

Morgan Stanley
Funds (UK)

**Semi-Annual
Report (Unaudited)**

31 March 2017

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Morgan Stanley Funds (UK) (the “Company”)

The Company is an investment company with variable capital (“ICVC”), also known as an Open Ended Investment Company (“OEIC”). The Company is incorporated in England and Wales, and is authorised by the Financial Conduct Authority (“FCA”). The Company is an Undertakings for Collective Investment in Transferable Securities (“UCITS”) Scheme and is structured as an umbrella company with four sub-funds (“Funds”), each with a different investment objective.

Directory

REGISTERED OFFICE

25 Cabot Square
Canary Wharf
London
E14 4QA
United Kingdom

AUTHORISED CORPORATE DIRECTOR

Morgan Stanley Investment Management (ACD) Limited

25 Cabot Square
Canary Wharf
London
E14 4QA
United Kingdom
Authorised and regulated by The FCA

REGISTRAR

International Financial Data Services Limited

PO Box 9025
Chelmsford
CM99 2WE
United Kingdom

INVESTMENT MANAGER

Morgan Stanley Investment Management Limited

25 Cabot Square
Canary Wharf
London
E14 4QA
United Kingdom
Authorised and regulated by The FCA

SUB-INVESTMENT MANAGER

Morgan Stanley Investment Management Inc.

522 Fifth Avenue
New York
NY 10036
United States of America

ADMINISTRATOR

State Street Bank and Trust Company

20 Churchill Place
London
E14 5HJ
United Kingdom

DEPOSITARY

State Street Trustees Limited

525 Ferry Road
Edinburgh
EH5 2AW
United Kingdom
Authorised and regulated by The FCA

INDEPENDENT AUDITORS

Ernst & Young LLP

Ten George Street
Edinburgh
EH2 2DZ
United Kingdom

LEGAL ADVISERS

Eversheds LLP

One Wood Street
London
EC2V 7WS
United Kingdom

Report of the Authorised Corporate Director of Morgan Stanley Funds (UK)

For the period ended 31 March 2017

The Authorised Corporate Director (“ACD”) of the Company is Morgan Stanley Investment Management (ACD) Limited. The ACD is the sole director of the Company. The Depositary is State Street Trustees Limited and the Independent Auditors are Ernst & Young LLP.

The Company is an authorised open-ended investment company with variable capital under Regulation 12 (Authorisation) of the OEIC regulations and the shareholders are not liable for the debts of the Company. The Company is structured as an umbrella company with each underlying Fund having the investment powers equivalent to those of a securities company. In the future, there may be other Funds within the Company.

The assets of each Fund belong exclusively to that Fund and are not available to discharge (directly or indirectly) the liability of, or claims against any other fund.

The investment objective of each Fund, the Company’s policy for pursuing that objective and a review of each Fund’s investment activities for the year are set out in the individual fund reviews contained in this semi-annual Report and Financial Statements.

CROSSHOLDINGS

There were no shares in any Fund held by other Funds of the ICVC.

IMPORTANT EVENTS DURING THE PERIOD

On 29 March 2017, the United Kingdom triggered the Article 50 process to leave the European Union. It is acknowledged that uncertainty exists in relation to the United Kingdom’s future relationship with the European Union. The ACD is closely monitoring this and all other BREXIT related developments to ensure that any potential impact to the Company and its shareholders is managed in good faith and communicated appropriately.

STATEMENT OF AUTHORISED CORPORATE DIRECTOR’S RESPONSIBILITIES

These semi-annual financial statements have been prepared by the ACD in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014 and the rules contained in the Financial Conduct Authority’s Collective Investment Scheme Sourcebook (together the “Regulations”) and give a true and fair view of the net revenue and gains/(losses) of the scheme property of each Fund and the financial position of each Fund at the end of the accounting period.

The ACD is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enables the ACD to ensure that the financial statements comply with the Regulations. In preparing this semi-annual report, the Authorised Corporate Director has:

- prepared the financial statements on a going concern basis;
- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared financial statements in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association (“IA”) in May 2014.

The ACD confirms that they have complied with the above requirements in preparing the financial statements. The ACD is responsible for the management of the Company in accordance with the Company’s Instrument of Incorporation, Prospectus and the Regulations. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Andrew Onslow
Director on behalf of
Morgan Stanley Investment Management (ACD) Limited
as Authorised Corporate Director of Morgan Stanley Funds (UK)
22 May 2017

Global Brands Fund

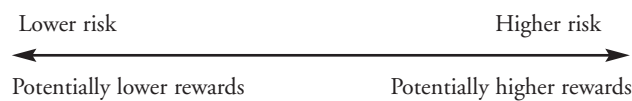
As at 31 March 2017 (unaudited)

Fund Review

INVESTMENT OBJECTIVE

The objective of the Fund is to provide long term capital appreciation through investment primarily in equity securities issued worldwide.

RISK AND REWARD PROFILE



1	2	3	4	5	6	7
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The risk and reward category shown is based on historic data.

- Historic figures are only a guide and may not be a reliable indicator of what may happen in the future.
- As such this category may change in the future.
- The higher the category, the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk free investment.
- The Fund is in this category because it invests in company shares and the Fund's simulated and/or realised return has experienced high rises and falls historically.
- The Fund may be impacted by movements in the exchange rates between the Fund's currency and the currencies of the Fund's investments.

This rating does not take into account other risk factors which should be considered before investing, these include:

- The Fund relies on other parties to fulfil certain services, investments or transactions. If these parties become insolvent, it may expose the Fund to financial loss.
- There may be an insufficient number of buyers or sellers which may affect the Fund's ability to buy or sell securities.

PERFORMANCE

	Since inception 03/02/03 % change cumulative	1 year % change cumulative	6 months % change cumulative
MSCI World (Net) Index	316.40	31.92	12.56
Global Brands Fund A Acc	452.68	27.68	12.39
Global Brands Fund I Acc	514.17	28.63	12.81

Source Index: Morgan Stanley Investment Management Ltd via RIMES as at 31 March 2017.
Source Fund: Morgan Stanley Investment Management Ltd.

Past performance is no guarantee of future returns. In particular, any returns illustrated here will not necessarily continue at the levels shown.

NET ASSET VALUES

Date	Net asset value of class (£)	Shares in issue	Net asset value per share (£)	Percentage change (%)
Share Class A – Accumulation*				
31.03.17	4,730,655	68,494	69.07	12.38
30.09.16	5,267,918	85,713	61.46	
Share Class A – Income*				
31.03.17	141,851	6,810	20.83	12.35
30.09.16	126,868	6,843	18.54	
Share Class I – Accumulation*				
31.03.17	753,605,878	9,818,847	76.75	12.80
30.09.16	708,134,425	10,407,287	68.04	
Share Class I – Income*				
31.03.17	156,288,427	7,064,362	22.12	12.40
30.09.16	146,093,599	7,421,640	19.68	

*Valued at bid basis.

OPERATING CHARGES

Date	
Share Class A – Accumulation	
31.03.17	1.65%
30.09.16	1.67%
Share Class A – Income	
31.03.17	1.65%
30.09.16	1.67%
Share Class I – Accumulation	
31.03.17	0.90%
30.09.16	0.92%
Share Class I – Income	
31.03.17	0.90%
30.09.16	0.92%

Operating charges show the annual expenses of the Fund as a percentage of the average net asset value.

Global Brands Fund

Fund Review (continued)

PERFORMANCE REVIEW

For the six-month period ending 31 March 2017, the Fund's I Accumulation share classes slightly outperformed the benchmark, MSCI World (Net) Index by 0.25%, returning 12.81% (net of fees in sterling) versus 12.56% for the Index.

