

Finely crafted investments

Amati
Global Investors



T.BAILEY

TB Amati Investment Funds

Interim Report and Financial Statements (Unaudited)
31 July 2014

TB Amati UK Smaller Companies Fund

THE MANAGER

Amati Global Investors Ltd is the investment manager (the 'Manager') of TB Amati Investment Funds (the 'Company'). The Authorised Corporate Director (the 'ACD'), is T. Bailey Fund Managers Limited. The day to day administration of the Company is delegated to T. Bailey Asset Management Limited.

Amati Global Investors Ltd, T. Bailey Fund Managers Limited and T. Bailey Asset Management Limited are authorised and regulated by the Financial Conduct Authority. Further information about Amati Global Investors Ltd and the funds which it manages can be found at www.amatiglobal.com.

YOUR INVESTMENTS

You can buy or sell shares in the Company through your Financial Advisor. Alternatively, you can telephone the dealing line; 0115 988 8275, during normal office hours. Application forms can be requested in writing from the ACD or by calling the Client Services Team on the dealing line. They can also be downloaded from www.tbailey.co.uk/amati.

The Company is eligible for ISA investments/transfers and the shares are available as part of a regular savers scheme.

Prices are published each normal business day on www.tbailey.co.uk/amati and also on www.fundlistings.co.uk.

RISK PROFILE

Please remember that both the price of shares and the revenue derived from them may go down as well as up and that you may not get back the money you invested. Furthermore, changes in foreign currency exchange rates may cause the value of your investment to increase or diminish. Capital appreciation in the early years will be adversely affected by the impact of any initial charges which by their nature are not levied uniformly throughout the life of the investment. You should, therefore, regard your investment as medium to long term. Past performance is not a reliable indicator of future results.

OTHER INFORMATION

Full details of TB Amati Investment Funds are set out in the Prospectus. This document provides investors with extensive information about the fund including risks and expenses. A copy of the Prospectus is available on request from the ACD, or can be downloaded from www.tbailey.co.uk/amati.

The Key Investor Information document and Supplementary Information document are also available from www.tbailey.co.uk/amati.

AUTHORISED STATUS

TB Amati Investment Funds (the 'Company') is an investment company with variable capital incorporated in England and Wales under registered number IC000618 and authorised by the Financial Conduct Authority with effect from 26 March 2008. The Company has an unlimited duration. It is a UCITS scheme as detailed in the Collective Investment Schemes Sourcebook (COLL) and also an umbrella company for the purposes of the OEIC regulations.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the Shares.

STRUCTURE OF THE COMPANY

The Company is structured as an umbrella company, in 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. On the introduction of any new sub-fund or Share Class, a revised prospectus will be prepared setting out the relevant details of each sub-fund or Share Class.

The Company is compliant with the Protected Cell Regime for OEICs. Under the protected cell regime, each sub-fund represents a segregated portfolio of assets and accordingly, the assets of the sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including any other sub-fund and shall not be available for any such purpose.

Currently, there is one sub-fund; TB Amati UK Smaller Companies Fund.

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the TB Amati UK Smaller Companies Fund is to achieve long-term capital growth.

The target universe ranges from the Alternative Investment Market ("AIM") to fully listed constituents of the FTSE Fledgling, Small Cap and Mid 250 indices. There may be occasions when the Investment Manager chooses to hold increased levels of cash or money market instruments.

The Fund will primarily invest in companies which are either incorporated in the UK or are listed in the UK and have the majority of their economic activity in the UK. The Fund may also invest in companies which are listed in the UK but are not incorporated and do not have the majority of their economic activity in the UK.

The Fund has authority to invest up to 10% of its assets in collective investment schemes and over 35% of its assets in certain government and public securities, although in the past ten years these authorities have rarely been used.

The benchmark of the Fund is the Numis Smaller Companies (inc AIM ex investment trusts) index.

THE INVESTMENT MANAGEMENT TEAM

The TB Amati UK Smaller Companies Fund* has been managed by Dr Paul Jourdan since 2000, and co-managed with Douglas Lawson since 2009 and David Stevenson since 2012. The management team believe that smaller companies are a highly attractive asset class for long-term savers, on the proviso that investors appreciate that historically, relative to larger company funds, the significant additional performance has come with some additional volatility of returns. The management team seek to manage the additional risks involved in small company investing by taking a view on the business cycle and other macro-risks in structuring the portfolio. Individual company investments are chosen on the basis of proprietary company research. Amati Global Investors is a specialist investment manager, solely focussed on the universe of UK smaller companies.

