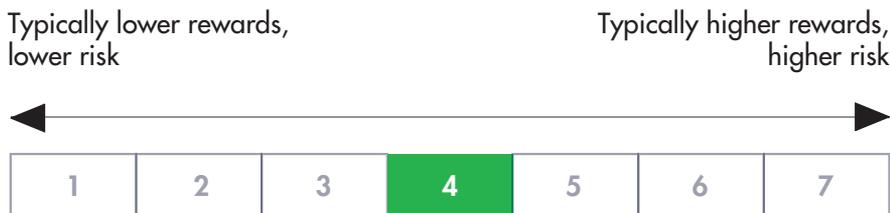
Treasury 5% Stock 7/3/2025
 Treasury 4.25% Loan Stock 7/12/2055
 Treasury 4.5% Stock 7/12/2042
 Treasury 3.75% Gilts 7/9/2019
 Swiss Re 2.534% Guaranteed Subordinate Floating Rate
 Notes 30/4/2050
 Hargreaves Lansdown
 Treasury 6% Gilts 7/12/2028
 Treasury 4.25% Stock 7/6/2032
 Allianz 5.5% Perpetual
 Treasury 4.75% Stock 7/12/2030

Sustainable Future Defensive Managed Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 4 because Sub-funds of this type have experienced average rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Investments in emerging markets may involve a higher element of risk due to less well regulated markets and political and economic instability.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG† grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

† Environmental, Social and Governance ("ESG")

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	UNITED KINGDOM GOVERNMENT BONDS (13.58%)	22,144	13.48
£17,650,000	Treasury 1.625% Gilts 22/10/2028	19,256	11.72
£2,700,000	Treasury 3.75% Gilts 7/9/2021	2,888	1.76
	STERLING DENOMINATED DEBT SECURITIES (23.08%)	27,698	16.85
£400,000	3i 5.75% Guaranteed Senior European Medium Term Bonds 3/12/2032	524	0.32
£600,000	Annington Funding 3.184% European Medium Term Notes 12/7/2029	639	0.39
£500,000	Assicurazioni Generali 6.269% Guaranteed Perpetual Subordinated Floating Rate Bonds	531	0.32
£600,000	AT&T 4.375% Bonds 14/9/2029	712	0.43
£150,000	AT&T 7% Guaranteed Senior European Medium Term Bonds 30/4/2040	236	0.14
£540,000	Aviva 6.125% Floating Rate Bonds 14/11/2036	632	0.38
£500,000	AXA 5.453% Subordinated Perpetual Floating Rate Notes	561	0.34
£362,000	AXA 6.6862% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds	428	0.26
£700,000	British Telecommunications 5.75% Guaranteed Senior Bonds 7/12/2028	917	0.56
£950,000	Bunzl Finance 2.25% Bonds 11/6/2025	975	0.59
£900,000	Cadent Finance 2.125% European Medium Term Notes 22/9/2028	920	0.56
£400,000	Compass 2% European Medium Term Notes 5/9/2025	424	0.26
£800,000	Coventry Building Society 6.875% Perpetual Bonds	819	0.50
£500,000	CPUK Finance 3.69% European Medium Term Notes 28/2/2047	541	0.33
£500,000	Crédit Agricole 7.5% Perpetual Subordinated Floating Rate Notes	569	0.35
£900,000	Deutsche Telekom International Finance 8.875% Guaranteed Bonds 27/11/2028	1,426	0.87
£690,000	Direct Line Insurance 4.75% Perpetual Bonds	570	0.35
£650,000	Dwr Cymru Financing 2.5% European Medium Term Notes 31/3/2036	710	0.43
£600,000	GlaxoSmithKline Capital 5.25% Guaranteed European Medium	852	0.52
£400,000	HSBC 3% Senior Floating Rate Notes 22/7/2028	424	0.26
£950,000	Legal & General 5.125% Bonds 14/11/2048	1,050	0.64
£575,000	Liberty Living Finance 3.375% Bonds 28/11/2029	620	0.38
£600,000	NGG Finance 5.625% Floating Rate Notes 18/6/2073	656	0.40
£600,000	Notting Hill Housing Trust 2.875% Bonds 31/1/2029	635	0.39
£550,000	Orange 8.125% Guaranteed Senior European Medium Term Bonds 20/11/2028	845	0.51
£700,000	Places for People Homes 5.875% European Medium Term Notes 23/5/2031	907	0.55
£1,000,000	Prudential 5.625% Bonds 20/10/2051	1,109	0.67
£700,000	Rabobank 4.625% Subordinated European Medium Term Notes 23/5/2029	828	0.50
£600,000	Santander 7.375% Perpetual Bonds	636	0.39
£800,000	Severn Trent Water Utilities 6.25% Guaranteed Bonds 7/6/2029	1,122	0.68

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
STERLING DENOMINATED DEBT SECURITIES (continued)			
£700,000	Standard Chartered 5.125% Subordinated European Medium Term Notes 6/6/2034	809	0.49
£750,000	Telefónica Emisiones 5.375% Guaranteed European Medium Term Bonds 2/2/2026	912	0.56
£1,000,000	Verizon Communications 3.375% Bonds 27/10/2036	1,135	0.69
£700,000	Vodafone 4.875% Bonds 3/10/2078	725	0.44
£750,000	Western Power Distribution 3.5% Bonds 16/10/2026	799	0.49
£460,000	WM Morrison Supermarkets 4.75% European Medium Term Notes 4/7/2029	561	0.34
£700,000	Yorkshire Water Services Odsal Finance 6.454% Guaranteed Bonds 28/5/2027	939	0.57
EURO DENOMINATED DEBT SECURITIES (0.26%)		264	0.16
€ 200,000	Telecom Italia Finance 7.75% European Medium Term Notes 24/1/2033	264	0.16
UNITED STATES DOLLAR DENOMINATED DEBT SECURITIES (2.60%)		2,343	1.43
\$1,200,000	Argentum Netherlands 5.625% Bonds 15/8/2052	1,054	0.64
\$1,000,000	HSBC Bank 2.5% Perpetual Floating Rate Note	557	0.34
\$250,000	Lloyds Bank 12% Perpetual Bonds	249	0.15
\$400,000	SCOR 5.25% Perpetual Bonds	307	0.19
\$200,000	Standard Chartered 7.75% Perpetual Bonds	176	0.11
EQUITIES (52.81%)		87,531	53.29
AUSTRALIA (0.64%)		806	0.49
6,237	CSL	806	0.49
CHANNEL ISLANDS; GUERNSEY (2.51%)		3,489	2.13
1,019,301	John Laing Environmental Assets	1,193	0.73
851,894	NextEnergy Solar Fund	997	0.61
1,024,345	Renewables Infrastructure	1,299	0.79
CHANNEL ISLANDS; JERSEY (0.55%)		694	0.42
551,792	GCP Infrastructure Investments Fund	694	0.42
DENMARK (0.52%)		753	0.46
13,431	Ringkjoebing Landbobank	753	0.46

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	GERMANY (1.43%)	934	0.57
12,192	Hella Hueck	477	0.29
29,482	Infineon Technologies	457	0.28
	HONG KONG (0.41%)	417	0.25
575,165	China Everbright International	417	0.25
	IRELAND; REPUBLIC OF (2.23%)	3,323	2.02
8,279	Kerry class 'A' shares	789	0.48
32,926	Kingspan	1,329	0.81
46,309	Smurfit Kappa	1,205	0.73
	ITALY (0.38%)	532	0.32
22,202	Banca Generali	532	0.32
	JAPAN (2.34%)	3,564	2.17
1,314	Canadian Solar Infrastructure Fund	1,024	0.62
8,400	Daikin	858	0.52
1,400	Keyence	665	0.41
3,525	Shimano	409	0.25
13,000	TechnoPro	608	0.37
	NETHERLANDS (0.74%)	1,166	0.71
3,223	ASML	594	0.36
9,300	InterXion	572	0.35
	NORWAY (0.62%)	641	0.39
28,360	DNB	418	0.25
78,837	Norsk Hydro	223	0.14
	SPAIN (0.61%)	679	0.41
22,026	Cellnex Telecom	679	0.41
	SWEDEN (0.55%)	679	0.41
91,442	Svenska Handelsbanken series 'A' shares	679	0.41

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	SWITZERLAND (0.54%)	619	0.38
2,815	Roche Holding	619	0.38
	UNITED KINGDOM (24.25%)	49,127	29.92
117,532	3i	1,308	0.80
99,728	Abcam	1,302	0.79
891,955	Aquila European Renewables Income Fund	848	0.52
254,821	Cineworld	650	0.40
72,859	Compass	1,518	0.92
204,470	Crest Nicholson	750	0.46
15,661	Croda International	734	0.45
212,605	DFS Furniture	504	0.31
119,647	GB	718	0.44
114,232	GlaxoSmithKline	1,945	1.18
996,197	Greencoat UK Wind	1,383	0.84
6,246	GW Pharmaceuticals ADR (each representing 12 ordinary share)	826	0.50
236,701	Gym	599	0.36
46,817	Hargreaves Lansdown	982	0.60
123,760	Informa	1,082	0.66
20,109	Intertek	1,148	0.70
782,066	IP	536	0.33
317,970	Legal & General	832	0.51
17,443,144	Liontrust Sustainable Future Corporate Bond Fund*	19,941	12.14
20,824	London Stock Exchange	1,378	0.84
151,295	Paragon	630	0.38
138,997	Porvair	790	0.48
697,137	PRS REIT	655	0.40
98,704	Prudential	1,676	1.02
28,380	RELX	554	0.34
190,076	Rightmove	1,004	0.61
991,994	SDCL Energy Efficiency Income Trust	1,061	0.65
38,378	Softcat	366	0.22
173,155	Sophos	753	0.46
95,015	St. James's Place Capital	934	0.57
18,401	Unilever	912	0.55
979,873	US Solar Fund	808	0.49

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	UNITED STATES OF AMERICA (14.49%)	20,108	12.24
3,200	Adobe Systems	781	0.48
6,000	Alexion Pharmaceuticals	555	0.34
400	Alphabet class 'A' shares	398	0.24
6,400	American Tower class 'A' shares	1,106	0.67
5,700	Autodesk	727	0.44
8,200	Cadence Design Systems	495	0.30
18,036	Charles Schwab	636	0.39
8,200	DocuSign	346	0.21
7,800	Ecolab	1,285	0.78
8,300	Eli Lilly	739	0.45
2,021	Equinix	828	0.50
9,714	First Republic Bank	788	0.48
2,500	Intuit	566	0.34
9,200	IQVIA	1,195	0.73
7,700	Nasdaq	606	0.37
7,400	Nike class 'B' shares	520	0.32
4,600	Palo Alto Networks	851	0.52
8,400	PayPal	757	0.46
7,100	PerkinElmer	499	0.30
4,100	Rockwell Automation	538	0.33
2,500	Roper Industries	742	0.45
7,100	Salesforce.com	896	0.55
4,800	Splunk	530	0.32
3,877	Thermo Fisher Scientific	879	0.53
19,300	Trimble Navigation	666	0.41
16,800	Trupanion	441	0.27
6,500	Visa	945	0.58
10,700	Waste Connections	793	0.48
	Portfolio of investments	139,980	85.21
	Net other assets	24,289	14.79
	Total net assets	164,269	100.00

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

All investments are in ordinary shares unless otherwise stated.