The portfolio delivered strong absolute returns over the period. The performance was primarily due to the stock selection in Consumer Discretionary (companies whose businesses tend to be more sensitive to economic cycles). The underweight in Health Care and zero weights in Energy, Real Estate, Telecoms and Utilities also positively contributed to performance. The strong stock selection in Consumer Staples (companies whose businesses are less sensitive to economic cycles) was outweighed by weakness from the overweight allocation to the sector. The fund's underweight allocation to Financials was the largest detractor from performance for the period.

Top absolute contributors for the period were Reynolds American (+174 basis points or bps), Microsoft (+155 bps) and Twenty-First Century Fox (+146 bps). Top detractors were International Flavors & Fragrances (-10 bps), Zoetis (-5 bps) and Nestlé (-4 bps).

MARKET REVIEW

The MSCI World (Net) Index advanced by 12.56% in sterling terms for the period. The fourth quarter of 2016 saw a slight rise in the MSCI World Index in U.S. dollars. Fourth quarter saw a continuation of third quarter's 'value rally', with the higher-quality sectors lagging during the period. In the first quarter of 2017, markets were generally strong. On a sector basis, the six-month period was led by Financials, Information Technology, Materials, Consumer Discretionary and Industrials, while Utilities, Health Care, Energy, Consumer Staples, Telecoms and Real Estate lagged other sectors.

PORTFOLIO ACTIVITY

During the six-month period, we initiated a position in Zoetis, the world's leading animal health care company, which demonstrates pricing power, and sold our holdings in Japan Tobacco, where the investment case deteriorated. During the period, we also added to and reduced selected Consumer Staples, Consumer Discretionary and Information Technology names for quality or valuation reasons.

STRATEGY & OUTLOOK

Our concern is that the market is too sanguine on political risk. The biggest single worry is President Trump doing something impulsive (via executive order or tweet) on foreign policy or trade. Europe is facing populist threats from elections in France, Germany and potentially, and most worryingly, Italy, as well as the ongoing Brexit process. Whilst it is likely that the status quo will just about scrape by in each country, it is far from clear that it will manage a clean sweep. If any one of these elections creates existential threats for Europe, expect stock market volatility in 2017.

We would argue that predictability has value in a deeply uncertain world where the MSCI World Index trades on an historically high 16.6 times next 12 months earnings, earnings which themselves include an assumption of double-digit earnings growth. High-quality Consumer Staples companies, in the right segments and with the right management, are a useful source of that predictability, which along with high returns on capital and decent growth helps them compound steadily over time. As such they are likely to remain a core part of the portfolio.

All information is provided for informational purposes only and should not be deemed as a recommendation to purchase or sell the securities mentioned.

Global Brands Fund

Portfolio Statement

AS AT 31 MARCH 2017 (UNAUDITED)

	Holdings	Investments	Market Value (£)	% of net Asset Value 31 Mar 2017	% of net Asset Value 30 Sep 2016
France 8.88%	333,022 321,086	L'Oreal Pernod Ricard	51,071,124 30,142,003 81,213,127	5.58 3.30 8.88	10.33
Germany 3.58%	418,220	SAP	32,728,421 32,728,421	3.58 3.58	2.97
Ireland 4.54%	428,647	Accenture	41,489,552 41,489,552	4.54 4.54	4.84#
Italy 1.37%	1,371,093	Davide Campari-Milano	12,571,283 12,571,283	1.37 1.37	1.07
Japan 0.00%			-	-	2.54
Netherlands 0.87%	536,745	RELX (Netherlands Listing)	7,939,007 7,939,007	0.87 0.87	0.91
Switzerland 2.19%	324,840	Nestlé	20,005,256 20,005,256	2.19 2.19	4.74
United Kingdom 26.13%	833,949 1,105,323 1,057,660 777,138 2,226,597	British American Tobacco Experian Reckitt Benckiser RELX (London Listing) Unilever	44,107,563 17,839,913 77,283,216 12,115,581 87,761,321 239,107,594	4.82 1.95 8.45 1.32 9.59 26.13	25.70#
United States 50.29%	943,470 308,645 681,848 138,446 125,619 1,174,273 100,613 676,089 460,641 802,210 125,414 817,331 866,339 530,041 344,193 565,024	Altria Automatic Data Processing Coca-Cola International Flavors & Fragrances Intuit Microsoft Moody's NIKE Philip Morris International Reynolds American Time Warner Twenty-First Century Fox 'A' Shares Twenty-First Century Fox 'B' Shares Visa Walt Disney Zoetis	54,596,670 25,321,179 23,309,611 14,716,813 11,661,568 61,955,268 9,017,808 30,420,636 41,989,482 40,476,125 9,874,000 21,239,793 22,026,352 37,878,648 31,277,985 24,261,680 460,023,618	5.97 2.77 2.55 1.61 1.27 6.77 0.99 3.33 4.59 4.42 1.08 2.32 2.41 4.14 3.42 2.65 50.29	44.64
		Portfolio of investments	895,077,858	97.85	97.74
		Net other assets	19,688,953	2.15	2.26
		Net assets	914,766,811	100.00	100.00

All holdings are ordinary shares unless otherwise stated.

#Since the previous report the classification headings have been updated by data providers. Comparative figures have been updated where appropriate.

During the period it was identified that the quoted investments for the financial statements March 2016 were valued at a mid-market value basis instead of bid-market value basis. The impact to the financial report was 0.014%.

Global Brands Fund

Statement of Total Return

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)	31 Mar 2016 (£)	31 Mar 2016 (£)
Income				
Net capital gains		103,863,725		95,087,118
Revenue	8,049,587		6,448,245	
Expenses	(3,994,285)		(3,038,356)	
Interest payable and similar charges	(37)		-	
Net revenue before taxation	4,055,265		3,409,889	
Taxation	(655,117)		(486,715)	
Net revenue after taxation		3,400,148		2,923,174
Total return before distributions		107,263,873		98,010,292
Distributions		(3,400,216)		(2,923,240)
Change in net assets attributable to shareholders from investment activities		103,863,657		95,087,052

Statement of Change in Net Assets Attributable to Shareholders

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)	31 Mar 2016 (£)	31 Mar 2016 (£)
Opening net assets attributable to shareholders		859,622,810		590,525,669
Amounts receivable on issue of shares	25,201,488		27,048,038	
Amounts payable on cancellation of shares	(76,677,161)		(14,704,322)	
		(51,475,673)		12,343,716
Dilution adjustment charged		12,611		-
Change in net assets attributable to shareholders from investment activities		103,863,657		95,087,052
Retained distribution on accumulation shares		2,743,406		2,398,288
Closing net assets attributable to shareholders		914,766,811		700,354,725

Comparatives are for the six months to 31 March 2016.

Balance Sheet

AS AT 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)	30 Sep 2016 (£)	30 Sep 2016 (£)
Assets				
Investment assets		895,077,858		840,167,738
Debtors	12,929,665		64,970,059	
Cash and bank balances	15,627,878		15,891,403	
Total other assets		28,557,543		80,861,462
Total assets		923,635,401		921,029,200
Liabilities				
Creditors	8,297,931		60,117,594	
Distribution payable on income shares	570,659		1,288,796	
Total liabilities		8,868,590		61,406,390
Net assets attributable to shareholders		914,766,811		859,622,810

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statement for the year ended 30 September 2016 and are described in those annual financial statements.