The Fund's long term performance record is award winning, including Growth Company Small-Cap Fund of the Year 2011 and a Lipper Fund Award 2012 for the best UK Small & Mid Cap Fund over 3 years. Dr Paul Jourdan is also a 2013 FE Alpha Manager.

Should you wish to receive monthly fund factsheets and updates on events by email, please contact: info@amatiglobal.com

**Note: The TB Amati UK Smaller Companies Fund (formerly CF Amati UK Smaller Companies Fund) was seeded by the transfer of the First State British Smaller Companies Fund to CFM on 29 July 2008.*

BIOGRAPHIES

Dr Paul Jourdan - CEO

Paul Jourdan is an award-winning fund manager, with a strong track record in small cap investment. He co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in January 2010, having joined Noble in 2007 as Head of Equities. His fund management career began in 1998 with Stewart Ivory, where he gained experience in UK, emerging market, and global equities. In 2000 Stewart Ivory was taken over by First State and Paul became manager of what is now TB Amati UK Smaller Companies Fund. In 2004 he was appointed Head of UK Equities at First State. In early 2005 he launched what is now Amati VCT plc and he also manages Amati VCT 2 after the investment management contract moved to Amati Global Investors in 2010. Prior to 1998 Paul worked as a professional violinist, including a four year period with the City of Birmingham Symphony Orchestra. He currently serves as a Director of Fox Marble plc, a portfolio company of the Amati VCTs and also a Governor of the Royal Conservatoire of Scotland.



BIOGRAPHIES (CONTINUED)

Douglas Lawson - Director

Douglas Lawson co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in January 2010. Prior to this he worked in corporate finance and private equity, initially as an associate focusing on middle market UK private equity and listed company M&A at British Linen Advisers, and latterly as an investment manager in the private equity team at Noble. Douglas has co-managed the TB Amati UK Smaller Companies Fund since 2009. He has also been co-manager of Amati VCT since 2009 and Amati VCT 2 since 2010. Douglas started his career at Ernst & Young in London, where he qualified as a Chartered Accountant in 2002. He serves as a Director of Amati Global Investors Limited and Polyhedra Group plc, an Amati VCT and Amati VCT 2 portfolio company.



David Stevenson - Fund Manager

David joined Amati in February 2012. Prior to this he was a partner with investment boutique Cartesian Capital, which managed a range of retail and institutional UK equity funds in long only and long/short strategies. David co-founded Cartesian in 2005, and saw growth in client assets to a peak of £600m. Previously he was Assistant Director at SVM, where he also managed equity products including the UK Opportunities small/midcap fund which was ranked top decile amongst peers for the 5 year period from inception to late 2005. David started his career at KPMG where he qualified as a Chartered Accountant. He latterly specialised in corporate finance, before moving into private equity with Dunedin Fund Managers.



ONGOING CHARGES FIGURE

The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the Annual Management Charge, but also includes the costs for other services paid in respect of Depositary, custody, FCA, audit fees and transaction charges. Collectively these fees are known as other expenses. The OCFs, as calculated in accordance with ESMA guidelines, are as follows:

	31.07.14 % p.a.	31.01.14 % p.a.
A Shares		
Annual Management Charge	1.50	1.50
Other Expenses	0.28	0.33
Ongoing Charges Figure	1.78	1.83
B Shares		
Annual Management Charge*	0.75	0.85
Other Expenses	0.28	0.33
Ongoing Charges Figure	1.03	1.18

** On 7 April 2014 the Annual Management Charge for the B Shares was reduced from 0.85% to 0.75% p.a. The ex-post OCF for the B Shares for the period ended 31/07/14 would therefore be slightly higher than that disclosed.*

SYNTHETIC RISK AND REWARD INDICATOR

The Synthetic Risk and Reward Indicator demonstrates in a standard format where the Fund ranks in terms of its potential risk and reward. It is based on historical data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The indicator uses a scale of 1 to 7. The higher the rank the greater the potential reward but the greater the risk of losing money.

The Fund's ranking is 5.