Comparative figures show percentages for each category of holding at 31 January 2019.

† Related Party Investment.

Sustainable Future Defensive Managed Fund (continued)

Performance record (unaudited)

as at 31 July 2019

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2019 per share (p)	31 July 2018 per share (p)
Class 2 Net Income	1.4111	1.4108
Class 3 Net Income	1.4325	1.4278
Class Z Net Income*	—	1.0470

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2019			
Class 2 Net Income	105,633,104	142,581	134.98
Class 3 Net Income	15,816,866	21,688	137.12
Class Z Net Income*	—	—	—
31 January 2019			
Class 2 Net Income	56,781,521	69,858	123.03
Class 3 Net Income	9,668,796	12,068	124.81
Class Z Net Income	1,000	1	126.40
31 January 2018			
Class 2 Net Income	18,198,379	22,685	124.65
Class 3 Net Income	3,041,649	3,834	126.06
Class Z Net Income	10,001,000	12,709	127.08
31 January 2017			
Class 2 Net Income	6,736,961	7,725	114.68
Class 3 Net Income	857,949	992	115.57
Class Z Net Income	10,001,000	11,626	116.25

* Share class closed 22 May 2019.

Sustainable Future Defensive Managed Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Income				
Net capital gains		10,910		451
Revenue	1,403		494	
Expenses	(516)		(137)	
Interest payable and similar charges	—		(3)	
Net revenue before taxation	887		354	
Taxation	(66)		(33)	
Net revenue after taxation		821		321
Total return before distributions		11,731		772
Distributions		(1,236)		(431)
Change in net assets attributable to shareholders from investment activities		10,495		341

Statement of change in net assets attributable to shareholders (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Opening net assets attributable to shareholders		81,927		39,228
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	73,808		17,882	
Amounts paid on cancellation of shares	(1,961)		(12,921)	
		71,847		4,961
Dilution adjustment		—		18
Change in net assets attributable to shareholders from investment activities		10,495		341
Closing net assets attributable to shareholders		164,269		44,548

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Defensive Managed Fund (continued)

Balance Sheet (unaudited)

as at 31 July 2019

	31.7.2019 (£'000)	31.1.2019 (£'000)
Assets		
Fixed Assets		
Investments	139,980	75,645
Current assets:		
Debtors	4,599	1,338
Cash and bank balances	22,978	6,129
Total other assets	27,577	7,467
Total assets	167,557	83,112
Liabilities		
Creditors:		
Distribution payable	(1,717)	(880)
Other creditors	(1,571)	(305)
Total liabilities	(3,288)	(1,185)
Net assets attributable to shareholders	164,269	81,927

Sustainable Future European Growth Fund

Report for the period from 1 February 2019 to 31 July 2019

Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation through diversified investment, principally within and across European Equity markets.

Equity selections will be based on price and long term total return prospects. Limited investment in European bond markets may be made from time to time. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Sustainable Future European Growth Fund (continued)

Investment review (continued)

Market review

Following a difficult December and fourth quarter of 2018, the first part of 2019 has been a better experience for investors. Equities enjoyed a strong period overall, despite a dip in May, and European markets registered their best first half of a year since 1998.

We entered 2019 with the two key risks that had rocked markets over the last quarter of 2018 in play – and these continue to dominate sentiment. The first relates to interest rates; the second centres on geopolitics, with concerns focused on a US-led trade war with China and Brexit in the UK.

For now, increasing dovishness from central banks is proving strong enough to counteract the impact of trade fears but it is hard to say how long that will remain the case.

Over the period, ECB chair Mario Draghi attempted to sound a positive note amid the ongoing soft patch in eurozone growth, claiming a temporary slowdown does not necessarily foreshadow recession. He added during the four euro area business cycle expansions since 1970, there have been 50 soft patches, defined as a two-quarter growth slowdown, and only four recessions.

While the Bank left benchmark interest rates unchanged at its July meeting, it hinted at future action, which many expect means a cut at the next meeting in September. Markets had been waiting for the ECB's reaction to slowing growth and Draghi indicated he could also revive the quantitative easing programme in the coming months.

Our process remains focused on high-quality companies with long-term sustainability drivers that should grow regardless of the economic or political backdrop but as ever, we continue to monitor the situation on trade, as well as ongoing political volatility, for potential impacts on growth trends across Europe.

We look for businesses that enable the shift towards a global economy that is more efficient, provides a higher quality of life and is more resilient. We believe these high-quality companies, with structural growth and strong fundamentals, will outperform over the long term.

Fund review

The Sustainable Future European Growth fund returned 18.5% over the six months under review, outperforming the MSCI Europe ex-UK Index's 15.7% and the IA Europe ex-UK sector's 14.9%*.

As ever, the majority of our performance came from stock selection, with a broad selection of holdings contributing to returns.

ASML was once again among our stronger contributors as the company released a solid set of second-quarter numbers in July, with sales within guidance and gross margins above guidance, helped by improved Extreme ultraviolet lithography (EUV) manufacturing results. We believe commercialisation of this technology will deliver a wide range of significant positive impacts and financial value for ASML.

While acknowledging short-term volume demand uncertainties due to macroeconomic developments, the company remains confident on the longer-term outlook based on a positive view on technology drivers such as 5G communications, automotive, artificial intelligence and data centers. The company said its 2019 total sales view therefore remains unchanged and continues to see 2019 as a growth year.

Spanish telecom firm Cellnex was the best performer over the period, posting solid first-quarter results in May, having completed a capital increase of €1.2 billion to acquire further sites in France, Italy and Switzerland. CEO Tobias Martinez underlined the 'transformational dimension' of the acquisition, with the company's current 29,000 sites expected to grow by more than 50%.

We believe infrastructure is the backbone of the digital economy and tower companies like Cellnex are poised to benefit from continued growth in communications.

Other positives included German software business SAP, which has instigated a major restructuring plan after profits stalled in 2018 and also reported strong Q1 numbers in April, including a record period for cloud revenues. The company's strong contribution was despite a share price drop off in July, which came against the company announcing double-digit growth in total revenue, cloud revenue and non-IFRS operating income for Q2.

Sustainable Future European Growth Fund (continued)

Investment review (continued)

Fund review (continued)

Commenting on the results, CFP LUKA Mucic said this performance is remarkable considering the margin headwinds from the company's latest acquisition and recent short-term trade-related uncertainty in Asia.

Spanish pharmaceutical Grifols also registered another solid period, reporting a 14.3% increase in revenues over the first half of the year and growth across all its divisions and key regions. Commenting on this performance, the group said these results underline Grifols' commitment to patients and its historically proven ability to expand production capacity well in advance. Further positives for the group included encouraging results from the AMBAR clinical trial in the fight against Alzheimer's and the recent FDA approval of Xembify, a 20% subcutaneous immunoglobulin used to treat primary immunodeficiencies.

Another name reporting strong Q2 performance in July was Puma, fresh from its 1:10 share split in June, with sales growing 15.7%, currency-adjusted, and EBIT increasing 39%. Given such strong performance across all regions and divisions, the company has adapted its outlook for the full year, expecting revenues to improve around 13% in constant currency and the full-year EBIT to come in between € 410 million and € 430 million. Elsewhere, Puma also highlighted the early success of its tie-up with Manchester City, with kit sales higher than expected.

Among our financial holdings, Banca Generali was the strongest holding. We continue to see this as a unique asset gathering business in Italy and the company also reinforced its sustainable credentials over the period, winning the Leone D'Oro 2019 Award for Best Italian Bank for ESG Strategy.

Of the few underperforming names over the six months, trade uncertainty is impacting some of our holdings in the autos space, including Infineon and Umicore. The latter, a Belgium-based cobalt refiner, has continued to struggle, announcing profits in 2019 would be around 10% lower than analysts anticipated. The price of cobalt, a key metal for lithium-ion batteries, has fallen more than 60% over the past year, due mostly to an increase in supply from mines in the Democratic Republic of Congo.

Norwegian metals producer Norsk Hydro also continues to suffer after warning it would miss 2019 expectations due to restricted output in its Brazil facility where the company has taken action to address environmental damage.

In terms of activity over the period, additions to the portfolio included Danish utility services company Ørsted, which focuses on off- and onshore wind development. Ørsted has changed to become a green energy company, a strategy that started in 2017 with the divestment of its oil and gas business. This saw the company change its previous name of DONG (Danish Oil and Natural Gas) and take the name of Danish scientist Hans Christian Ørsted, who discovered electromagnetism.

Meanwhile, we exited our position in Italian cable maker Prysmian, which had continued to struggle and was the worst performer over the period.

We had previously liked the company for its leadership position in connectivity, which includes highly technical deep sea projects, but problems at one of these projects in the UK, the Western Link project drove a profit warning in June 2018. More recently, the company announced the protection system on the cable had tripped during the commissioning phase and also cancelled the shareholder meeting to allow the board to re-review the Annual report and Accounts set to be agreed at that meeting.

Our process looks for companies that can turn thematic drivers into high-quality earnings and while we have every faith in the Increasing electricity generation from renewable sources theme, we no longer have visibility on this company's earnings and therefore exited the position.

*Source: Financial Express, primary share class, total return, net of fees and income reinvested, 31.01.19 to 31.07.19.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

Sustainable Future European Growth Fund (continued)

Investment review (continued)

Material portfolio changes by value*

Purchases	Sales
Lonza	KBC
Partners	RELX
Kerry class 'A' shares	Prysmian
Edenred	Kerry class 'A' shares
Ørsted	Essilor International
Cellnex Telecom	Umicore
Svenska Handelsbanken series 'A' shares	KONE class 'B' shares
Ringkjøbing Landbobank	Hella Hueck
InterXion	Infineon Technologies
	Novozymes class 'B' shares

*The above table shows all the purchases and the top 10 sales during the period.

Sustainable Future European Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund’s ranking on the risk and reward indicator.