Global Brands Fund

Distribution Table

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

INTERIM DISTRIBUTION IN PENCE PER SHARE

Group 1: shares purchased prior to 1 October 2016

Group 2: shares purchased between 1 October 2016 and 31 March 2017

	Revenue (p)	Equalisation (p)	Distribution payable 31 May 2017 (p)	Distribution paid 31 May 2016 (p)
Share Class A – Accumulation				
Group 1	0.9757	–	0.9757	3.2144
Group 2	0.9757	0.0000	0.9757	3.2144
Share Class A – Income				
Group 1	0.3166	–	0.3166	1.2168
Group 2	0.3166	0.0000	0.3166	1.2168
Share Class I – Accumulation				
Group 1	27.9334	–	27.9334	25.0858
Group 2	22.7688	5.1646	27.9334	25.0858
Share Class I – Income				
Group 1	8.0777	–	8.0777	7.3569
Group 2	6.4438	1.6339	8.0777	7.3569

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase 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.

Global Brands Equity Income Fund

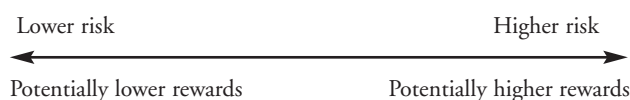
As at 31 March 2017 (unaudited)

Fund Review

INVESTMENT OBJECTIVE

The objective of the Fund is to provide regular income and long term capital appreciation through investment primarily in equity securities issued in the world's developed markets.

RISK AND REWARD PROFILE



The risk and reward category shown is based on simulated historic data.

- Historic figures are only a guide and may not be a reliable indicator of what may happen in the future.
- As such this category may change in the future.
- The higher the category, the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk free investment.
- The Fund is in this category because it invests in company shares and the Fund's simulated and/or realised return has experienced high rises and falls historically.
- The Fund may be impacted by movements in the exchange rates between the Fund's currency and the currencies of the Fund's investments.

This rating does not take into account other risk factors which should be considered before investing, these include:

- The value of financial derivative instruments are highly sensitive and may result in losses in excess of the amount invested by the Fund.
- The Fund relies on other parties to fulfil certain services, investments or transactions. If these parties become insolvent, it may expose the Fund to financial loss.
- There may be an insufficient number of buyers or sellers which may affect the Fund's ability to buy or sell securities.
- The derivative strategy aims to increase the income paid to investors, but there is a potential for the Fund to suffer losses.

PERFORMANCE

	Since inception 31/08/16 % change cumulative	1 year % change cumulative	6 months % change cumulative
MSCI World (Net) Index	14.09	N/A	12.56
Global Brands Equity Income Fund I Acc	12.54	N/A	11.20

Source Index: Morgan Stanley Investment Management Ltd via RIMES as at 31 March 2017.
Source Fund: Morgan Stanley Investment Management Ltd.

Past performance is no guarantee of future returns. In particular, any returns illustrated here will not necessarily continue at the levels shown.

NET ASSET VALUE

Date	Net asset value of class (£)	Shares in issue	Net asset value per share (£)	Percentage change (%)
Share Class I – Accumulation*				
31.03.17	1,942,500	175,289	11.08	9.81
30.09.16	1,765,741	175,000	10.09	
Share Class I – Income*				
31.03.17	1,892,902	175,000	10.82	7.55
30.09.16	1,760,668	175,000	10.06	

* Valued at bid basis.

OPERATING CHARGES

Date	
Share Class I – Accumulation	
31.03.17	1.00%
30.09.16	1.00%
Share Class I – Income	
31.03.17	1.00%
30.09.16	1.00%

Operating charges show the annual expenses of the Fund as a percentage of the average net asset value.

Global Brands Equity Income Fund

PERFORMANCE REVIEW

For the six-month period ending 31 March 2017, the Fund's I Accumulation share classes underperformed the benchmark, MSCI World (Net) Index by 1.36%, returning 11.20% (net of fees in sterling) versus 12.56% for the Index.

Over the period, the portfolio underperformed in relative terms but delivered strong absolute returns. Absolute positive performance was primarily due to the stock selection in Consumer Discretionary (companies whose businesses tend to be more sensitive to economic cycles). The underweight in Health Care and zero weights in Energy, Real Estate, Telecoms and Utilities also contributed to performance. Positive stock selection in Consumer Staples (companies whose businesses are less sensitive to economic cycles) was outweighed by weakness from the overweight allocation to the sector. The fund's underweight allocation to Financials was the largest detractor for the period. The call option exposure detracted 1.61% from total performance for the six-month period. A very strong market in the last six months, mainly driven by a strong S&P 500 Index and supported by a strong Hang Seng Index in the first quarter of 2017, had a negative effect on the options overwrite strategy.

The fund continues to offer a compelling long-term proposition to income investors: the combination of robust income, capital appreciation and relative downside protection. For the six-month period, the fund has distributed 2% of income (4% annualised), in line with the targeted 4% yield.

Top absolute contributors for the period were Reynolds American (+174 basis points or bps), Microsoft (+155 bps) and Twenty-First Century Fox (+146 bps). Top detractors were International Flavors & Fragrances (-10 bps), Zoetis (-5 bps) and Nestlé (-4 bps).

MARKET REVIEW

The MSCI World (Net) Index advanced by 12.56% in sterling terms for the period. The fourth quarter of 2016 saw a slight rise in the MSCI World Index in U.S. dollars. Fourth quarter saw a continuation of third quarter's 'value rally', with the higher-quality sectors lagging during the period. In the first quarter of 2017, markets were generally strong. On a sector basis, the six-month period was led by Financials, Information Technology, Materials, Consumer Discretionary and Industrials, while Utilities, Health Care, Energy, Consumer Staples, Telecoms and Real Estate lagged other sectors.

PORTFOLIO ACTIVITY

During the six-month period, we initiated a position in Zoetis, the world's leading animal health care company, which demonstrates pricing power, and sold our holdings in Japan Tobacco, where the investment case deteriorated. During the period, we also added to and reduced selected Consumer Staples, Consumer Discretionary and Information Technology names for quality or valuation reasons.

STRATEGY & OUTLOOK

Our concern is that the market is too sanguine on political risk. The biggest single worry is President Trump doing something impulsive (via executive order or tweet) on foreign policy or trade. Europe is facing populist threats from elections in France, Germany and potentially, and most worryingly, Italy, as well as the ongoing Brexit process. Whilst it is likely that the status quo will just about scrape by in each country, it is far from clear that it will manage a clean sweep. If any one of these elections creates existential threats for Europe, expect stock market volatility in 2017.

We would argue that predictability has value in a deeply uncertain world where the MSCI World Index trades on an historically high 16.6 times next 12 months earnings, earnings which themselves include an assumption of double-digit earnings growth. High-quality Consumer Staples companies, in the right segments and with the right management, are a useful source of that predictability, which along with high returns on capital and decent growth helps them compound steadily over time. As such they are likely to remain a core part of the portfolio.

All information is provided for informational purposes only and should not be deemed as a recommendation to purchase or sell the securities mentioned.