STATEMENT OF ACD'S RESPONSIBILITIES

The ACD of the Company is responsible for preparing the Report and the Financial Statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare financial statements for each accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law") and the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Management Association ("IMA SORP") in May 2014; and
- give a true and fair view of the financial position of the Company as at the end of that period and the net revenue and the net capital gains or losses on the property of the Company for that period.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the IMA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the applicable IMA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' STATEMENT

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, I hereby certify the report on behalf of the Directors of T. Bailey Fund Managers Limited.

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Company consists of predominantly securities readily realisable and, accordingly the Company has adequate resources to continue in operational existence in the foreseeable future.

Peter Letley
Director
12 September 2014

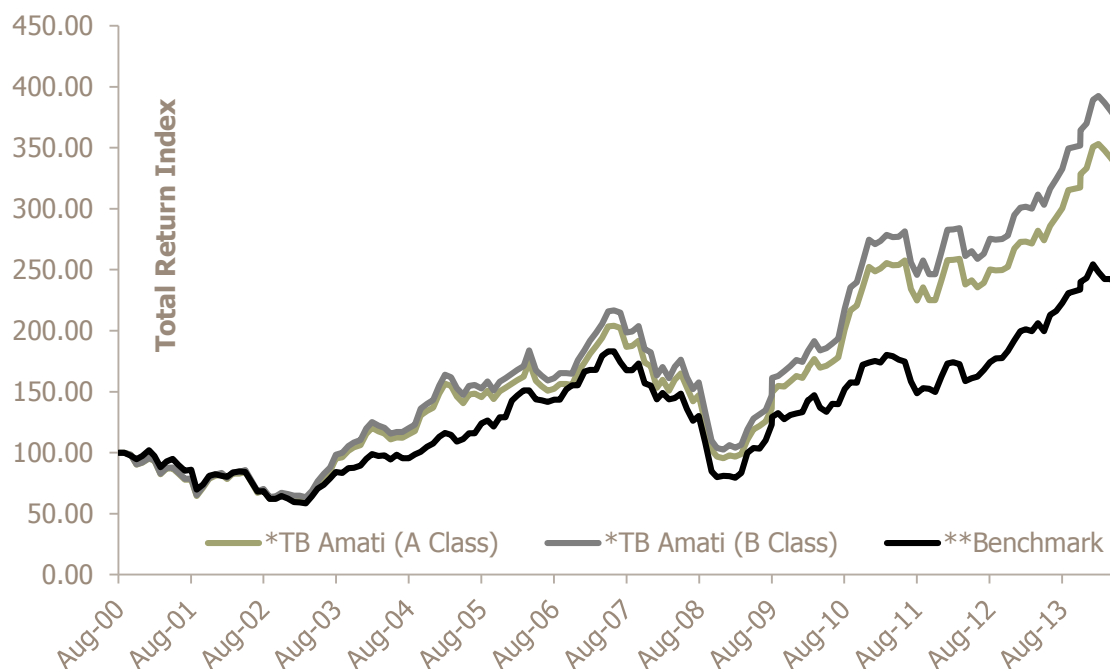
INVESTMENT REVIEW

Performance

	Cumulative returns for the periods ended 31 July 2014 (%)					
	6 months	1 year	3 years	5 years	10 years	From PJ take on*
A Accumulation Shares	0.85	17.51	30.43	167.74	199.08	232.04
B Accumulation Shares	1.21	18.32	33.05	177.48	219.75	270.29
Numis Smaller Companies Index (inc AIM, ex Inv Trusts)	(3.30)	10.41	34.61	113.41	146.60	127.35

Source: Financial Express. Total return, bid to bid.

* Performance since Dr Paul Jourdan take on of fund on 31 August 2000.



Performance since Dr Paul Jourdan take-on of fund on 31 August 2000.

* TB Amati UK Smaller Companies Fund (A Class & B Class) Total Return Index (rebased to 100). **Benchmark Index: Numis (formerly RBS Hoare Govett) Smaller Companies (ex Inv Trusts, inc AIM) TR (rebased to 100).

Source: Amati Global Investors Ltd as at 31 July 2014.

Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.

INVESTMENT REVIEW (CONTINUED)

Market Review

The UK stock market plateaued in February, with mid and small cap indices achieving all-time highs and AIM stocks almost regaining a three year peak. No single catalyst appeared to be responsible for the subsequent stalling of momentum, with the most likely cause being a build-up of numerous headwinds. Over the remainder of the period, investors reacted with increasing caution to international conflicts, persistent earnings downgrades, an anticipated turning point in interest rates and a steady stream of company fund raisings.