The Sub-fund is ranked at 5 because Sub-funds of this type have experienced medium to high rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG† grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

† Environmental, Social and Governance (“ESG”)

Sustainable Future European Growth Fund (continued)

Portfolio Statement (unaudited)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	AUSTRIA (1.56%)	3,531	1.63
77,038	Verbund class 'A' shares	3,531	1.63
	BELGIUM (5.19%)	1,897	0.88
73,376	Umicore	1,897	0.88
	DENMARK (6.72%)	17,066	7.90
36,081	Christian Hansen	2,600	1.20
81,151	Novozymes class 'B' shares	3,091	1.43
69,416	Ørsted	5,221	2.42
109,751	Ringkjøbing Landbobank	6,154	2.85
	FINLAND (2.06%)	3,163	1.46
67,467	KONE class 'B' shares	3,163	1.46
	FRANCE (12.39%)	28,366	13.12
59,682	Air Liquide	6,784	3.14
322,207	AXA	6,709	3.10
62,861	Edenred	2,597	1.20
83,239	Legrand	4,833	2.24
30,862	Michelin	2,816	1.30
65,209	Schneider Electric	4,627	2.14
	GERMANY (16.46%)	34,102	15.78
85,589	Fresenius Medical Care	4,897	2.27
115,863	Hella Hueck	4,530	2.10
52,947	Henkel non-voting preference shares	4,497	2.08
293,628	Infineon Technologies	4,548	2.10
118,520	Puma	6,811	3.15
86,870	SAP	8,819	4.08

Sustainable Future European Growth Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	IRELAND; REPUBLIC OF (6.74%)	16,013	7.41
62,716	Kerry class 'A' shares	5,976	2.76
153,589	Kingspan	6,173	2.86
149,410	Smurfit Kappa	3,864	1.79
	ITALY (6.74%)	9,516	4.40
470,331	Aquafil	3,383	1.56
255,862	Banca Generali	6,133	2.84
	LUXEMBOURG (0.98%)	1,672	0.77
56,485	Befesa	1,672	0.77
	NETHERLANDS (10.37%)	25,790	11.93
62,467	ASML	11,519	5.33
100,349	Corbion	2,694	1.25
185,013	Unilever	8,804	4.07
45,100	InterXion	2,773	1.28
	NORWAY (5.75%)	10,505	4.86
580,312	DNB	8,551	3.96
691,094	Norsk Hydro	1,954	0.90
	SPAIN (7.17%)	19,232	8.90
263,611	Cellnex Telecom	8,123	3.76
263,119	Grifols	7,005	3.24
356,974	Siemens Gamesa	4,104	1.90
	SWEDEN (5.61%)	12,535	5.80
322,764	Assa Abloy	6,114	2.83
865,140	Svenska Handelsbanken series 'A' shares	6,421	2.97

Sustainable Future European Growth Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	SWITZERLAND (6.66%)	24,747	11.45
21,097	Lonza	5,935	2.75
7,420	Partners	4,853	2.24
63,456	Roche Holding	13,959	6.46
	UNITED KINGDOM (3.07%)	2,108	0.98
108,067	RELX	2,108	0.98
	Portfolio of investments	210,243	97.27
	Net other assets	5,896	2.73
	Total net assets	216,139	100.00

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

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2019.

Sustainable Future European Growth Fund (continued)

Performance record (unaudited)

as at 31 July 2019

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2019 per share (p)	31 July 2018 per share (p)
Class 2 Net Accumulation	3.0030	3.5260
Class 3 Net Accumulation	5.0069	5.6306

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2019			
Class 2 Net Accumulation	39,291,599	94,085	239.45
Class 3 Net Accumulation	35,875,389	122,054	340.22
31 January 2019			
Class 2 Net Accumulation	38,242,053	77,400	202.39
Class 3 Net Accumulation	40,536,108	116,290	286.88
31 January 2018			
Class 2 Net Accumulation	29,000,054	67,553	232.94
Class 3 Net Accumulation	41,981,008	138,005	328.73
31 January 2017			
Class 2 Net Accumulation	23,380,718	45,925	196.42
Class 3 Net Accumulation	41,954,698	115,824	276.07

Sustainable Future European Growth Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Income				
Net capital gains/(losses)		31,834		(4,807)
Revenue	4,371		4,351	
Expenses	(662)		(589)	
Interest payable and similar charges	(18)		(2)	
Net revenue before taxation	3,691		3,760	
Taxation	(644)		(229)	
Net revenue after taxation		3,047		3,531
Total return before distributions		34,881		(1,276)
Distributions		(3,047)		(3,530)
Change in net assets attributable to shareholders from investment activities		31,834		(4,806)

Statement of change in net assets attributable to shareholders (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Opening net assets attributable to shareholders		193,690		205,558
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	8,914		19,468	
Amounts paid on cancellation of shares	(21,283)		(6,054)	
		(12,369)		13,414
Dilution adjustment		8		3
Change in net assets attributable to shareholders from investment activities		31,834		(4,806)
Retained distribution on accumulation shares		2,976		3,595
Closing net assets attributable to shareholders		216,139		217,764

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future European Growth Fund (continued)

Balance Sheet (unaudited)

as at 31 July 2019

	31.7.2019 (£'000)	31.1.2019 (£'000)
Assets		
Fixed Assets		
Investments	210,243	188,797
Current assets:		
Debtors	1,461	1,344
Cash and bank balances	4,794	3,754
Total other assets	6,255	5,098
Total assets	216,498	193,895
Liabilities		
Creditors:		
Other creditors	(359)	(205)
Total liabilities	(359)	(205)
Net assets attributable to shareholders	216,139	193,690

Sustainable Future Global Growth Fund

Report for the period from 1 February 2019 to 31 July 2019

Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation through diversified investment principally within and across global equity markets.

Allocations to individual markets will vary over time. Equity selections will be based on price and long term total return prospects. Limited investment in global bond markets may be made from time to time. Allocations to bonds, equities and cash will vary over time depending on market circumstances. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Note: Typically, at least 90% of the Net Asset Value of the Sub-fund will be invested in global equities with up to 10% of the Net Asset Value of the Sub-fund being invested in bonds and cash.

Sustainable Future Global Growth Fund (continued)

Investment review

Market review

Equities enjoyed another solid period, despite a dip in May, and many indices are entering recording-breaking territory once again. As we have grown used to over recent years, this has been against macro uncertainty in the background, with tensions rising in the Middle East and the US and China continuing to argue on trade.

For now, increasing dovishness and largesse from central banks is proving strong enough to counteract the impact of trade fears and the never-ending Brexit saga in the UK.

Against this backdrop, all eyes were on the latest G20 leaders' summit in Osaka at the end of June, which included another meeting between Presidents Trump and Xi Jinping as they try to break the deadlock. The pair agreed to resume the stalled talks and Trump said tariffs in place would remain but the proposed \$300bn, which would have extended taxes to virtually everything China ships to the United States, will not be triggered for the "time being". He then reversed himself in the early days of August, tweeting his intention to levy a further 10% on this \$300bn.

In the midst of all this, the Federal Reserve followed through with a widely-trailed rate cut at the end of July – the first since 2008 – and we seem to be in a new policy era of pre-emptive action rather than in response to any kind of market or economic excess.

As always, we continue to stress that whatever macro events are unfolding in the background, the underlying business fundamentals for the areas of the global market in which we invest remain strong. Important structural dynamics, such as the shift to a digital economy, the drive to improve efficiency and the importance of improving quality of life, also continue to drive earnings.

Our themes are structural in nature and therefore less transient than cyclical drivers, which can change constantly. The key factor behind all our themes is the conviction that, over time, the global economy will become more sustainable.

Fund review

The Sustainable Future Global Growth fund returned 21.3% over the six months under review, outperforming the IA Global sector average of 17.1% and the MSCI World Index's 17.2%*.

Our process targets businesses that can grow structurally, driven by the shift towards a global economy that is more efficient, provides a higher quality of life and is more resilient.

Among our top performers was US software business Cadence Design Systems, which has continued to climb following strong results in January despite concerns around a cyclical slowdown in the semiconductor industry.

The company is broadening its chip design software offering to new customers, as the likes of Amazon, Google and even Tesla invest in chip design teams. Cadence's software offering is essential to this design and demand from these businesses, as well as more traditional chip manufacturing customers, will drive growth over the short and long term. This type of innovation delivers better efficiency, which is key to our *Improving the efficiency of energy usage* theme.

Spanish telecom firm Cellnex was another contributor over the period, posting solid first-quarter results in May, having completed a capital increase of €1.2 billion to acquire further sites in France, Italy and Switzerland. CEO Tobias Martinez underlined the 'transformational dimension' of the acquisition, with the company's current 29,000 sites expected to grow by more than 50%.

We believe infrastructure is the backbone of the digital economy and tower companies like Cellnex are poised to benefit from continued growth in communications: 5G, small cells and the Internet of Things will all increase demand for telecom infrastructure and the need for denser networks. Cellnex is an important consolidator in the European market, as the telecommunication companies divest their tower assets to focus on their core business. Cellnex then becomes an independent provider, with the telecoms companies all sharing its towers. This model matches that in the US and is more efficient for the overall infrastructure network by avoiding duplicated towers.

Sustainable Future Global Growth Fund (continued)

Investment review (continued)

Fund review (continued)

Elsewhere, a number of familiar names maintain their position among our top performers including healthcare business IQVIA, with the company's data-driven strategy for outsourcing clinical trials creating an important competitive advantage.

IQVIA exemplifies another important theme our process targets within the global healthcare industry – affordability. The healthcare system needs to ensure the treatments and innovations it develops are available to the wider global population and this needs to be done in a way that does not bankrupt the overall economy. In the large Western economies, this is complicated by the fact populations are “greying”, which puts more cost burden on the system. IQVIA provides an important solution to the problem of drug costs by significantly improving the efficiency of clinical trials.

Long-term holding Ecolab also continues to generate solid performance, a global leader in products that look to cut use of important resources, particularly water, for clients across the world. By cutting water and energy use, it also reduces costs for customers and has a reputation for great service and product innovation. Ecolab is a strong fit for our *Improving the management of water* theme and also continues to innovate: it is developing a polymer for Amazon, for example, that reinforces the strength of recycled cardboard.

We continue to see opportunities in the growing move towards digital payments and holdings such as Visa and Paypal feature among our stronger names over the period.

By understanding what is important to consumers and merchants, Paypal has risen to become the number one choice for online payment transactions. A customer's priority when they transact online is to ensure their personal and financial information is safe and they are not exposed to fraudulent sellers; merchants' priorities meanwhile are for customer confidence in their purchase, and increased conversion rates. The stats stack up here: figures show customer conversion at checkout is 90% with Paypal, compared to around 50% when merchants use their own payment platform.

American Tower is another long-term contributor, continuing to see demand for wireless telecommunication capacity in the US, as well as Brazil and India. In the modern digital economy, customers demand greater and greater connectivity on mobile devices. American Tower is a beneficiary of our theme of *Connecting People*: this demand is secular, not cyclical, and the company performed well in difficult market conditions.

In terms of detractors over the period, US pharmaceutical business Eli Lilly and Co has struggled since announcing lower-than-expected first-quarter sales for its top-selling diabetes drug Trulicity – with the required rebates and discounts taking a toll and likely to weigh on revenue growth for the year. Lilly has been banking on newer drugs such as psoriasis treatment Taltz and migraine treatment Emgality to grow revenues and help offset pricing pressures and sales declines for other products but sales of both fell short of estimates in the quarter.

Norwegian metals producer Norsk Hydro also continues to suffer after warning it would miss 2019 expectations due to restricted output in its Brazil facility where the company has taken action to address environmental damage.

*Source: Financial Express, primary share class, total return, net of fees and income reinvested, 31.01.19 to 31.07.19.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

Sustainable Future Global Growth Fund (continued)

Investment review (continued)

Material portfolio changes by value*

Purchases	Sales
Kerry class 'A' shares	Kerry class 'A' shares
Salesforce.com	RELX
Trupanion	SS&C Technologies
Alphabet class 'A' shares	Cellnex Telecom
Autodesk	Cadence Design Systems
Palo Alto Networks	Henkel non-voting preference shares
Daikin	Compass
Adobe Systems	
DocuSign	
Svenska Handelsbanken series 'A' shares	

*The above table shows the top 10 purchases and all sales during the period.