Global Brands Equity Income Fund

Portfolio Statement

AS AT 31 MARCH 2017 (UNAUDITED)

	Holdings	Investments	Market Value (£)	% of net Asset Value 31 Mar 2017	% of net Asset Value 30 Sep 2016
France 9.10%					
	1,432	L'Oreal	219,607	5.73	
	1,376	Pernod Ricard	129,172	3.37	
			348,779	9.10	10.32
Germany 3.68%					
	1,806	SAP	141,331	3.68	
			141,331	3.68	2.98
Ireland 4.64%					
	1,839	Accenture	177,985	4.64	
			177,985	4.64	4.90#
Italy 1.41%					
	5,885	Davide Campari-Milano	53,958	1.41	
			53,958	1.41	1.16
Japan 0.00%					
			-	-	2.49
Netherlands 0.90%					
	2,338	RELX (Netherlands Listing)	34,581	0.90	
			34,581	0.90	0.91
Switzerland 1.53%					
	952	Nestlé	58,629	1.53	
			58,629	1.53	4.75
United Kingdom 26.90%					
	3,594	British American Tobacco	190,087	4.96	
	4,813	Experian	77,682	2.02	
	4,555	Reckitt Benckiser	332,834	8.68	
	3,383	RELX (London Listing)	52,741	1.38	
	9,599	Unilever	378,345	9.86	
			1,031,689	26.90	25.71#
United States 51.30%					
	3,625	Altria	209,742	5.47	
	1,325	Automatic Data Processing	108,703	2.83	
	3,259	Coca-Cola	111,490	2.91	
	596	International Flavors & Fragrances	63,355	1.65	
	547	Intuit	50,780	1.32	
	5,054	Microsoft	266,652	6.95	
	437	Moody's	39,168	1.02	
	2,933	NIKE	131,970	3.44	
	1,976	Philip Morris International	180,121	4.70	
	3,443	Reynolds American	173,692	4.53	
	539	Time Warner	42,436	1.11	
	3,522	Twenty-First Century Fox 'A' Shares	91,525	2.39	
	3,727	Twenty-First Century Fox 'B' Shares	94,758	2.47	
	2,299	Visa	164,295	4.28	
	1,481	Walt Disney	134,583	3.51	
	2,432	Zoetis	104,428	2.72	
			1,967,698	51.30	44.86
Swaps Contracts (0.40)%					
	2,511,069	Morgan Stanley International Total Return Swap Pay 1% 29/04/2017	206	0.01	
	1,963,901	Morgan Stanley International Total Return Swap Pay 4% 04/05/2017	1,162	0.03	
	2,514,913	Morgan Stanley International Total Return Swap Pay 1% 05/06/2017	(4,940)	(0.13)	
	1,968,448	Morgan Stanley International Total Return Swap Pay 4% 05/06/2017	(11,783)	(0.31)	
			(15,355)	(0.40)	0.22
Portfolio of investments			3,799,295	99.06	98.30
Net other assets			36,107	0.94	1.70
Net assets			3,835,402	100.00	100.00

All holdings are ordinary shares unless otherwise stated.

#Since the previous report the classification headings have been updated by data providers. Comparative figures have been updated where appropriate.

Global Brands Equity Income Fund

Securities Financing Transactions

AS AT 31 MARCH 2017 (UNAUDITED)

In accordance with Article 13 of the Regulation (EU) 2015/2365, the Fund's sole involvement in and exposure related to securities financing transactions is its engagement in total return swap activity for the period ended 31 March 2017 as detailed below:

1) Global Data

Assets engaged in Total Return Swaps	GBP	%
Total Net Assets	3,835,402	
Unrealised Gain and Loss in Fund Currency (in absolute value):		
Total return swaps	18,091	
% of Total Net Asset Value		0.47%

2) Concentration Data

The following table provides details of all counterparties in respect of as the total return swaps at the reporting date.

Counterparty Name	Incorporation Country	Unrealised Gain and Loss in GBP (in absolute value)
Morgan Stanley & Co. International Plc	United Kingdom	18,091

3) Aggregate transaction data

No collateral was received or granted by the Fund with respect to the Total Return Swap transaction during the period to the reporting date.

The following table provides an analysis of the maturity tenor, based on the contractual maturity date, in respect of the Total Return Swaps as at the reporting date:

Maturity Tenor of Total Return Swaps (remaining period to maturity)

Type	Less than one day	One day to one week	One week to one month	One to three months	Three months to one year	Above one year	Open transactions	Total
Total return swaps	-	-	206	17,885	-	-	-	18,091
	-	-	206	17,885	-	-	-	18,091

4) Return and Cost

All returns from total return swap will accrue to the Fund and are not subject to any returns sharing arrangements with the Fund's Manager or any other third parties.

The following table provides an analysis of return and cost in respect of the total return swaps as at the reporting date:

	Global Brands Equity Income Fund GBP
Return	
Interest received on total return swap transactions	53,334
Net realised gain/(loss) on total return swap contracts	(72,729)
Net change in unrealised appreciation/(depreciation) on total return swap contracts	(23,127)
	(42,521)
Cost	
Interest paid on total return swap transactions	-
	-
Net Return	(42,521)

Global Brands Equity Income Fund

Statement of Total Return

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)
Income		
Net capital gains		284,189
Revenue	87,166	
Expenses	(15,096)	
Net revenue before taxation	72,070	
Taxation	(10,489)	
Net revenue after taxation		61,581
Total return before distributions		345,770
Distributions		(79,696)
Change in net assets attributable to shareholders from investment activities		266,074

Statement of Change in Net Assets Attributable to Shareholders

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)
Opening net assets attributable to shareholders		3,526,409
Amounts receivable on issue of shares	3,249	
Amounts payable on cancellation of shares	(365)	
		2,884
Change in net assets attributable to shareholders from investment activities		266,074
Retained distribution on accumulation shares		40,035
Closing net assets attributable to shareholders		3,835,402

The Fund was launched 30 August 2016 and therefore no comparative data is available.

Balance Sheet

AS AT 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)	30 Sep 2016 (£)	30 Sep 2016 (£)
Assets				
Investment assets		3,814,650		3,466,331
Debtors	59,945		20,973	
Cash and bank balances	67,749		64,236	
Total other assets		127,694		85,209
Total assets		3,942,344		3,551,540
Liabilities				
Investment liabilities		15,355		-
Creditors	71,003		20,058	
Distribution payable on income shares	20,584		5,073	
Total liabilities		106,942		25,131
Net assets attributable to shareholders		3,835,402		3,526,409

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statement for the year ended 30 September 2016 and are described in those annual financial statements.

Global Brands Equity Income Fund

Distribution Tables

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

INTERIM DISTRIBUTION IN PENCE PER SHARE

Group 1: shares purchased prior to 1 October 2016

Group 2: shares purchased between 1 October 2016 and 31 December 2016

	Revenue (p)	Equalisation (p)	Distribution paid 28 Feb 2017 (p)
Share Class I – Accumulation			
Group 1	10.9326	–	10.9326
Group 2	6.4548	4.4778	10.9326
Share Class I – Income			
Group 1	10.9100	–	10.9100
Group 2	10.9100	0.0000	10.9100

INTERIM DISTRIBUTION IN PENCE PER SHARE

Group 1: shares purchased prior to 1 January 2017

Group 2: shares purchased between 1 January 2017 and 31 March 2017

	Revenue (p)	Equalisation (p)	Distribution payable 31 May 2017 (p)
Share Class I – Accumulation			
Group 1	11.9091	–	11.9091
Group 2	2.8058	9.1033	11.9091
Share Class I – Income			
Group 1	11.7621	–	11.7621
Group 2	11.7621	0.0000	11.7621

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase 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.

US Advantage Fund

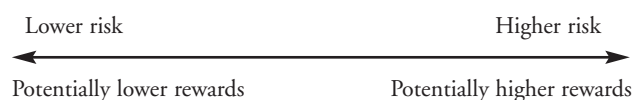
As at 31 March 2017 (unaudited)

Fund Review

INVESTMENT OBJECTIVE

The objective of the Fund is to provide long term capital appreciation through investment primarily in equity securities listed, based or carrying out most of their business in the US.