The reduced appetite for risk saw declines across wide areas of the market, ranging from premium rated growth stocks to interest rate sensitive companies. This translated into heavy underperformance by sectors such as technology and telecoms, plus industrial and consumer cyclicals. Defensive areas like utilities and healthcare saw gains, whilst resources rebounded after previous weakness. Although selling pressure was widespread, it was heaviest within AIM and mid cap stocks.

Performance

The fund resisted the market weakness in the period, strongly outperforming a benchmark decline of 3.3% with a gain of 1.2% (B Shares).

Major contributors to performance included a group of specialist software companies, which enjoyed gains despite the overall sector weakness. Global money transfer providers, **Earthport** and **Optimal Payments**; GP patient management software specialist, **EMIS**; and UK public sector and engineering solutions supplier, **IDOX**, all reported a combination of organic and acquisitive growth. These are companies with strong product offerings supplying growing markets.

Other good performances came from veterinary services provider, **CVS**, which continues to expand its UK network by taking a growing share of a fragmented market; gas meter installer and manager, **Smart Metering**, which combines strong revenue visibility with growth prospects in other utility areas; Scottish television broadcaster, **STV**, which is growing both channel and service offerings as it diversifies into a broader earnings base; South American oil and gas explorer, **Amerisur**, which joined in the sector strength as well as announcing positive operational news; and German commercial property investor, **Sirius**, which continued to be re-rated on improving domestic market conditions plus future development potential.

The weakest performers featured a number of growth stocks suffering profit-taking amidst the market uncertainty. Recently listed animal drug manufacturer, **Benchmark**, gave back most of its post-IPO gains on unchanged underlying prospects, as did genomic research tool and personalised medicine developer, **Horizon Discovery**. **Accesso**, which supplies ticketing and queueing software to the leisure industry, also fell in spite of a steady stream of new business wins; whilst speciality pharmaceuticals company, **Vectura**, suffered despite announcing several drug development milestones and approvals. Mobile financial services provider, **eServGlobal**, was similarly weak although recent business momentum has returned it to profitability. **Sabien**, the manufacturer of energy efficient boilers, was, however, impacted by order delays and an investment in sales and distribution which weighed on earnings; whilst plastics technology group, **Carclo**, warned on competitive market conditions and slower than expected sales for its touch sensors. This prompted a sale of the position.

Activity

There was a significant increase in new listing activity during the period, in which the fund selectively participated. Investments were made in postal services group, **DX**, IT staffing services provider, **FDM**, medical researcher, **Horizon**, and niche retail bank, **Onesavings**. A position was also taken in home safety products developer, **Sprue Aegis**, which transferred from ISDX to AIM and was an existing Amati VCT holding prior to this. Other placing activity was used to gain exposure to gaming and slot machine technology developer, **Quixant**; identity software specialist **GB Group** (both pre-existing holdings within Amati VCT portfolios); North Sea energy explorer and producer, **Faroe Petroleum**; regional commercial property developer, **McKay**; and specialist engineer, **Pressure Technologies**. Share softness was exploited to take positions in household multi-utility supplier, **Telecom Plus**; software escrow and testing services provider, **NCC**; property and casualty insurer, **Novae**; and insurance software and services specialist, **Innovation**.

INVESTMENT REVIEW (CONTINUED)

As expectations of an upturn in interest rates became more embedded in market sentiment, profits were taken on a number of consumer cyclical holdings, such as estate agent, **Foxtons**; property website, **Rightmove**; and restaurant operator, **Restaurant Group**. Other fairly valued positions were exited to provide proceeds for re-investment, such as film and TV content manager, **Entertainment One**; sports gaming specialist, **Sportech**; overseas consumer loan provider, **International Personal Finance**; asset management group, **Jupiter**; and speciality chemicals manufacturer, **Elementis**.