Sustainable Future Global Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 5 because Sub-funds of this type have experienced medium to high rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG† grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

† Environmental, Social and Governance ("ESG")

Sustainable Future Global Growth Fund (continued)

Portfolio Statement (unaudited)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	AUSTRALIA (2.08%)	10,673	2.49
82,612	CSL	10,673	2.49
	CANADA (1.99%)	9,134	2.13
123,300	Waste Connections	9,134	2.13
	DENMARK (1.89%)	9,233	2.15
164,645	Ringkjoebing Landbobank	9,233	2.15
	GERMANY (4.67%)	12,020	2.81
132,401	Hella Hueck	5,177	1.21
441,768	Infineon Technologies	6,843	1.60
	HONG KONG (1.19%)	3,680	0.86
5,074,814	China Everbright International	3,680	0.86
	IRELAND; REPUBLIC OF (3.94%)	18,669	4.36
109,861	Kerry class 'A' shares	10,469	2.45
203,101	Kingspan	8,200	1.91
	ITALY (1.27%)	6,957	1.62
290,235	Banca Generali	6,957	1.62
	JAPAN (6.53%)	33,963	7.93
102,300	Daikin	10,446	2.44
17,400	Keyence	8,261	1.93
56,712	Shimano	6,582	1.54
185,400	TechnoPro	8,674	2.02
	NETHERLANDS (2.69%)	12,620	2.95
31,385	ASML	5,788	1.36
111,100	InterXion	6,832	1.59

Sustainable Future Global Growth Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	NORWAY (2.90%)	9,016	2.10
368,711	DNB	5,433	1.27
1,266,922	Norsk Hydro	3,583	0.83
	SPAIN (2.20%)	8,562	2.00
277,837	Cellnex Telecom	8,562	2.00
	SWEDEN (1.66%)	7,542	1.76
1,016,182	Svenska Handelsbanken series 'A' shares	7,542	1.76
	SWITZERLAND (2.85%)	10,068	2.35
45,770	Roche Holding	10,068	2.35
	UNITED KINGDOM (9.48%)	28,480	6.65
478,134	Abcam	6,244	1.46
368,820	Compass	7,683	1.79
498,937	Prudential	8,469	1.98
618,670	St. James's Place Capital	6,084	1.42
	UNITED STATES OF AMERICA (53.93%)	242,118	56.50
48,300	Adobe Systems	11,789	2.75
82,100	Alexion Pharmaceuticals	7,593	1.77
15,600	Alphabet class 'A' shares	15,514	3.62
59,200	American Tower class 'A' shares	10,229	2.39
99,800	Autodesk	12,722	2.97
108,300	Cadence Design Systems	6,536	1.53
200,422	Charles Schwab	7,071	1.65
107,400	DocuSign	4,537	1.06
84,169	Ecolab	13,862	3.23
104,400	Eli Lilly	9,289	2.17
17,990	Equinix	7,372	1.72
114,741	First Republic Bank	9,307	2.17
27,700	Intuit	6,272	1.46
106,500	IQVIA	13,834	3.23
96,276	Nasdaq	7,577	1.77

Sustainable Future Global Growth Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
UNITED STATES OF AMERICA (continued)			
81,200	Nike class 'B' shares	5,703	1.33
63,700	Palo Alto Networks	11,790	2.75
117,400	PayPal	10,585	2.47
86,926	PerkinElmer	6,112	1.43
37,000	Rockwell Automation	4,856	1.13
23,752	Roper Industries	7,052	1.65
85,842	Salesforce.com	10,832	2.53
38,200	Splunk	4,221	0.98
47,871	Thermo Fisher Scientific	10,854	2.53
171,200	Trimble Navigation	5,909	1.38
264,100	Trupanion	6,937	1.62
94,700	Visa	13,763	3.21
	Portfolio of investments	422,735	98.66
	Net other assets	5,761	1.34
	Total net assets	428,496	100.00

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

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2019.

Sustainable Future Global Growth Fund (continued)

Performance record (unaudited)

as at 31 July 2019

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2019 per share (p)	31 July 2018 per share (p)
Class 2 Net Accumulation	0.5546	0.6120
Class 3 Net Accumulation	1.3906	1.3218
Class Z Net Accumulation*	0.8391	0.8570

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2019			
Class 2 Net Accumulation	104,703,689	202,783	193.67
Class 3 Net Accumulation	77,644,857	213,812	275.37
Class Z Net Accumulation*	8,921,600	11,901	133.39
31 January 2019			
Class 2 Net Accumulation	62,114,529	100,582	161.93
Class 3 Net Accumulation	71,641,195	164,556	229.69
Class Z Net Accumulation*	7,109,847	7,900	111.12
31 January 2018			
Class 2 Net Accumulation	45,350,733	69,279	152.76
Class 3 Net Accumulation	61,876,409	133,482	215.72
Class Z Net Accumulation*	1,000	1	103.99
31 January 2017			
Class 2 Net Accumulation	47,991,148	62,211	129.63
Class 3 Net Accumulation	56,180,982	102,418	182.30
Class Z Net Accumulation*	n/a	n/a	n/a

* Share class launched on 3 October 2017.

Sustainable Future Global Growth Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Income				
Net capital gains		57,595		16,546
Revenue	2,745		1,861	
Expenses	(1,079)		(605)	
Interest payable and similar charges	(4)		—	
Net revenue before taxation	1,662		1,256	
Taxation	(220)		(126)	
Net revenue after taxation		1,442		1,130
Total return before distributions		59,037		17,676
Distributions		(1,442)		(1,130)
Change in net assets attributable to shareholders from investment activities		57,595		16,546

Statement of change in net assets attributable to shareholders (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Opening net assets attributable to shareholders		273,038		202,762
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	100,099		23,497	
Amounts paid on cancellation of shares	(3,971)		(6,335)	
		96,128		17,162
Change in net assets attributable to shareholders from investment activities		57,595		16,546
Retained distribution on accumulation shares		1,735		1,177
Closing net assets attributable to shareholders		428,496		237,647

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Global Growth Fund (continued)

Balance Sheet (unaudited)

as at 31 July 2019

	31.7.2019 (£'000)	31.1.2019 (£'000)
Assets		
Fixed Assets		
Investments	422,735	271,053
Current assets:		
Debtors	8,908	3,693
Cash and bank balances	182	3,895
Total other assets	9,090	7,588
Total assets	431,825	278,641
Liabilities		
Creditors:		
Distribution payable	(1,932)	—
Other creditors	(1,397)	(5,603)
Total liabilities	(3,329)	(5,603)
Net assets attributable to shareholders	428,496	237,038

Sustainable Future Managed Fund

Report for the period from 1 February 2019 to 31 July 2019

Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation and income through diversified investment within and across global securities markets.

Allocations to bonds, equities and cash will vary over time depending on market circumstances. Equity selections will be based on price and long term total return prospects. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Note: Typically, between 45% and 85% of the Net Asset Value of the Sub-fund will be invested in global equities with up to 55% of the Net Asset Value of the Sub-fund being invested in bonds and cash.

Sustainable Future Managed Fund (continued)

Investment review

Market review

Equities enjoyed another solid period, despite a dip in May, and many indices are entering recording-breaking territory once again. As we have grown used to over recent years, this has been against macro uncertainty in the background, with tensions rising in the Middle East and the US and China continuing to argue on trade.

For now, increasing dovishness and largesse from central banks is proving strong enough to counteract the impact of trade fears and the never-ending Brexit saga in the UK.

Against this backdrop, all eyes were on the latest G20 leaders' summit in Osaka at the end of June, which included another meeting between Presidents Trump and Xi Jinping as they try to break the deadlock. The pair agreed to resume the stalled talks and Trump said tariffs in place would remain but the proposed \$300bn, which would have extended taxes to virtually everything China ships to the United States, will not be triggered for the "time being".

In the midst of all this, the Federal Reserve followed through with a widely-trailed rate cut at the end of July – the first since 2008 – and we seem to be in a new policy era of pre-emptive action rather than in response to any kind of market or economic excess.

As always, we continue to stress that whatever macro events are unfolding in the background, the underlying business fundamentals for the areas of the global market in which we invest remain strong. Important structural dynamics, such as the shift to a digital economy, the drive to improve efficiency and the importance of improving quality of life, also continue to drive earnings.

Our themes are structural in nature and therefore less transient than cyclical drivers, which can change constantly. The key factor behind all our themes is the conviction that, over time, the global economy will become more sustainable.

Fund review

The Sustainable Future Managed fund returned 17.2% over the six months under review, outperforming the IA Mixed Investment 40-85% Shares sector average of 10.6%*.

In terms of asset allocation, we started 2019 overweight cash and underweight UK and global equities and gradually added money back into the market over Q1, also increasing our overweight corporate bond allocation. We felt the sell-off in the final quarter of 2018 had discounted an overly negative outcome for both Brexit and the US/Chinese trade war and the reality is likely to be more moderate.

That said, we reduced our overweight equity position back to neutral over the second quarter and also brought our cash underweight back to neutral. We maintained our overweight credit/underweight Gilt position. While we still see few signs of a recession on the immediate horizon, we feel the economic up-cycle is reaching its tenth year, with some key risks emerging – particularly related to tariffs and a potential trade war as outlined above.

Asset allocation was positive over the period, with stock selection the main driver of returns.

The portfolio continues to target companies that can grow as the global economy becomes more efficient, offer a higher quality of life and provide a more resilient global economy.

Key holdings over the period included US software business Cadence Design Systems, which has continued to climb following strong results in January despite concerns around a cyclical slowdown in the semiconductor industry.

The company is broadening its chip design software offering to new customers, as the likes of Amazon, Google and even Tesla invest in chip design teams. Cadence's software offering is essential to this design and demand from these businesses, as well as more traditional chip manufacturing customers, will drive growth over the short and long term. This type of innovation delivers better efficiency, which is key to our *Improving the efficiency of energy usage* theme.

Spanish telecom firm Cellnex was another contributor over the period, posting solid first-quarter results in May, having completed a capital increase of €1.2 billion to acquire further sites in France, Italy and Switzerland. CEO Tobias Martinez underlined the 'transformational dimension' of the acquisition, with the company's current 29,000 sites expected to grow by more than 50%.

Sustainable Future Managed Fund (continued)

Investment review (continued)

Fund review (continued)

We believe infrastructure is the backbone of the digital economy and tower companies like Cellnex are poised to benefit from continued growth in communications: 5G, small cells and the Internet of Things will all increase demand for telecom infrastructure and the need for denser networks. Cellnex is an important consolidator in the European market, as the telecommunication companies divest their tower assets to focus on their core business. Cellnex then becomes an independent provider, with the telecoms companies all sharing its towers. This model matches that in the US and is more efficient for the overall infrastructure network by avoiding duplicated towers.