RISK AND REWARD PROFILE



1	2	3	4	5	6	7
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The risk and reward category shown is based on simulated historic performance data.

- Historic figures are only a guide and may not be a reliable indicator of what may happen in the future.
- As such this category may change in the future.
- The higher the category, the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk free investment.
- The Fund is in this category because it invests in company shares and the Fund's simulated and/or realised return has experienced high rises and falls historically.
- The Fund may be impacted by movements in the exchange rates between the Fund's currency and the currencies of the Fund's investments.

This rating does not take into account other risk factors which should be considered before investing, these include:

- The Fund relies on other parties to fulfil certain services, investments or transactions. If these parties become insolvent, it may expose the Fund to financial loss.
- There may be an insufficient number of buyers or sellers which may affect the Fund's ability to buy or sell securities.
- There are increased risks of investing in emerging markets as political, legal and operational systems may be less developed than in developed markets.

PERFORMANCE

	Since inception 15/09/16 % change cumulative	1 year % change cumulative	6 months % change cumulative
S&P 500 Index	17.37	N/A	14.40
US Advantage Fund I Acc*	14.04	N/A	10.06
S&P 500 Index	7.27	N/A	N/A
US Advantage Fund F Acc**	5.36	N/A	N/A

Source Index: Morgan Stanley Investment Management Ltd via RIMES as at 31 March 2017.
Source Fund: Morgan Stanley Investment Management Ltd.

* Launched 15 September 2016.

** Launched 28 November 2016.

Past performance is no guarantee of future returns. In particular, any returns illustrated here will not necessarily continue at the levels shown.

NET ASSET VALUES

Date	Net asset value of class (£)	Shares in issue	Net asset value per share (£)	Percentage Change (%)
Share Class I – Accumulation*				
31.03.17	3,987,521	349,767	11.40	10.04
30.09.16	3,626,274	350,000	10.36	
Share Class F – Accumulation**				
31.03.17	18,894,277	1,793,840	10.53	N/A
30.09.16	N/A	N/A	N/A	

* Valued at bid basis.

Launch date 28 November 2016.

OPERATING CHARGES

Date	
Share Class I – Accumulation	
31.03.17	0.85%
30.09.16	1.00%
Share Class F – Accumulation*	
31.03.17	0.55%
30.09.16	N/A

* Share Class F Accumulation was launched 28 November 2016 and there is no comparative data available.

Operating charges show the annual expenses of the Fund as a percentage of the average net asset value.

US Advantage Fund

Fund Review (continued)

PERFORMANCE REVIEW

For the six-month period ending 31 March 2017, the Fund's I Accumulation share classes underperformed the benchmark, S&P 500 Index, by 4.34%, returning 10.06% (net of fees in sterling) versus 14.40% for the Index.

The long-term investment horizon and conviction-weighted investment approach embraced by the team since 1998 can result in periods of performance deviation from the benchmark and peers. Despite the Fund's double-digit return for the period, it lagged that of the benchmark due to unfavourable stock selection.

Relative underperformance over this reporting period was concentrated in the information technology, financials and industrials sectors. Although the Fund's overweight to the information technology sector was a positive contributor, its stock selection within the sector was disadvantageous. The Fund's position in Twitter was the largest drag on performance both in the information technology sector and the portfolio overall. Twitter shares languished in the reporting period as speculation regarding a potential acquisition of the company by a strategic buyer, which had buoyed the shares in preceding months, subsided. In addition, the announcement that the company's Chief Operating Officer is leaving the company also weighed on investor sentiment. While the company's execution has been mixed, we continue to believe Twitter is a valuable asset as the reach of its global platform is far greater than its registered user base, and accordingly the company has a sizeable opportunity to monetize user engagement via various advertising solutions.

In the financials sector, stock selection hurt performance due to the Fund's lack of exposure to banks, which performed very well during the reporting period on the expectation that rising U.S. interest rates could bolster banks' profit margins. The Fund's underweight exposure to the financial sector overall also detracted from relative results, as the sector was the top-performing segment of the S&P 500 Index in this period.

Stock selection hampered performance in the industrials sector. The Fund's holding in aircraft components maker Transdigm

performed poorly, and a lack of exposure to the strong-performing airlines and industrial conglomerates industries was a further drag on results. The consumer discretionary sector was also a small detractor from relative performance, as the negative impact of weak stock selection was only partially offset by the Fund's beneficial overweight to the sector.

Relative gains came from the Fund's underweight allocations to the energy and health care sectors, as well as zero weights in real estate, telecommunication services and utilities. These five sectors were the weakest performers in the S&P 500 Index in the period. On an individual holdings basis, the top contributor to relative performance was social media platform Facebook. Its shares outperformed on continued strong execution. The company has been reporting healthy results, characterized by strong growth in users, engagement, monetization and profitability.

MARKET REVIEW

The S&P 500 Index advanced 14.40% in sterling terms over the six-month period. All sectors in the Index had positive returns, although performance diverged along two main themes. The best-performing sectors were those expected to perform well if the U.S. economy accelerates and/or those thought to benefit from President Trump's fiscal agenda. Accordingly, the financials, information technology, industrials, consumer discretionary and materials sectors each posted double-digits gains in the period. The weakest performers were those that exhibit defensive characteristics, such as consumer staples and health care, and those with exposure to rising interest rates, including real estate and telecommunication services. The energy sector was another laggard, weighed down by weakening sentiment, share price volatility and falling oil prices.

US Advantage Fund

Fund Review (continued)

PORTFOLIO ACTIVITY

Following the Fund's commencement of operations just prior to the start of this reporting period on September 15, 2016, we worked to fully invest the Fund's portfolio. The Fund was invested primarily in securities issued by U.S. companies and on an ancillary basis in securities issued by companies that are not from the U.S.

STRATEGY & OUTLOOK

The investment team is looking for high-quality growth companies that have these attributes: a sustainable competitive advantage, business visibility, rising return on invested capital, free cash flow and a favourable risk/reward. We find these companies through intense fundamental research. Our emphasis is on secular growth and, as a result, short-term market events are not as meaningful in the stock selection process. It is our goal to hold a portfolio of high-quality growth stocks we believe will perform well regardless of the market environment.

As a team, we believe having a market outlook can be an anchor. Our focus is on assessing a company over a three- to five-year horizon.

All information is provided for informational purposes only and should not be deemed as a recommendation to purchase or sell the securities mentioned.

US Advantage Fund

Portfolio Statement

AS AT 31 MARCH 2017 (UNAUDITED)