The asset allocation at the balance sheet date was as follows:

Sector	Asset allocation as at 31 July 2014 (%)	Asset allocation as at 31 January 2014 (%)
Alternative Energy	0.9	1.1
Banks	1.1	-
Beverages	1.3	1.5
Chemicals	-	4.0
Electronic & Electrical Equipment	2.7	1.2
Equity Investment Instruments	-	1.5
Financial Services	2.9	5.5
Fixed Line Telecommunications	1.7	-
Food Producers	-	0.6
General Retailers	14.1	11.6
Household Goods & Home Construction	5.0	3.6
Industrial Engineering	1.2	-
Industrial Transportation	1.6	0.4
Leisure Goods	2.9	2.7
Media	4.6	8.0
Mining	2.4	3.3
Nonlife Insurance	1.5	1.2
Oil Equipment, Services & Distribution	-	1.1
Oil & Gas Producers	4.4	4.8
Personal Goods	0.9	1.2
Pharmaceuticals & Biotechnology	6.2	6.3
Real Estate Investment & Services	3.7	3.1
Software & Computer Services	19.3	12.9
Support Services	12.6	13.7
Technology Hardware & Equipment	2.6	-
Travel & Leisure	4.6	6.2
Cash and Other	1.8	4.5
Total	100.0	100.0

The full list of holdings at the balance sheet date is shown in the Portfolio Statement on pages 11 to 15.

INVESTMENT REVIEW (CONTINUED)

Outlook

The peak in UK stock market momentum, together with a sector pattern showing rotation from highly rated growth and rate-sensitive companies into cheaper, lagging areas, suggests investors are seeking value in an environment which otherwise appears up with events. This market tilt also reflects a high degree of uncertainty. UK and US economic news remains broadly supportive, but Europe is weak and aggregate earnings forecasts continue to fall. Tensions in the Middle East and North Africa present longer term headwinds, whilst the UK picture is further complicated by the impact of sterling strength on exports, and the ongoing debate about the timing, and degree, of interest rate rises. Unless, and until, earnings upgrades make a re-appearance, the Bank of England's handling of forward guidance assumes even greater significance, with the most likely near term outcome being continued market churn and loss of momentum. Against this backdrop, there should be scope for active fund managers to add portfolio value from selective stock picking.

Paul Jourdan
CEO
Amati Global Investors Ltd
12 September 2014

Douglas Lawson
Director
Amati Global Investors Ltd
12 September 2014

David Stevenson
Fund Manager
Amati Global Investors Ltd
12 September 2014

PORTFOLIO STATEMENTAs at 31 July 2014

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Alternative Energy (0.9%; 31.01.14 - 1.1%)		
320,000 Alkane Energy	116,000	0.9
	116,000	0.9
Banks (1.1%; 31.01.14 - 0.0%)		
80,000 Onesavings Bank	134,000	1.1
	134,000	1.1
Beverages (1.3%; 31.01.14 - 1.5%)		
16,500 Nichols Group	165,495	1.3
	165,495	1.3
Electronic & Electrical Equipment (2.7%; 31.01.14 - 1.2%)		
489,660 Sabien Technology	78,346	0.6
17,200 XP Power	258,172	2.1
	336,518	2.7
Financial Services (2.9%; 31.01.14 - 5.5%)		
17,446 Brooks	243,372	2.0
15,793 IG Group Holdings	96,337	0.8
980,000 London Asia	14,700	0.1
	354,409	2.9
Fixed Line Telecommunications (1.7%; 31.01.14 - 0.0%)		
15,175 Telecom Plus	210,174	1.7
	210,174	1.7

PORTFOLIO STATEMENT (CONTINUED)As at 31 July 2014

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
General Retailers (14.1%; 31.01.14 - 11.6%)		
582,785 Cambria Automobiles	303,048	2.5
100,000 CVS Group	339,000	2.7
53,000 Dart Group	109,577	0.9
22,932 Dignity	319,901	2.6
28,000 Dunelm Mill	230,020	1.9
90,000 Safestyle UK	167,175	1.4
450,000 Vertu Motors	261,000	2.1
	<hr/> 1,729,721	<hr/> 14.1
Household Goods & Home Construction (5.0%; 31.01.14 - 3.6%)		
53,337 Crest Nicholson	183,426	1.5
101,920 Mar City	122,304	1.0
80,000 Sprue Aegis	200,800	1.6
39,898 Telford Homes	114,507	0.9
	<hr/> 621,037	<hr/> 5.0
Industrial Engineering (1.2%; 31.01.14 - 0.0%)		
20,912 Pressure Technologies	146,384	1.2
	<hr/> 146,384	<hr/> 1.2
Industrial Transportation (1.6%; 31.01.14 - 0.4%)		
171,375 DX	193,654	1.6
	<hr/> 193,654	<hr/> 1.6
Leisure Goods (2.9%; 31.01.14 - 2.7%)		
250,000 Photo-Me International	358,125	2.9
	<hr/> 358,125	<hr/> 2.9