Elsewhere, a number of familiar names maintain their position among our top performers including healthcare business IQVIA, with the company's data-driven strategy for outsourcing clinical trials creating an important competitive advantage.

IQVIA exemplifies another important theme our process targets within the global healthcare industry – affordability. The healthcare system needs to ensure the treatments and innovations it develops are available to the wider global population and this needs to be done in a way that does not bankrupt the overall economy. In the large Western economies, this is complicated by the fact populations are “greying”, which puts more cost burden on the system. IQVIA provides an important solution to the problem of drug costs by significantly improving the efficiency of clinical trials.

Long-term holding Ecolab also continues to generate solid performance, a global leader in products that look to cut use of important resources, particularly water, for clients across the world. By cutting water and energy use, it also reduces costs for customers and has a reputation for great service and product innovation. Ecolab is a strong fit for our *Improving the management of water* theme and also continues to innovate: it is developing a polymer for Amazon, for example, that reinforces the strength of recycled cardboard.

We continue to see opportunities in the growing move towards digital payments and holdings such as Visa and Paypal feature among our stronger names over the period.

By understanding what is important to consumers and merchants, Paypal has risen to become the number one choice for online payment transactions. A customer's priority when they transact online is to ensure their personal and financial information is safe and they are not exposed to fraudulent sellers; merchants' priorities meanwhile are for customer confidence in their purchase, and increased conversion rates. The stats stack up here: figures show customer conversion at checkout is 90% with Paypal, compared to around 50% when merchants use their own payment platform.

American Tower is another long-term contributor, continuing to see demand for wireless telecommunication capacity in the US, as well as Brazil and India. In the modern digital economy, customers demand greater and greater connectivity on mobile devices. American Tower is a beneficiary of our theme of *Connecting People*: this demand is secular, not cyclical, and the company performed well in difficult market conditions.

In terms of detractors over the period, US pharmaceutical business Eli Lilly and Co has struggled since announcing lower-than-expected first-quarter sales for its top-selling diabetes drug Trulicity – with the required rebates and discounts taking a toll and likely to weigh on revenue growth for the year. Lilly has been banking on newer drugs such as psoriasis treatment Taltz and migraine treatment Emgality to grow revenues and help offset pricing pressures and sales declines for other products but sales of both fell short of estimates in the quarter.

Norwegian metals producer Norsk Hydro also continues to suffer after warning it would miss 2019 expectations due to restricted output in its Brazil facility where the company has taken action to address environmental damage.

*Source: Financial Express, primary share class, total return, net of fees and income & interest reinvested, 31.01.19 to 31.07.19.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

Sustainable Future Managed Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases

Liontrust Sustainable Future Corporate Bond Fund*
 Cineworld
 Salesforce.com
 Argentum Netherlands 5.625% Bonds 15/8/2052
 Kerry class 'A' shares
 Trupanion
 Swiss Re 2.534% Guaranteed Subordinated Floating Rate Bonds
 30/4/2050
 Legal & General 5.125% Bonds 14/11/2048
 Palo Alto Networks
 HSBC 3% Senior Floating Rate Notes 22/7/2028

Sales

Cadence Design Systems
 Kingspan
 Swiss Re 2.534% Guaranteed Subordinated Floating Rate Bonds
 30/4/2050
 SS&C Technologies
 Cellnex Telecom
 Henkel non-voting preference shares
 Allianz 5.5% Perpetual
 London Stock Exchange
 Standard Chartered
 Prudential 5.25% Perpetual European Medium Term Notes

* Related party investment.

Sustainable Future Managed Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 5 because Sub-funds of this type have experienced medium to high rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is therefore a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Investments in emerging markets may involve a higher element of risk due to less well regulated markets and political and economic instability.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG† grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

† Environmental, Social and Governance ("ESG")

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	UNITED KINGDOM GOVERNMENT BONDS (1.17%)	7,684	0.67
£5,150,000	Treasury 6% Stock 7/12/2028	7,684	0.67
	STERLING DENOMINATED DEBT SECURITIES (7.88%)	97,121	8.48
£2,500,000	Annington Funding 3.184% European Medium Term Notes 12/7/2029	2,661	0.23
£1,600,000	AT&T 7% Guaranteed Senior European Medium Term Bonds 30/4/2040	2,518	0.22
£6,000,000	Aviva 6.125% Floating Rate Bonds 14/11/2036	7,026	0.61
£3,900,000	AXA 5.453% Subordinated Perpetual Floating Rate Notes	4,375	0.38
£2,316,000	British Telecommunications 3.125% European Medium Term Notes 21/11/2031	2,527	0.22
£3,000,000	Compass 2% European Medium Term Notes 5/9/2025	3,177	0.28
£3,000,000	CPUK Finance 3.69% European Medium Term Notes 28/2/2047	3,249	0.28
£2,900,000	Direct Line Insurance 4.75% Perpetual Bonds	2,397	0.21
£2,300,000	GlaxoSmithKline Capital 5.25% Guaranteed European Medium Term Bonds 19/12/2033	3,267	0.29
£6,000,000	HSBC 3% Senior Floating Rate Notes 22/7/2028	6,366	0.56
£6,300,000	Legal & General 5.125% Bonds 14/11/2048	6,963	0.61
£2,838,000	Liberty Living Finance 3.375% Bonds 28/11/2029	3,063	0.27
£4,000,000	Motability Operations 1.75% European Medium Term Notes 3/7/2029	4,048	0.35
£2,900,000	NGG Finance 5.625% Floating Rate Notes 18/6/2073	3,172	0.28
£3,000,000	Notting Hill Housing Trust 2.875% Bonds 31/1/2029	3,174	0.28
£3,500,000	Orange 8.125% Guaranteed Senior European Medium Term Bonds 20/11/2028	5,377	0.47
£5,000,000	Prudential 5.625% Bonds 20/10/2051	5,543	0.48
£4,000,000	Royal Bank of Scotland 3.125% European Medium Term Notes 28/3/2027	4,117	0.36
£1,000,000	Santander 7.375% Perpetual Bonds	1,060	0.09
£750,000	Severn Trent Water Utilities 6.25% Guaranteed Bonds 7/6/2029	1,052	0.09
£2,700,000	Stagecoach 4% Bonds 29/9/2025	2,901	0.25
£2,400,000	Travis Perkins 4.5% Bonds 7/9/2023	2,512	0.22
£1,800,000	Virgin Media Secured Finance 6.25% Guaranteed Senior Notes 28/3/2029	1,902	0.17
£6,900,000	Vodafone 4.875% Bonds 3/10/2078	7,144	0.62
£3,000,000	Western Power Distribution 3.5% Bonds 16/10/2026	3,197	0.28
£3,550,000	WM Morrison Supermarkets 4.75% European Medium Term Notes 4/7/2029	4,333	0.38
	UNITED STATES DOLLAR DENOMINATED DEBT SECURITIES (2.94%)	17,089	1.49
\$9,200,000	Argentum Netherlands 5.625% Bonds 15/8/2052	8,077	0.70
\$6,000,000	Lloyds Bank 12% Perpetual Bonds	5,984	0.52
\$2,800,000	SCOR 5.25% Perpetual Bonds	2,150	0.19
\$1,000,000	Standard Chartered 7.75% Perpetual Bonds	878	0.08

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (84.86%)	956,710	83.48
	AUSTRALIA (1.47%)	16,088	1.40
124,522	CSL	16,088	1.40
	CANADA (1.33%)	14,239	1.24
192,200	Waste Connections	14,239	1.24
	CHANNEL ISLANDS; GUERNSEY (0.68%)	7,019	0.61
5,535,214	Renewables Infrastructure	7,019	0.61
	DENMARK (1.02%)	17,096	1.49
304,867	Ringkjoebing Landbobank	17,096	1.49
	GERMANY (2.70%)	18,388	1.60
235,138	Hella Hueck	9,194	0.80
593,549	Infineon Technologies	9,194	0.80
	HONG KONG (0.89%)	7,736	0.68
10,669,407	China Everbright International	7,736	0.68
	IRELAND; REPUBLIC OF (6.08%)	61,720	5.39
80,533	Kerry class 'A' shares	7,674	0.67
328,779	Kingspan	13,274	1.16
3,000,000	Liontrust GF Sustainable Future European Corporate Bond Fund**	28,792	2.51
460,430	Smurfit Kappa	11,980	1.05
	ITALY (0.78%)	9,534	0.83
397,755	Banca Generali	9,534	0.83
	JAPAN (3.35%)	43,693	3.81
148,600	Daikin	15,173	1.32
17,900	Keyence	8,499	0.74
68,333	Shimano	7,931	0.69
258,400	TechnoPro	12,090	1.06

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	NETHERLANDS (1.81%)	23,782	2.08
54,399	ASML	10,031	0.88
223,600	InterXion	13,751	1.20
	NORWAY (1.72%)	15,464	1.35
703,626	DNB	10,368	0.91
1,802,265	Norsk Hydro	5,096	0.44
	SPAIN (1.20%)	12,223	1.07
396,640	Cellnex Telecom	12,223	1.07
	SWEDEN (0.92%)	10,515	0.92
1,416,755	Svenska Handelsbanken series 'A' shares	10,515	0.92
	SWITZERLAND (1.55%)	15,510	1.35
70,511	Roche Holding	15,510	1.35
	UNITED KINGDOM (28.29%)	303,422	26.47
917,576	3i	10,208	0.89
1,096,286	Abcam	14,318	1.25
2,526,427	Cineworld	6,442	0.56
690,715	Compass	14,388	1.26
2,111,298	Crest Nicholson	7,748	0.68
177,122	Croda International	8,304	0.72
1,068,141	DFS Furniture	2,532	0.22
427,000	Ethical Property*	350	0.03
872,887	GB	5,237	0.46
1,153,704	GlaxoSmithKline	19,641	1.71
1,331,374	Greencoat UK Wind	1,848	0.16
51,994	GW Pharmaceuticals ADR (each representing 12 ordinary share)	6,879	0.60
466,099	Hargreaves Lansdown	9,779	0.85
739,716	Informa	6,465	0.56
200,376	Intertek	11,437	1.00
6,981,300	IP	4,789	0.42

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
UNITED KINGDOM (continued)			
4,542,298	Legal & General	11,892	1.04
62,505,213	Liontrust Sustainable Future Corporate Bond Fund**	71,456	6.24
207,593	London Stock Exchange	13,734	1.20
1,426,637	Paragon	5,943	0.52
1,571,825	Porvair	8,928	0.78
968,776	Prudential	16,445	1.43
298,597	RELX	5,832	0.51
1,395,441	Rightmove	7,374	0.64
358,763	Softcat	3,423	0.30
1,370,362	Sophos	5,961	0.52
945,486	St. James's Place Capital	9,298	0.81
257,708	Unilever	12,771	1.11
UNITED STATES OF AMERICA (31.07%)		380,281	33.19
67,500	Adobe Systems	16,475	1.44
108,500	Alexion Pharmaceuticals	10,034	0.88
16,700	Alphabet class 'A' shares	16,608	1.45
7,118	Alphabet class 'C' shares	7,073	0.62
106,600	American Tower class 'A' shares	18,419	1.61
131,400	Autodesk	16,751	1.46
156,800	Cadence Design Systems	9,463	0.83
244,780	Charles Schwab	8,636	0.75
142,200	DocuSign	6,006	0.52
150,739	Ecolab	24,825	2.17
176,700	Eli Lilly	15,723	1.37
34,206	Equinix	14,017	1.22
155,372	First Republic Bank	12,603	1.10
45,300	Intuit	10,257	0.89
220,500	IQVIA	28,642	2.50
162,911	Nasdaq	12,822	1.12
133,000	Nike class 'B' shares	9,341	0.82
89,800	Palo Alto Networks	16,621	1.45
197,200	PayPal	17,780	1.55
127,629	PerkinElmer	8,973	0.78
45,500	Rockwell Automation	5,972	0.52

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
UNITED STATES OF AMERICA (continued)			
42,800	Roper Industries	12,708	1.11
121,017	Salesforce.com	15,271	1.33
64,200	Splunk	7,095	0.62
75,220	Thermo Fisher Scientific	17,055	1.49
319,800	Trimble Navigation	11,037	0.96
300,100	Trupanion	7,882	0.69
152,700	Visa	22,192	1.94
	Portfolio of investments	1,078,604	94.12
	Net other assets	67,412	5.88
	Total net assets	1,146,016	100.00

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

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2019.