	Holdings	Investments	Market Value (£)	% of net Asset Value 31 Mar 2017	% of net Asset Value 30 Sep 2016
Consumer Goods 4.36%					
	7,294	Harley Davidson	357,305	1.56	
	3,465	Christian Dior	640,153	2.80	
			997,458	4.36	13.37
Consumer Services 27.60%					
	2,948	Amazon.com	2,074,314	9.07	
	5,126	Dollar Tree	327,052	1.43	
	3,027	Home Depot	357,187	1.56	
	5,017	Tiffany	383,754	1.68	
	8,990	TJX	575,822	2.52	
	2,704	Walt Disney	245,722	1.07	
	7,222	Dunkin Brands	320,952	1.40	
	8,019	Marriott International	609,387	2.66	
	404	Priceline	580,271	2.55	
	17,935	Starbucks	837,519	3.66	
			6,311,980	27.60	24.51
Financials 21.44%					
	17,207	IHS Markit	575,386	2.51	
	11,483	Mastercard	1,038,704	4.54	
	7,913	MSCI	614,549	2.69	
	9,693	S&P Global	1,007,170	4.40	
	9,120	Visa	651,748	2.85	
	7,576	Berkshire Hathaway	1,018,205	4.45	
			4,905,762	21.44	16.79
Health Care 2.50%					
	13,346	Zoetis	573,066	2.50	
			573,066	2.50	4.46
Industrials 13.25%					
	2,695	TransDigm	476,216	2.08	
	11,150	United Technologies	1,006,791	4.40	
	1,239	Martin Marietta Materials	210,379	0.92	
	870	Sherwin-Williams	216,709	0.95	
	4,946	Danaher	340,391	1.49	
	4,943	Fortive	236,661	1.02	
	8,444	Verisk Analytics	547,767	2.39	
			3,034,914	13.25	13.87
Oil & Gas 0.86%					
	3,129	Phillips 66	197,376	0.86	
			197,376	0.86	0.99
Technology 24.09%					
	2,151	Alphabet Inc.	1,436,045	6.28	
	18,167	Facebook	2,077,626	9.08	
	12,041	Salesforce.com	798,125	3.49	
	33,843	Twitter	405,219	1.77	
	11,809	Workday	793,747	3.47	
			5,510,762	24.09	24.40
Options 0.00%					
	581,351	Currency Option USD Call CNY Put 7.9% May 2017	4	0.00	
			4	0.00	-
		Portfolio of investments	21,531,322	94.10	98.39
		Net other assets	1,350,476	5.90	1.61
		Net assets	22,881,798	100.00	100.00

All holdings are ordinary shares unless otherwise stated.

US Advantage Fund

Statement of Total Return

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)
Income		
Net capital gains		939,924
Revenue	35,644	
Expenses	(33,497)	
Interest payable and similar charges	-	
Net revenue before taxation	2,147	
Taxation	(5,441)	
Net expense after taxation		(3,294)
Total return before equalisation		936,630
Equalisation		(9,891)
Change in net assets attributable to shareholders from investment activities		926,739

Statement of Change in Net Assets Attributable to Shareholders

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)
Opening net assets attributable to shareholders		3,626,274
Amounts receivable on issue of shares	18,451,233	
Amounts payable on cancellation of shares	(133,088)	
		18,318,145
Dilution adjustment charged		10,640
Change in net assets attributable to shareholders from investment activities		926,739
Retained distribution on accumulation shares		-
Closing net assets attributable to shareholders		22,881,798

The Fund was launched 15 September 2016 and therefore no comparative data is available.

Balance Sheet

AS AT 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)	30 Sep 2016 (£)	30 Sep 2016 (£)
Assets				
Investment assets		21,531,322		3,567,827
Debtors	159,869		25,589	
Cash and bank balances	1,237,835		62,798	
Total other assets		1,397,704		88,387
Total assets		22,929,026		3,656,214
Liabilities				
Creditors	47,228		29,940	
Total liabilities		47,228		29,940
Net assets attributable to shareholders		22,881,798		3,626,274

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statement for the year ended 30 September 2016 and are described in those annual financial statements.

Sterling Corporate Bond Fund

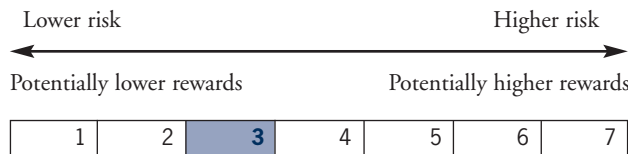
As at 31 March 2017 (unaudited)

Fund Review

INVESTMENT OBJECTIVE

The objective of the Fund is to provide an attractive rate of return through investment primarily in sterling corporate and other sterling non-gilt fixed interest securities. A proportion of the Fund may also invest in non-sterling fixed interest securities as well as UK Gilts.

RISK AND REWARD PROFILE



The risk and reward category shown is based on historic data.

- Historic figures are only a guide and may not be a reliable indicator of what may happen in the future.
- As such this category may change in the future.
- The higher the category, the greater the potential reward, but also the greater the risk of losing the investment. Category 1 does not indicate a risk free investment.
- The Fund is in this category because it invests in fixed income securities and the Fund's simulated and/or realised return has experienced high rises and falls historically.
- The Fund may be impacted by movements in the exchange rates between the Fund's currency and the currencies of the Fund's investments.

This rating does not take into account other risk factors which should be considered before investing, these include:

- The value of bonds are likely to decrease if interest rates rise and vice versa.
- The value of financial derivative instruments are highly sensitive and may result in losses in excess of the amount invested by the Sub-Fund.
- Issuers may not be able to repay their debts, if this happens the value of your investment will decrease. This risk is higher where the fund invests in a bond with a lower credit rating.
- The fund relies on other parties to fulfill certain services, investments or transactions. If these parties become insolvent, it may expose the fund to financial loss.
- There may be an insufficient number of buyers or sellers which may affect the Fund's ability to buy or sell securities.

PERFORMANCE

	Since inception 11/12/00 % change cumulative	1 year % change cumulative	6 months % change cumulative
Bank of America – Merrill Lynch Sterling Non-Gilt Index****	125.52	9.32	(1.01)
Sterling Corporate Bond A Acc*	111.79	8.02	(0.11)
Bank of America – Merrill Lynch Sterling Non-Gilt Index****	171.61	9.32	(1.01)
Sterling Corporate Bond I Acc***	158.43	8.64	0.21
Bank of America – Merrill Lynch Sterling Non-Gilt Index	23.78	9.32	(1.01)
Sterling Corporate Bond F Acc**	20.47	8.57	0.09

Source Index: Morgan Stanley Investment Management Ltd via RIMES as at 31 March 2017.
Source Fund: Morgan Stanley Investment Management Ltd.

* Launched 3 February 2003.

** Launched 3 March 2014.

*** Launched 11 December 2000.

**** The benchmark for the Fund is a blend of the Bank of America – Merrill Lynch Sterling Non-Gilt All Stocks 10yr+ Index to 3 November 2003 and Bank of America – Merrill Lynch Sterling Non-Gilt Index thereafter.

Past performance is no guarantee of future returns. In particular, any returns illustrated here will not necessarily continue at the levels shown.

NET ASSET VALUE

Date	Net asset value of share class (£)	Shares in issue	Net asset value per share (£)	Percentage Change (%)
Share Class A – Accumulation*				
31.03.17	3,054,438	126,796	24.09	(0.04)
30.09.16	4,024,123	166,962	24.10	
Share Class A – Income*				
31.03.17	759,001	48,576	15.63	(1.01)
30.09.16	754,769	47,791	15.79	
Share Class I – Accumulation*				
31.03.17	27,808,071	1,079,427	25.76	0.27
30.09.16	43,827,113	1,705,799	25.69	
Share Class I – Income*				
31.03.17	44,370,169	2,844,258	15.60	(1.08)
30.09.16	27,705,687	1,757,170	15.77	
Share Class F – Accumulation*				
31.03.17	50,241,767	41,836,701	1.20	–
30.09.16	49,636,427	41,392,691	1.20	
Share Class F – Income*				
31.03.17	79,487,725	71,579,481	1.11	(0.89)
30.09.16	77,889,568	69,383,038	1.12	

* Valued at bid basis.

Sterling Corporate Bond Fund

Fund Review (continued)

OPERATING CHARGES

Date	
Share Class A – Accumulation	
31.03.17	1.00%
30.09.16	1.00%
Share Class A – Income	
31.03.17	1.00%
30.09.16	1.00%
Share Class I – Accumulation	
31.03.17	0.37%
30.09.16	0.37%
Share Class I – Income	
31.03.17	0.37%
30.09.16	0.37%
Share Class F – Accumulation	
31.03.17	0.22%
30.09.16	0.22%
Share Class F – Income	
31.03.17	0.22%
30.09.16	0.22%

Operating charges show the annual expenses of the Fund as a percentage of the average net asset value.