PORTFOLIO STATEMENT (CONTINUED)As at 31 July 2014

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Media (4.6%; 31.01.14 - 8.0%)		
1,250,000 Mirada	153,125	1.2
115,000 STV Group	416,875	3.4
	570,000	4.6
Mining (2.4%; 31.01.14 - 3.3%)		
60,000 Aureus Mining Warrant	-	-
120,000 Central Asia Metals	201,600	1.6
600,000 Fox Marble	96,000	0.8
153,120 Savannah Resources Mining Warrants	-	-
	297,600	2.4
Nonlife Insurance (1.5%; 31.01.14 - 1.2%)		
35,000 Novae Group	186,200	1.5
	186,200	1.5
Oil & Gas Producers (4.4%; 31.01.14 - 4.8%)		
395,000 Amerisur	241,937	2.0
152,000 Faroe Petrol	168,340	1.4
60,946 Parkmead Group	131,034	1.0
	541,311	4.4
Personal Goods (0.9%; 31.01.14 - 1.2%)		
7,000 Ted Baker	116,900	0.9
	116,900	0.9

PORTFOLIO STATEMENT (CONTINUED)As at 31 July 2014

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Pharmaceuticals & Biotechnology (6.2%; 31.01.14 - 6.3%)		
200,000 Benchmark Holdings	168,000	1.4
81,000 Eco Animal	137,700	1.1
111,112 Horizon Discovery Group	191,113	1.6
100,000 Vectura	138,250	1.1
375,000 Vernalis	119,062	1.0
	754,125	6.2
Real Estate Investment & Services (3.7%; 31.01.14 - 3.1%)		
75,000 McKay Securities	167,437	1.4
30,500 Puma Brandenburg	40,045	0.3
890,000 Sirius Real Estate	240,790	2.0
	448,272	3.7
Software & Computer Services (19.3%; 31.01.14 - 12.9%)		
30,500 Accesso Technology Group	152,500	1.2
1,000,000 Earthport	440,000	3.6
45,000 EMIS Group	315,675	2.6
715,000 Eservglobal	271,700	2.2
57,470 FDM Group	189,220	1.5
100,000 GB Group	153,000	1.2
590,000 Innovation Group	181,425	1.5
112,000 NCC Group	225,400	1.8
423,500 Idox	188,457	1.5
49,247 SQS Software	266,919	2.2
	2,384,296	19.3

PORTFOLIO STATEMENT (CONTINUED)As at 31 July 2014

Holding or nominal value of positions	Bid market value £	Percentage of total net assets %
Support Services (12.6%; 31.01.14 - 13.7%)		
48,359 Brammer	205,043	1.7
93,656 Driver Group	91,783	0.7
60,419 Regeneris	200,591	1.6
1,500,000 Silverdell	-	-
130,000 Tribal Group	209,625	1.7
42,649 UtilityWise	120,697	1.0
69,499 Smart Metering Group	279,386	2.3
98,550 Optimal Payments	439,533	3.6
	1,546,658	12.6
Technology Hardware & Equipment (2.6%; 31.01.14 - 0.0%)		
86,000 Telit Communications	187,910	1.5
94,489 Quixant	139,844	1.1
	327,754	2.6
Travel & Leisure (4.6%; 31.01.14 - 6.2%)		
86,000 Cineworld	269,610	2.2
136,400 Goals Soccer	295,988	2.4
	565,598	4.6
Portfolio of investments	12,104,231	98.2
Net other assets	216,325	1.8
Total net assets	12,320,556	100.0

'Chemicals' sector disinvested since the beginning of the period (31 January 2014: 4.0%).

'Equity Investment Instruments' sector disinvested since the beginning of the period (31 January 2014: 1.5%).

'Food Producers' sector disinvested since the beginning of the period (31 January 2014: 0.6%).

'Oil Equipment, Services & Distribution' sector disinvested since the beginning of the period (31 January 2014: 1.1%).