* Unquoted security.

** Related party Investment.

Sustainable Future Managed Fund (continued)

Performance record (unaudited)

as at 31 July 2019

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2019 per share (p)	31 July 2018 per share (p)
Class 2 Net Income	1.1065	1.1105
Class 3 Net Income	1.8470	1.7853
Class 6 Net Accumulation	1.4041	1.3939
Class 7 Net Accumulation	1.7889	1.6974

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2019			
Class 2 Net Income	135,493,331	214,110	158.02
Class 3 Net Income	376,181,522	794,694	211.25
Class 6 Net Accumulation	67,144,661	135,427	201.69
Class 7 Net Accumulation	864,901	1,785	206.42
31 January 2019			
Class 2 Net Income	100,721,355	137,834	136.85
Class 3 Net Income	360,484,066	659,400	182.92
Class 6 Net Accumulation	36,862,906	63,938	173.45
Class 7 Net Accumulation			
31 January 2018			
Class 2 Net Income	52,729,110	70,658	134.00
Class 3 Net Income	342,014,376	612,585	179.11
Class 6 Net Accumulation	18,229,194	30,583	167.77
Class 7 Net Accumulation	864,349	1,476	170.79
31 January 2017			
Class 2 Net Income	36,618,361	43,209	118.00
Class 3 Net Income	336,365,470	530,491	157.71
Class 6 Net Accumulation	6,999,363	10,201	145.74
Class 7 Net Accumulation	759,101	1,123	147.89

Sustainable Future Managed Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Income				
Net capital gains		141,458		37,266
Revenue	12,166		9,364	
Expenses	(2,873)		(1,760)	
Interest payable and similar charges	—		(3)	
Net revenue before taxation	9,293		7,601	
Taxation	(615)		(497)	
Net revenue after taxation		8,678		7,104
Total return before distributions		150,136		44,370
Distributions		(8,678)		(7,104)
Change in net assets attributable to shareholders from investment activities		141,458		37,266

Statement of change in net assets attributable to shareholders (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Opening net assets attributable to shareholders		862,681		715,302
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	144,030		59,982	
Amounts paid on cancellation of shares	(3,111)		(6,015)	
		140,919		53,967
Dilution adjustment		—		2
Change in net assets attributable to shareholders from investment activities		141,458		37,266
Retained distribution on accumulation shares		958		369
Closing net assets attributable to shareholders		1,146,016		806,906

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Managed Fund (continued)

Balance Sheet (unaudited)

as at 31 July 2019

	31.7.2019 (£'000)	31.1.2019 (£'000)
Assets		
Fixed Assets		
Investments	1,078,604	835,492
Current assets:		
Debtors	17,497	16,784
Cash and bank balances	69,463	34,159
Total other assets	86,960	50,943
Total assets	1,165,564	886,435
Liabilities		
Creditors:		
Distribution payable	(8,447)	(4,798)
Other creditors	(11,101)	(18,956)
Total liabilities	(19,548)	(23,754)
Net assets attributable to shareholders	1,146,016	862,681

Sustainable Future UK Growth Fund

Report for the period from 1 February 2019 to 31 July 2019

Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation through investment, principally in UK equities based on price and prospects of above average earnings growth.

Limited investment in UK bond markets may be made from time to time. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Sustainable Future UK Growth Fund (continued)

Investment review

Market review

The MSCI UK Index returned 11.2% over the six months under review, with all underlying subsectors apart from utilities in positive territory.

While utilities were down 1.91% over the period, IT and healthcare were comfortably the best-performing sectors, registering returns of 29.02% and 24.47%* respectively and these are both areas where many of our stronger holdings can be found.

Overall, equities enjoyed a solid six months, despite a dip in May, and many indices are entering record-breaking territory once again. As we have grown used to over recent years, this has been against macro uncertainty in the background, with tensions rising in the Middle East, the US and China continuing to argue on trade and Brexit still unresolved.

With the supposed exit date of 29 March passing without resolution in the UK, we have seen a raft of votes and proposals in the subsequent months. After a relatively quiet April, Theresa May made a final attempt to patch together a parliamentary majority for an EU exit the following month and with cruel timing, this proved the end of May, and she chose to stand down and pass Brexit to a successor.

After a relatively straightforward contest, this turned out to be Boris Johnson and with the new prime minister in place, it is fair to say the odds of a no deal Brexit have increased. As we tick down towards another deadline of 31 October, research from the Office for Budget Responsibility suggests this could plunge the UK into recession.

While we do not attempt to forecast macroeconomic factors and question the ability of anybody to do so with any resemblance of accuracy or consistency, it does not stop others from doing so. With that in mind, we follow economics and politics with interest but continue to focus on our core competence that we believe has enabled us to deliver outperformance: identifying businesses exposed to strong sustainability trends that will endure and grow their value per share regardless of the economic backdrop.

Fund review

The Sustainable Future UK Growth fund returned 16.1% over the six months under review, outperforming the IA UK All Companies peer group average of 9.1% and the MSCI UK Index's 11.2%**.

Our process targets businesses that can grow structurally, driven by the shift towards a global economy that is more efficient, provides a higher quality of life and is more resilient.

Long-term holding Kingspan was the best performer over the period, reporting a strong first quarter in May. Sales rose by 18% year-on-year to €1.06bn, which the group attributed to strong volumes across its key markets. This comes on the heels of a good 2018, during which the company delivered revenues of over €4bn for the first time.

Improving the efficiency of energy use is a key theme across our portfolios and we think this business is well placed to profit from increased demand for its energy efficient products. The company produces thermal insulation, which helps to cut the amount of energy needed to heat the buildings in which we live and work.

London Stock Exchange also featured among our stronger names, with the shares up 60% to the end of July. Q1 results were resilient against a challenging market backdrop but the big news was the announced intention to acquire data provider Refinitiv. The deal is for \$27bn, which is actually larger than the market cap of LSE at the start of the year.

This transformational acquisition, if approved, will continue to shift the business away from a transactional, and towards a recurring, revenue model. LSE has historically been an excellent acquirer, delivering both cost and revenue synergies, and the share price reaction surrounding this deal suggests the market is expecting more of the same. As is the case when any of our holdings pursue a significant acquisition, a review has been triggered.

Also within financials, private equity and infrastructure 3i Group also posted solid returns over the period, reporting a total return of 18% for its financial year ending in March. The group said it remains cautious in the current environment, staying diligent when pricing new investments and deploying further capital in companies it already knows well.

Sustainable Future UK Growth Fund (continued)

Investment review (continued)

Fund review (continued)

Prudential's share price has been volatile over recent months, particularly as trade tensions exacerbate fears of a slowdown in China, but overall, the company again featured among our top contributors. Prudential reported solid 2018 numbers in March, with group operating profits up 6% on a constant basis led by double-digit growth from the Asian operations. As we have said before, irrespective of any short-term price volatility, we see solid long-term prospects for the company, with low levels of insurance penetration in China, appropriate products and an excellent management team.

Learning Technologies Group has rebounded strongly in 2019 after an indiscriminate sell-off towards the end of last year. The market reacted positively to a bolt-on acquisition of a recruitment software company for \$12m but, more importantly, the leader in the e-learning workplace education market has continued to deliver operationally.

The company is a beneficiary of our *Providing education* theme and is experiencing strong organic growth from existing professional educational products, as well as consolidating the fragmented market, with a focus on innovative content and technology.

Contract catering firm Compass Group also enjoyed a strong six months, largely driven by performance in North America. As a result, the company expects to deliver full-year organic revenue growth at the top of its 4-6% range for 2019 and continues to positively surprise us with better than expected results. In June, Compass also announced it had agreed to acquire Fazer Food Services for an enterprise value of approximately €475 million.

Elsewhere, familiar names such as Softcat remain among our top performers, with the share price rising after the company announced strong six-month results to end January earlier in the year. The company continues to take market share and regardless of the macroeconomic environment, small and medium-sized businesses are spending on things like IT security, GDPR compliance, and efficiency-driving software.

In terms of the few stocks that detracted over the period, IP Group has been disappointing. We believe the poor share price performance has been driven by the overhang of a large shareholder who is likely to be a forced seller. The company is in the process of valuing the main constituents of the portfolio, which will hopefully provide a clearer view of its net asset value. We remain focused on the operational performance of the portfolio, which continues to be strong.

Smart Metering Systems also saw its shares fall over the period despite reporting recurring revenue ahead of expectations in the first half of 2019. While Government policy to ensure all UK homes and small businesses are offered smart meters by 2020 is a clear tailwind for the business, the roll out of the second generation smart meters has been slower than anticipated due to supply chain issues. We expect a significant acceleration in installations during the second half of the year.