PERFORMANCE REVIEW

For the six-month period ending 31 March 2017, the Fund's I Accumulation share classes outperformed the benchmark Bank of America-Merrill Lynch Sterling Non-Gilt Index by 1.22%, returning 0.21% (net of fees in sterling) versus -1.01% for the Index.

The outperformance of the Fund was driven by both interest rates and credit positioning. The Fund is positioned to be underweight credit in spread duration terms but is overweight in some of the higher-beta sectors. The sterling credit market continued to benefit from the positive technical support from the Bank of England's Corporate Bond Purchase Scheme (CBPS). Sterling credit spreads were tighter over the period, with Financials (mainly subordinated) outperforming Industrials. The overweight to subordinated Banks & Insurance, Consumer Cyclical and Utility sectors as well as the overweight to corporate hybrids (some split rated between investment grade and high yield) were the main contributors to positive relative performance in the credit space. Exposure to lower rated bonds had a positive impact on performance, as bonds lower on the risk spectrum outperformed as investors continued the hunt for yield. New issues created relative value opportunities, which the Fund took advantage of. The underweight to duration had a positive impact on relative performance. During the period, five-year Gilts rose 34 basis points (bps) and 10-year Gilt yields rose 39 bps. The Fund continues to be underweight to duration, viewing the risks posed by Gilt yields to be so low as to be asymmetric, while the underweight acts, in our opinion, as a hedge to owning credit in the current environment.

MARKET REVIEW

The sterling credit market continued to benefit from the positive technical support from the Bank of England's (BoE) Corporate Bond Purchase Scheme (CBPS), with any periods of underperformance driven by Trump's victory in the US elections or the outcome of the Italian referendum quickly reversing. Financials outperformed Industrials, while BBB rated bonds outperformed relative to A or better rated bonds. Gross issuance was strong, with Financials dominating gross supply. The CBPS kept net sterling issuance fairly benign. Primary issues performed well, with strong demand for short dated (1- to 5-year) paper. Gilt yields and other core government bond yields were higher with generally bull steepening yield curves. The moves were driven by a multitude of factors, including (1) market speculation that major central banks will be less aggressive in boosting monetary stimulus and will have a bias to targeting steeper yield curves; (2) speculation that Donald Trump's victory in the US presidential election will increase the likelihood of fiscal stimulus and thus higher inflation expectations and steeper global yield curves; and (3) stronger-than-expected economic data coupled with above-consensus inflation prints (particularly in the UK).

During the period, the U.S. Federal Reserve raised rates twice, while the European Central Bank announced an extension of its quantitative easing programme (albeit at a slower pace). In the UK, the BoE kept policy unchanged (one member dissenting in favour of higher rates in March 2017). The committee noted that the inflation overshoot has been larger-than-expected, driven by the weaker sterling. The new Chancellor Phillip Hammond presented a new fiscal plan. Deficit reduction will be slowed compared to the previous plan of delivering a surplus by 2019-20. Instead, public investment spending will increase. Current Governor Mark Carney has chosen to stay until June 2019 in his position, an extension of one year. The committee increased the expectation of growth this year from 1.4% to 2.0%. It expects inflation to peak at 2.75% in mid-2018 and end at 2.36% in 2020. Towards the end of the period, the UK government triggered Article 50 of the Lisbon Treaty, starting the formal process of leaving the European Union (EU). In terms of data, headline consumer price index inflation trended higher, ending the period at 2.3%, higher than consensus (and above the BoE's 2% target). The unemployment rate's three-month average ticked down to 4.7% at the end of the period. Annual 2016 gross domestic product growth was confirmed at 1.9%. Manufacturing PMI (purchasing managers index) data trended higher during the period, finishing at 54.6, but came in weaker than consensus during the last two months of the period. In the currency market, the sterling depreciated against major currencies following the UK's decision to leave the EU.

Sterling Corporate Bond Fund

Fund Review (continued)

PORTFOLIO ACTIVITY

The Fund has remained active throughout the period, participating in new issues and actively rotating existing issues. The allocation to Financials has remained broadly unchanged during the period; however, at the margin, the Fund did decrease allocation to bonds higher up the capital structure as valuations became less attractive relative to bonds lower down the capital structure. The Fund's exposure to Industrials (small underweight in spread duration terms but still overweight some of the higher-beta sectors) remained fairly constant throughout the period, with a small increase in allocation during the early part of the period to take advantage of the positive technicals from the BoE's CBPS. The Fund remained underweight to government-related securities, securitised and covered bonds, driven by limited spread pick-up and the existence of more attractive investment opportunities in other segments of the credit market. Exposure to corporate hybrids was broadly constant during the period. The Fund remained underweight duration during the period, with the underweight getting as low as -1.4 years and as high as -1.9 years verses the benchmark.

STRATEGY & OUTLOOK

The Fund continues to be positioned with a yield advantage over the benchmark. The Fund is currently overweight to subordinated Financials positioned in a mixture of Banks and Insurance in the Lower Tier 2 part of the capital structure in systemically important institutions. We expect Financials to continue to benefit from the secular de-risking (partly driven by regulation), which we see transferring wealth from shareholders to bondholders. The Fund is positioned to be overweight to corporate hybrids, predominantly in large Utilities, which issue hybrids to overcome a capital expenditure hump, and companies with no access to equity markets (e.g. government or family owned). The Fund is overweight BBB rated bonds versus A and above. The Fund is underweight higher-quality Industrials on valuation grounds, as well as on concerns over increased merger and acquisition activity, which tends to transfer wealth from bondholders to shareholders. The Fund is underweight duration relative to the benchmark as we expect contrasting forces of slow but stable global growth, uncertainty following Brexit and potentially higher inflation expectations as evidence to keep rates trading in a range with a slight upward bias. We continue to expect an environment with low interest volatility and accommodative central bank policy, which typically tends to favour carry strategies. We are wary of sharp curve steepening, which could be caused by stronger-than-consensus growth, but think underweights in risk-free rates provide a good hedge to carry-oriented strategies. With the BoE's CBPS expected to end early in the second quarter of 2017, we continue to watch for potential risks in the sterling credit market that may arise.

All information is provided for informational purposes only and should not be deemed as a recommendation to purchase or sell the securities mentioned.

Sterling Corporate Bond Fund

Portfolio Statement

AS AT 31 MARCH 2017 (UNAUDITED)