SUMMARY OF FUND PERFORMANCE

A Accumulation Shares	1 Feb 2014 to 31 Jul 2014	1 Feb 2013 to 31 Jan 2014	1 Feb 2012 to 31 Jan 2013
	(pence per share) (pence per share) (pence per share)		
Change in net assets per share			
Opening net asset value per share	478.40	381.40	343.63
Return before operating charges*	3.91	104.72	44.54
Operating charges	(4.39)	(7.72)	(6.77)
Return after operating charges*	(0.48)	97.00	37.77
Closing net asset value per share	477.92	478.40	381.40
Retained distributions on accumulation shares	0.00	0.00	0.00
* after direct transaction costs of:	1.28	2.46	3.29
Performance			
Return after charges	(0.10)%	25.43%	10.99%
Other information			
Closing net asset value	£8,909,641	£9,629,297	£8,998,429
Closing number of shares	1,864,246	2,012,818	2,359,334
Operating charges (p.a)	1.78%	1.83%	1.89%
Direct transaction costs (p.a)	0.51%	0.58%	0.92%
Prices			
Highest published share price	517.46	498.65	388.95
Lowest published share price	478.02	381.80	336.38

Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.

SUMMARY OF FUND PERFORMANCE (CONTINUED)

B Accumulation Shares	1 Feb 2014 to 31 Jul 2014	1 Feb 2013 to 31 Jan 2014	1 Feb 2012 to 31 Jan 2013
	(pence per share) (pence per share) (pence per share)		
Change in net assets per share			
Opening net asset value per share	538.44	426.50	381.71
Return before operating charges*	4.32	117.53	49.77
Operating charges	(2.95)	(5.59)	(4.98)
Return after operating charges*	1.37	111.94	44.79
Closing net asset value per share	539.81	538.44	426.50
Retained distributions on accumulation shares	0.00	1.17	0.65
* after direct transaction costs of:	1.44	2.76	3.69
Performance			
Return after charges	0.25%	26.25%	11.73%
Other information			
Closing net asset value	£3,410,915	£3,102,706	£4,057,218
Closing number of shares	631,870	576,238	951,283
Operating charges (p.a.)	1.03%	1.18%	1.24%
Direct transaction costs (p.a)	0.51%	0.58%	0.92%
Prices			
Highest published share price	583.04	561.04	434.91
Lowest published share price	539.69	427.45	374.88

Past performance is not a reliable indicator of future results. Investors are reminded that the price of shares and the revenue derived from them is not guaranteed and may go down as well as up.

STATEMENT OF TOTAL RETURNFor the six month period ended 31 July 2014

		31.07.14	31.07.13
	£	£	£
Income			
Net capital gains		16,149	973,937
Revenue	101,218		81,193
Expenses	(101,838)		(93,136)
Interest payable and similar charges	-		(13)
Net expense before taxation	(620)		(11,956)
Taxation	(948)		-
Net expense after taxation		(1,568)	(11,956)
Total return before distributions		14,581	961,981
Finance costs: Equal. credit		816	136
Change in net assets attributable to shareholders from investment activities		15,397	962,117

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERSFor the six month period ended 31 July 2014

		31.07.14	31.07.13
	£	£	£
Opening net assets attributable to shareholders		12,732,003	13,055,647
<i>Movements due to sales and repurchases of shares:</i>			
Amounts receivable on issue of shares	1,201,938		872,629
Amounts payable on cancellation of shares	(1,626,953)		(3,436,839)
		(425,015)	(2,564,210)
Stamp duty reserve tax		(1,829)	(3,654)
Change in net assets attributable to shareholders from investment activities		15,397	962,117
Closing net assets attributable to shareholders		12,320,556	11,449,900

BALANCE SHEETAs at 31 July 2014

	31.07.14	31.01.14
	£	£
Assets:		
Investment assets	12,104,231	12,152,752
Debtors	15,012	579,331
Cash and bank balances	322,189	260,695
Total other assets	337,201	840,026
Total assets	12,441,432	12,992,778
Liabilities:		
Creditors	120,876	260,775
Total liabilities	120,876	260,775
Net assets attributable to shareholders	12,320,556	12,732,003

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association in May 2014.

As described in the ACD's responsibilities, the ACD continues to adopt the going concern basis in the preparation of the financial statements of the Company.

(b) Recognition of revenue

Dividends on holdings, net of any irrecoverable tax credits, are recognised when the underlying transferable security is quoted ex-dividend. Bank interest is accounted for on an accruals basis.

(c) Treatment of stock dividends

Stock dividends are credited to the capital account when the stock is quoted ex-dividend. The cash equivalent is then transferred to the revenue account and forms part of the distributable revenue.