* Source: Bloomberg

** Source: Financial Express, primary share class, total return, net of fees and income reinvested, 31.01.19 to 31.07.19.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

Sustainable Future UK Growth Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases

Kerry class 'A' shares
 Smurfit Kappa
 Trainline
 Cineworld
 Paragon
 SDCL Energy Efficiency Income Trust
 AJ Bell
 Kingspan
 US Solar Fund
 Intertek

Sales

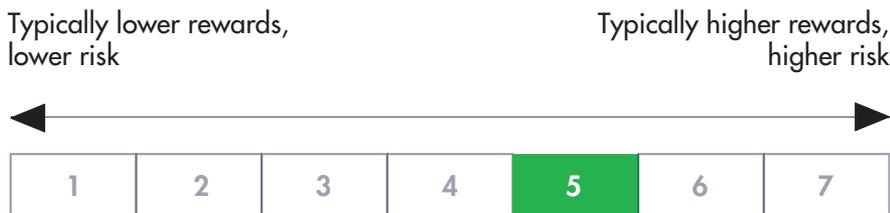
Worldpay
 Kerry class 'A' shares
 Dairy Crest
 Sage
 CVS
 Sophos
 Rightmove
 RELX
 John Laing
 Hargreaves Lansdown

Sustainable Future UK Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 5 because Sub-funds of this type have experienced medium to high rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- The Sub-fund may invest in companies listed on the Alternative Investment Market ("AIM") which is primarily for emerging or smaller companies. The rules are less demanding than those of the official List of the London Stock Exchange and therefore companies listed on AIM may carry a greater risk than a company with a full listing.
- The Sub-fund will invest in smaller companies and may invest a small proportion (less than 10%) of the Sub-fund in unlisted securities. There may be liquidity constraints in these securities from time to time, i.e. in certain circumstances, the Sub-fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the Sub-fund to defer or suspend redemptions of its shares.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG† grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

† Environmental, Social and Governance ("ESG")

Sustainable Future UK Growth Fund (continued)

Portfolio Statement (unaudited)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	CHANNEL ISLANDS; GUERNSEY (2.97%)		
	Financial Services (2.97%)	13,638	2.96
6,135,155	Renewables Infrastructure	7,779	1.69
2,306,511	Syncona	5,859	1.27
	CHANNEL ISLANDS; JERSEY (0.84%)		
	Financial Services (0.84%)	970	0.21
1,470,440	Trufin	970	0.21
	IRELAND; REPUBLIC OF (8.32%)	52,875	11.48
	Containers & Packaging (3.04%)	20,211	4.39
776,737	Smurfit Kappa	20,211	4.39
	Construction & Materials (3.97%)	22,132	4.80
548,188	Kingspan	22,132	4.80
	Food Producers (1.31%)	10,532	2.29
110,520	Kerry class 'A' shares	10,532	2.29
	UNITED KINGDOM (83.48%)	382,470	83.05
	Chemicals (2.35%)	9,500	2.06
202,637	Croda International	9,500	2.06
	Construction & Materials (0.41%)		
	Electricity (0.38%)	1,707	0.37
893,953	Ceres Power	1,707	0.37
	Electronic & Electrical Equipment (1.50%)	8,506	1.85
427,524	Halma	8,506	1.85
	Equity Investment Instruments (1.51%)	10,574	2.30
5,209,093	Greencoat UK Wind	7,230	1.57
4,053,977	US Solar Fund	3,344	0.73

Sustainable Future UK Growth Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
UNITED KINGDOM (continued)			
Financial Services (15.77%)		84,765	18.41
1,462,633	3i	16,272	3.53
1,081,179	AJ Bell	4,487	0.98
610,170	Capital for Colleagues	275	0.06
3,283,949	Distribution Finance Capital	4,006	0.87
364,495	Hargreaves Lansdown	7,647	1.66
10,397,944	IP	7,133	1.55
2,571,372	John Laing	9,905	2.15
239,946	London Stock Exchange	15,875	3.45
770,239	Mortgage Advice Bureau	4,390	0.95
2,451,326	Paragon	10,212	2.22
4,263,979	SDCL Energy Efficiency Income Trust	4,563	0.99
Food Producers (5.78%)		18,007	3.91
1,158,881	Rightmove	6,124	1.33
239,801	Unilever	11,883	2.58
General Retailers (2.42%)		13,732	2.98
2,831,908	DFS Furniture	6,712	1.46
1,643,967	Trainline	7,020	1.52
Household Goods & Home Construction (2.80%)		11,214	2.44
3,055,707	Crest Nicholson	11,214	2.44
Industrial Engineering (2.06%)		9,418	2.05
1,658,112	Porvair	9,418	2.05
Life Insurance (8.62%)		38,804	8.43
4,055,543	Legal & General	10,617	2.31
1,202,621	Prudential	20,415	4.43
790,340	St. James's Place Capital	7,772	1.69

Sustainable Future UK Growth Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	UNITED KINGDOM (continued)		
	Media (4.86%)	18,309	3.97
1,301,920	Informa	11,379	2.47
354,836	RELX	6,930	1.50
	Non-Life Insurance (0.20%)	766	0.17
684,066	Thrive Renewables*	766	0.17
	Pharmaceuticals & Biotechnology (12.93%)	55,534	12.06
1,116,640	Abcam	14,583	3.17
1,278,748	GlaxoSmithKline	21,769	4.73
82,514	GW Pharmaceuticals ADR (each representing 12 ordinary share)	10,918	2.37
1,197,603	Oxford Biomedica	8,264	1.79
	Real Estate Investment & Services (0.09%)	313	0.07
382,000	Ethical Property*	313	0.07
	Real Estate Investment Trusts (1.02%)	5,157	1.12
5,486,192	PRS REIT†	5,157	1.12
	Software & Computer Services (7.00%)	25,350	5.50
1,384,570	GB	8,307	1.80
1,162,236	Softcat	11,088	2.41
1,369,010	Sophos	5,955	1.29
	Support Services (6.91%)	33,359	7.23
256,789	Intertek	14,657	3.18
7,686,800	Learning Technologies	8,671	1.88
996,843	Sanne	5,453	1.18
913,759	Smart Metering Systems	4,578	0.99
	Travel & Leisure (6.87%)	37,455	8.13
4,581,339	Cineworld	11,682	2.54
810,401	Compass	16,881	3.66
3,514,762	Gym	8,892	1.93

Sustainable Future UK Growth Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	UNITED STATES OF AMERICA (2.38%)		
	Support Services (2.38%)		
	Portfolio of investments	449,953	97.70
	Net other assets	10,570	2.30
	Total net assets	460,523	100.00

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

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2019.

Stocks shown as ADRs represent American Depositary Receipts.

† Real Estate Investment Trust (REIT).

* Unquoted securities.

Sustainable Future UK Growth Fund (continued)

Performance record (unaudited)

as at 31 July 2019

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2019 per share (p)	31 July 2018 per share (p)
Class 2 Net Accumulation	2.3698	1.8020
Class 3 Net Accumulation	4.0930	3.1840

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2019			
Class 2 Net Accumulation	95,165,299	217,934	229.01
Class 3 Net Accumulation	74,025,162	242,589	327.71
31 January 2019			
Class 2 Net Accumulation	77,881,435	153,296	196.83
Class 3 Net Accumulation	71,589,441	201,186	281.03
31 January 2018			
Class 2 Net Accumulation	62,677,806	127,636	203.64
Class 3 Net Accumulation	63,593,410	184,085	289.47
31 January 2017			
Class 2 Net Accumulation	54,302,901	91,681	168.83
Class 3 Net Accumulation	61,757,590	147,584	238.97

Sustainable Future UK Growth Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Income				
Net capital gains		55,605		14,327
Revenue	6,299		4,141	
Expenses	(1,328)		(941)	
Interest payable and similar charges	—		—	
Net revenue before taxation	4,971		3,200	
Taxation	—		—	
Net revenue after taxation		4,971		3,200
Total return before distributions		60,576		17,527
Distributions		(4,971)		(3,200)
Change in net assets attributable to shareholders from investment activities		55,605		14,327

Statement of change in net assets attributable to shareholders (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Opening net assets attributable to shareholders		354,482		311,721
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	49,023		19,370	
Amounts paid on cancellation of shares	(3,872)		(6,337)	
		45,151		13,033
Change in net assets attributable to shareholders from investment activities		55,605		14,327
Retained distribution on accumulation shares		5,285		3,277
Closing net assets attributable to shareholders		460,523		342,358

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future UK Growth Fund (continued)

Balance Sheet (unaudited)

as at 31 July 2019

	31.7.2019 (£'000)	31.1.2019 (£'000)
Assets		
Fixed Assets		
Investments	449,953	347,345
Current assets:		
Debtors	1,806	1,503
Cash and bank balances	9,161	7,461
Total other assets	10,967	8,964
Total assets	460,920	356,309
Liabilities		
Creditors:		
Other creditors	(397)	(1,827)
Total liabilities	(397)	(1,827)
Net assets attributable to shareholders	460,523	354,482

UK Ethical Fund

Report for the period from 1 February 2019 to 31 July 2019

Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation through diversified investment within the UK equity market.

Individual security selections will be based on price and long term total return prospects of companies which meet defined ethical considerations and which will benefit from improvements in environmental standards and a shift towards a more sustainable economic system.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

UK Ethical Fund (continued)

Investment review

Market review

The MSCI UK Index returned 11.2% over the six months under review, with all underlying subsectors apart from utilities in positive territory.

While utilities were down 1.91% over the period, IT and healthcare were comfortably the best-performing sectors, registering returns of 29.02% and 24.47% respectively*.

Overall, equities enjoyed a solid six months, despite a dip in May, and many indices are entering record-breaking territory once again. As we have grown used to over recent years, this has been against macro uncertainty in the background, with tensions rising in the Middle East, the US and China continuing to argue on trade and Brexit still unresolved.

With the supposed exit date of 29 March passing without resolution in the UK, we have seen a raft of votes and proposals in the subsequent months. After a relatively quiet April, Theresa May made a final attempt to patch together a parliamentary majority for an EU exit the following month and with cruel timing, this proved the end of May, and she chose to stand down and pass Brexit to a successor.

Following a relatively straightforward contest, this turned out to be Boris Johnson and with the new prime minister in place, it is fair to say the odds of a no deal Brexit have increased. As we tick down towards another deadline of 31 October, research from the Office for Budget Responsibility suggests this could plunge the UK into recession.

While we do not attempt to forecast macroeconomic factors and question the ability of anybody to do so with any resemblance of accuracy or consistency, it does not stop others from doing so. With that in mind, we follow economics and politics with interest but continue to focus on our core competence that we believe has enabled us to deliver outperformance: identifying businesses exposed to strong sustainability trends that will endure and grow their value per share regardless of the economic backdrop.

Fund review

The Sustainable Future UK Ethical fund returned 17.0% over the six months under review, outperforming the IA UK All Companies peer group average of 9.1% and the MSCI UK Index's 11.2%**.

Our process targets businesses that can grow structurally, driven by the shift towards a global economy that is more efficient, provides a higher quality of life, and is more resilient.

Long-term holding Kingspan was among our best performers over the period, reporting a strong first quarter in May. Sales rose by 18% year-on-year to €1.06bn, which the group attributed to strong volumes across its key markets. This comes on the heels of a good 2018, during which the company delivered revenues of over €4bn for the first time.

Improving the efficiency of energy use is a key theme across our portfolios, and we think this business is well placed to profit from increased demand for its energy efficient products. The company produces thermal insulation, which helps to cut the amount of energy needed to heat the buildings in which we live and work.

London Stock Exchange also featured among our stronger names, with the shares up 60% to the end of July. Q1 results were resilient against a challenging market backdrop but the big news was the announced intention to acquire data provider Refinitiv. The deal is for \$27bn, which is actually larger than the market cap of LSE at the start of the year.

This transformational acquisition, if approved, will continue to shift the business away from a transactional, and towards a recurring, revenue model. LSE has historically been an excellent acquirer, delivering both cost and revenue synergies and the share price reaction to this deal suggests the market is expecting more of the same. As is the case when any of our holdings pursue a significant acquisition, a review has been triggered.