The allocation of special dividends is considered on a case-by-case basis.

(d) Treatment of expenses

All expenses, except those relating to the purchase and sale of investments and Stamp Duty Reserve Tax, are charged to the revenue account.

(e) Allocation of revenue and expenses to multiple share classes

Any assets or liabilities not attributable to a particular share class are allocated by the ACD in a manner which is considered fair to shareholders in general, usually pro-rata based on the net asset values of the relevant share classes.

(f) Taxation/deferred taxation

Corporation tax is provided for on revenue, other than UK dividends and overseas dividends, less deductible expenses at a rate of 20%.

Deferred tax is provided for in respect of all items that have been included in these financial statements that will be included in future periods for taxation purposes, other than those timing differences regarded as permanent. Any liability to deferred tax is provided for at the rate of tax expected to apply.

Stamp Duty Reserve Tax incurred on the cancellation of shares is charged to the capital account.

(g) Distribution policy

Revenue produced by the Fund's investments is distributed six-monthly. At the end of each period, the revenue, less the expenses allocated to the revenue account, is accumulated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)**(h) Exchange rates**

Assets and liabilities in overseas currencies at the year-end are translated into Sterling at the latest available rates of exchange on the balance sheet date.

(i) Basis of valuation of investments

The investments are valued at closing prices on the balance sheet date. If closing prices are not available, the latest available prices are used.

If separate offer and bid prices are quoted for shares or units, then the bid price is used.

If no price or recent available price exists, the investment is valued at a price which, in the opinion of the ACD, reflects the fair value of the asset.

Unlisted investments are valued by the ACD taking into account, where appropriate, dealing prices, valuations from reliable sources, financial performance and other relevant factors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Transaction costs

(a) Direct Transaction Costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties incurred when purchasing and selling the underlying securities. A breakdown of the purchases and sales, and the related direct transaction costs incurred by the Fund in the period are shown in the table below:

	01.02.14 to 31.07.14		01.02.13 to 31.07.13	
	£		£	
Analysis of total purchase costs				
PURCHASES				
Equities	<u>4,064,591</u>		<u>4,125,750</u>	
Net purchases before direct transaction costs	4,064,591		4,125,750	
		% of total		% of total
DIRECT TRANSACTION COSTS		purchases		purchases
Equities	<u>20,030</u>	0.49%	<u>20,292</u>	0.49%
Total direct transaction costs	20,030	0.49%	20,292	0.49%
Gross purchases total	<u>4,084,621</u>		<u>4,146,042</u>	
Analysis of total sale costs				
SALES				
Equities	<u>4,167,959</u>		<u>6,426,546</u>	
Gross sales before direct transaction costs	4,167,959		6,426,546	
		% of total		% of total
DIRECT TRANSACTION COSTS		sales		sales
Equities	<u>(13,770)</u>	0.33%	<u>(18,240)</u>	0.28%
Total direct transaction costs	(13,770)	0.33%	(18,240)	0.28%
Net sales total	<u>4,154,189</u>		<u>6,408,306</u>	
	01.02.14 to 31.07.14	% of	01.02.13 to 31.07.13	% of
	£	average NAV	£	average NAV
Analysis of total direct transaction costs				
Equities	<u>33,800</u>	0.26%	<u>38,532</u>	0.33%
Total direct transaction costs	<u>33,800</u>	0.26%	<u>38,532</u>	0.33%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(b) Average Portfolio Dealing Spread

The average portfolio dealing spread of the investments at the balance sheet date was 1.73%. This is calculated as the difference between the offer and bid value of the portfolio as a percentage of the offer value.

DISTRIBUTION TABLE

Interim Distribution (31 July 2014)

Group 1 - Shares purchased on or prior to 31 January 2014

Group 2 - Shares purchased after 31 January 2014

Shares	Gross revenue	Tax credit at 10%	Net revenue	Equal -isation ¹	Paid/Acc -umulated 30.09.14	Paid/Acc -umulated 30.09.13
	(pence)	(pence)	(pence)	(pence)	(pence)	(pence)

A Accumulation

Group 1	-	-	-	-	-	-
Group 2	-	-	-	-	-	-

B Accumulation

Group 1	-	-	-	-	-	-
Group 2	-	-	-	-	-	-

¹ Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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ACD

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Directors of the ACD

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Mr P A Letley
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Registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

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