UK Ethical Fund (continued)

Investment review (continued)

Fund review (continued)

Also within financials, Prudential's share price has been volatile over recent months, particularly as trade tensions exacerbate fears of a slowdown in China, but overall, the company again featured among the top performers. Prudential reported solid 2018 numbers in March, with group operating profits up 6% on a constant basis led by double-digit growth from the Asian operations. As we have said before, irrespective of any short-term price volatility, we see solid long-term prospects for the company, with low levels of insurance penetration in China, appropriate products and an excellent management team.

Learning Technologies Group has rebounded strongly in 2019 after an indiscriminate sell-off towards the end of last year. The market reacted positively to a bolt-on acquisition of a recruitment software company for \$12m but, more importantly, the leader in the e-learning workplace education market has continued to deliver operationally.

The company is a beneficiary of our *Providing education* theme and is experiencing strong organic growth from existing professional educational products, as well as consolidating the fragmented market, with a focus on innovative content and technology.

Contract catering firm Compass Group also registered a strong six months, largely driven by performance in North America. As a result, the company expects to deliver full-year organic revenue growth at the top of its 4-6% range for 2019 and continues to positively surprise us with better than expected results. In June, Compass announced it had agreed to acquire Fazer Food Services for an enterprise value of approximately €475 million.

Elsewhere, familiar names such as Softcat continue to feature among our top performers, with the share price rising since the company announced strong six-month results to end January earlier in the year. Softcat continues to take market share and regardless of the macroeconomic environment, small and medium-sized businesses are spending on things like IT security, GDPR compliance, and efficiency-driving software.

In terms of the few stocks that detracted over the period, Smart Metering Systems has seen its shares fall despite reporting recurring revenue ahead of its expectations in the first half of 2019. While Government policy to ensure all UK homes and small businesses are offered smart meters by 2020 is a clear tailwind for the business, the roll-out of the second generation smart meters has been slower than anticipated due to supply chain issues. We expect a significant acceleration in installations during the second half of the year.

TruFin has also seen its share price trending downwards over the six months, during a fairly significant period of restructuring for the company. We first invested in the IPO during the first quarter of 2018, at which point this holding company had four key assets: a small and medium-sized enterprise (SME) supply chain financing operation called Distribution Finance Capital (DFC), two businesses that are classified as accounting software, and a 15% stake in the peer-to-peer lending platform Zopa. In the period since, TruFin has sold its stake in Zopa, returning cash to shareholders and re-invested in the remaining businesses.

At the request of the Prudential Regulatory Authority, the asset we were most excited by, DFC, was spun off and listed separately in May at a price we believed undervalued the long-term prospects of the business. We took the opportunity to make DFC a larger position in the funds at the listing price of 90p. The shares have traded well up until now but we are awaiting an announcement in September as to whether DFC has been granted a banking licence – this will reduce the finance costs of the business while also enabling it to grow at a much faster rate.

* Source: Bloomberg

** Source: Financial Express, primary share class, total return, net of fees and income reinvested, 31.01.19 to 31.07.19.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

UK Ethical Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases

Trainline
 Smurfit Kappa
 Cineworld
 SDCL Energy Efficiency Income Trust
 AJ Bell
 National Express
 Intertek
 Compass
 US Solar Fund
 Paragon

Sales

Worldpay
 Hargreaves Lansdown
 John Laing
 RELX
 Softcat
 Sage
 Sophos
 Rightmove
 Kellar
 Triodes Renewables

UK Ethical Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is categorised 5 primarily because Sub-funds of this type have experienced medium to high rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is therefore a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- The Sub-fund may invest in companies listed on the Alternative Investment Market (AIM) which is primarily for emerging or smaller companies. The rules are less demanding than those of the official List of the London Stock Exchange and therefore companies listed on AIM may carry a greater risk than a company with a full listing.
- The Sub-fund will invest in smaller companies and may invest a small proportion (less than 10%) of the Sub-fund in unlisted securities. There may be liquidity constraints in these securities from time to time, i.e. in certain circumstances, the Sub-fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the Sub-fund to defer or suspend redemptions of its shares.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG† grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

† Environmental, Social and Governance ("ESG")

UK Ethical Fund (continued)

Portfolio Statement (unaudited)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	CHANNEL ISLANDS; GUERNSEY (2.32%)		
	Equity Investment Instruments (2.32%)	12,323	2.52
9,718,414	Renewables Infrastructure	12,323	2.52
	CHANNEL ISLANDS; JERSEY (0.98%)		
	Financial Services (0.98%)	1,252	0.26
1,897,253	Trufin	1,252	0.26
	IRELAND; REPUBLIC OF (8.34%)		
	Construction & Materials (8.34%)	49,768	10.20
692,508	Kingspan	27,958	5.73
838,202	Smurfit Kappa	21,810	4.47
	UNITED KINGDOM (83.38%)	421,264	86.28
	Chemicals (1.37%)	7,545	1.55
1,669,280	Treatt	7,545	1.55
	Construction & Materials (0.77%)		
	Consumer Services (4.18%)	25,374	5.20
1,218,136	Compass	25,374	5.20
	Electronic & Electrical Equipment (1.52%)	9,288	1.90
466,828	Halma	9,288	1.90
	Equity Investment Instruments (2.30%)	15,007	3.07
8,237,379	Greencoat UK Wind	11,433	2.34
4,332,408	US Solar Fund	3,574	0.73
	Financials (17.10%)	94,124	19.28
1,151,378	AJ Bell	4,778	0.98
915,253	Capital for Colleagues	412	0.08
4,237,259	Distribution Finance Capital	5,169	1.06
491,608	Hargreaves Lansdown	10,314	2.11
3,535,596	John Laing	13,619	2.79
483,147	London Stock Exchange	31,965	6.55
1,129,645	Mortgage Advice Bureau	6,439	1.32
3,951,999	Paragon	16,464	3.37
4,639,347	SDCL Energy Efficiency Income Trust	4,964	1.02

UK Ethical Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	Gas, Water & Multiutilities (3.42%)	14,775	3.03
1,195,254	Ceres Power	2,283	0.47
666,797	National Grid	5,630	1.15
957,048	Pennon	6,862	1.41
	General Retailers (2.41%)	10,657	2.18
4,496,578	DFS Furniture	10,657	2.18
	Household Goods & Home Construction (3.18%)	13,736	2.81
3,742,794	Crest Nicholson	13,736	2.81
	Life Insurance (12.62%)	60,753	12.44
9,152,077	Legal & General	23,960	4.91
1,501,633	Prudential	25,490	5.22
1,149,371	St. James's Place Capital	11,303	2.31
	Media (5.84%)	22,941	4.70
1,703,158	Informa	14,886	3.05
412,436	RELX	8,055	1.65
	Non-life Insurance (0.28%)	1,226	0.25
1,095,006	Thrive Renewables*	1,226	0.25
	Real Estate Investment & Services (1.45%)	7,363	1.51
788,000	Ethical Property*	646	0.13
7,145,687	PRS REIT	6,717	1.38
	Software & Computer Services (11.36%)	42,900	8.79
1,637,473	GB	9,825	2.01
1,668,116	Rightmove	8,815	1.81
1,503,211	Softcat	14,341	2.94
2,280,282	Sophos	9,919	2.03
	Support Services (7.65%)	42,666	8.74
332,042	Intertek	18,953	3.88
9,538,746	Learning Technologies	10,760	2.20
1,237,580	Sanne	6,770	1.39
1,234,196	Smart Metering Systems	6,183	1.27

UK Ethical Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 31 July 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	Travel & Leisure (7.93%)	52,909	10.83
5,334,852	Cineworld	13,604	2.78
5,031,607	Gym	12,730	2.61
4,567,601	National Express	19,147	3.92
1,739,657	Trainline	7,428	1.52
	UNITED STATES OF AMERICA (3.11%)		
	Support Services (3.11%)		
	Portfolio of investments	484,607	99.26
	Net other assets	3,609	0.74
	Net assets	488,216	100.00

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

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2019.

* Unquoted securities.

UK Ethical Fund (continued)

Performance record (unaudited)

as at 31 July 2019

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2019 per share (p)	31 July 2018 per share (p)
Class 2 Net Accumulation	3.7488	2.9575
Class 3 Net Income	4.0954	3.3500

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2019			
Class 2 Net Accumulation	48,785,974	145,944	299.15
Class 3 Net Income	124,244,114	342,272	275.48
31 January 2019			
Class 2 Net Accumulation	40,453,864	103,001	254.61
Class 3 Net Income	126,198,723	299,610	237.41
31 January 2018			
Class 2 Net Accumulation	27,293,801	71,290	261.19
Class 3 Net Income	125,325,102	311,274	248.37
31 January 2017			
Class 2 Net Accumulation	24,752,259	53,794	217.33
Class 3 Net Income	128,124,008	269,448	210.30

UK Ethical Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Income				
Net capital gains		65,093		15,420
Revenue	7,887		6,058	
Expenses	(1,153)		(899)	
Interest payable and similar charges	—		—	
Net revenue before taxation	6,734		5,159	
Taxation	—		—	
Net revenue after taxation		6,734		5,159
Total return before distributions		71,827		20,579
Distributions		(6,734)		(5,159)
Change in net assets attributable to shareholders from investment activities		65,093		15,420

Statement of change in net assets attributable to shareholders (unaudited)

for the period ended 31 July 2019

	(£'000)	1.2.2019 to 31.7.2019 (£'000)	(£'000)	1.2.2018 to 31.7.2018 (£'000)
Opening net assets attributable to shareholders		402,611		382,564
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	28,574		28,091	
Amounts paid on cancellation of shares	(9,891)		(8,563)	
		18,683		19,528
Dilution adjustment		—		98
Change in net assets attributable to shareholders from investment activities		65,093		15,420
Retained distribution on accumulation shares		1,829		1,019
Closing net assets attributable to shareholders		488,216		418,629

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

UK Ethical Fund (continued)

Balance Sheet (unaudited)

as at 31 July 2019

	31.7.2019 (£'000)	31.7.2018 (£'000)
Assets		
Fixed Assets		
Investments	484,607	395,084
Current assets:		
Debtors	1,920	1,532
Cash and bank balances	7,327	9,621
Total other assets	9,247	11,153
Total assets	493,854	406,237
Liabilities		
Creditors:		
Distribution payable	(5,088)	(3,336)
Other creditors	(550)	(290)
Total liabilities	(5,638)	(3,626)
Net assets attributable to shareholders	488,216	402,611

Additional Information

Important information

It is important to remember that the price of shares, and the income from them, can fall as well as rise and is not guaranteed and that investors may not get back the amount originally invested. Past performance is not a guide to future performance. The issue of shares may be subject to an initial charge and this is likely to have an impact on the realisable value of your investment, particularly in the short term. You should always regard investment in Funds as long term. The annual management fee of the Fund is deducted from capital. Whilst this results in the dividend paid to investors being higher than would be the case were the annual management fee charged to income, the potential for capital growth may be reduced.



Liontrust Customer Services Team

PO Box 373, Darlington, DL1 9RQ



0344 892 0349



Facsimile 020 7964 2562



liontrustadmin@bnymellon.com

LIONTRUST 

Liontrust Fund Partners LLP is authorised and regulated by the Financial Conduct Authority.