	Nominal in GBP unless stated	Investments	Market Value (£)	% of net Asset Value 31 Mar 2017	% of net Asset Value 30 Sep 2016
Corporate Bonds 81.21%					
	200,000	ABP Finance 6.25% 14/12/2026	258,006	0.12	
	200,000	Aegon 6.125% 15/12/2031	282,288	0.14	
	300,000	Affinity Water Finance 5.875% 13/07/2026	398,193	0.19	
	725,000	Affordable Housing Finance 2.893% 11/08/2045	846,003	0.41	
	450,000	Affordable Housing Finance 3.8% 20/05/2044	602,703	0.29	
	1,000,000	American Honda Finance 1.3% 21/03/2022	999,330	0.49	
	350,000	Amgen 4% 13/09/2029	398,002	0.19	
	250,000	Anglian Water Osprey Financing 5% 30/04/2023	266,247	0.13	
	1,000,000	Anglian Water Services Financing 2.625% 15/06/2027	1,005,140	0.49	
	1,000,000	Anglian Water Services Financing 4.5% 22/02/2026	1,158,510	0.56	
	400,000	Anglian Water Services Financing 6.875% 21/08/2023	530,368	0.26	
EUR2,200,000		Anheuser-Busch 2.75% 17/03/2036	2,016,515	0.98	
	200,000	Anheuser-Busch 6.5% 23/06/2017	202,364	0.10	
	1,000,000	Apple 3.6% 31/07/2042	1,166,910	0.57	
	800,000	APT Pipelines 4.25% 26/11/2024	898,072	0.44	
EUR150,000		Aramark International Finance Sarl 3.125% 01/04/2025	129,962	0.06	
EUR100,000		Areva 3.5% 22/03/2021	85,211	0.04	
EUR350,000		Areva 4.875% 23/09/2024	305,442	0.15	
	100,000	Arqiva Financing 5.34% 30/12/2037	118,885	0.06	
	500,000	Arrow Global Finance 5.125% 15/09/2024	517,940	0.25	
	600,000	ASB Finance 1% 07/09/2020	595,392	0.29	
EUR590,000		ASR 5.125% 29/09/2045	568,458	0.28	
	1,000,000	Aviva 4.375% 12/09/2049	969,990	0.47	
	300,000	Aviva 5.125% 04/06/2050	308,160	0.15	
	250,000	Aviva 6.125% 14/11/2036	280,750	0.14	
	600,000	AXA 7.125% 15/12/2020	718,914	0.35	
	1,000,000	Bank of America 4.25% 10/12/2026	1,149,010	0.56	
	250,000	Bank of America 5.5% 22/11/2021	289,110	0.14	
	1,000,000	Barclays 3.125% 17/01/2024	1,026,070	0.50	
	900,000	BAT International Finance 4% 23/11/2055	1,073,043	0.52	
EUR700,000		Bayer 3.75% 01/07/2074	623,499	0.30	
	350,000	BHP Billiton Finance 3.25% 25/09/2024	388,570	0.19	
	1,300,000	BHP Billiton Finance 6.5% 22/10/2077	1,480,128	0.72	
	1,000,000	BMW Finance 0.875% 16/08/2022	978,750	0.47	
	600,000	BNP Paribas 1.125% 16/08/2022	584,898	0.28	
	1,000,000	BNP Paribas 5.75% 24/01/2022	1,163,620	0.57	
	2,000,000	BP Capital Markets 2.03% 14/02/2025	2,019,960	0.98	
	800,000	BPCE 5.25% 16/04/2029	880,384	0.43	
	1,000,000	BUFA Finance 5% 08/12/2026	1,085,890	0.53	
	150,000	Cambridgeshire Housing Capital 4.25% 15/09/2045	186,513	0.09	
	50,000	Canary Wharf Finance II 5.952% 22/10/2037	63,206	0.03	
	450,000	Centrica 5.25% 10/04/2075	481,279	0.23	
	150,000	Cie de Financement Foncier 5.5% 26/01/2027	198,580	0.10	
	225,000	Circle Anglia Social Housing 5.2% 02/03/2044	329,227	0.16	
USD2,475,000		Citigroup 3.887% 10/01/2028	1,991,092	0.97	
	1,000,000	Citigroup 5.15% 21/05/2026	1,226,480	0.60	
	150,000	Citigroup 7.375% 01/09/2039	254,782	0.12	
	1,000,000	CNP Assurances 7.375% 30/09/2041	1,133,580	0.55	
	900,000	Comcast 5.5% 23/11/2029	1,211,094	0.59	
EUR1,000,000		Commonwealth Bank of Australia 2% 22/04/2027	879,434	0.43	
	300,000	Commonwealth Bank of Australia 4.875% 19/12/2023	317,142	0.15	
	200,000	Compass 3.85% 26/06/2026	231,666	0.11	
EUR100,000		Constellium 4.625% 15/05/2021	83,729	0.04	
	1,000,000	Cooperatieve Rabobank (Amsterdam Listing) 2.25% 23/03/2022	1,044,210	0.51	
	350,000	Cooperatieve Rabobank (Frankfurt Listing) 2.25% 23/03/2022	366,005	0.18	
	1,000,000	Cooperatieve Rabobank 5.25% 14/09/2027	1,159,570	0.56	
	200,000	Coventry Building Society 5.875% 28/09/2022	243,740	0.12	
	1,000,000	CPUK Finance 2.666% 28/02/2042	1,038,300	0.50	
	100,000	Credit Suisse Finance 7% 05/10/2020	115,858	0.06	
	600,000	Credit Suisse Funding 2.75% 08/08/2025	599,592	0.29	
	700,000	Credit Suisse Funding 3% 27/05/2022	730,247	0.35	
	1,000,000	Crh Finance UK 4.125% 02/12/2029	1,165,280	0.57	
	1,500,000	Daimler 1.5% 13/01/2022	1,512,555	0.74	
	2,000,000	Deutsche Bank 1.875% 28/02/2020	2,000,020	0.97	
EUR275,000		Deutsche Boerse 2.75% 05/02/2041	249,029	0.12	
	400,000	Dexia Credit Local 2.125% 12/02/2025	412,156	0.20	
	1,500,000	DONG Energy 4.875% 12/01/2032	1,900,410	0.92	
	150,000	East Japan Railway 4.5% 25/01/2036	195,837	0.10	
	500,000	Eastern Power Networks 5.75% 08/03/2024	626,430	0.30	
	1,000,000	EDP Finance 8.625% 04/01/2024	1,331,710	0.65	
	1,000,000	EE Finance 4.375% 28/03/2019	1,065,150	0.52	
	105,000	El Group 6.375% 15/02/2022	112,937	0.05	
	200,000	Electricite de France 6% 23/01/2114	272,558	0.13	
	500,000	Electricite de France 6.125% 02/06/2034	665,865	0.32	
	500,000	Electricity North West 8.875% 25/03/2026	776,525	0.38	
	1,000,000	Enel 7.75% 10/09/2075	1,110,410	0.54	
	200,000	Enel Finance 5.75% 14/09/2040	266,272	0.13	

Sterling Corporate Bond Fund

Portfolio Statement (continued)

AS AT 31 MARCH 2017 (UNAUDITED)

Nominal in GBP unless stated	Investments	Market Value (£)	% of net Asset Value 31 Mar 2017	% of net Asset Value 30 Sep 2016
Corporate Bonds 81.21% (continued)				
EUR1,000,000	Energias de Portugal 5.375% 16/09/2075	921,744	0.45	
150,000	Engie 7% 30/10/2028	223,442	0.11	
682,000	Experian Finance 4.75% 23/11/2018	724,755	0.35	
1,500,000	FCA Capital Ireland 1.625% 29/09/2021	1,473,495	0.72	
1,000,000	FCE Bank 2.727% 03/06/2022	1,043,750	0.51	
300,000	FCE Bank 2.759% 13/11/2019	311,205	0.15	
100,000	FCE Bank 3.25% 19/11/2020	105,917	0.05	
50,000	Firstgroup 6.875% 18/09/2024	64,794	0.03	
EUR500,000	Fomento Economico Mexicano 1.75% 20/03/2023	435,402	0.21	
900,000	Friends Life 8.25% 21/04/2022	1,153,053	0.56	
350,000	G4S 7.75% 13/05/2019	394,863	0.19	
EUR1,100,000	Gas Natural Capital Markets 1.125% 11/04/2024	941,148	0.46	
EUR600,000	Gas Natural Fenosa Finance 1.375% 19/01/2027	508,007	0.25	
1,050,000	Gatwick Funding 2.625% 07/10/2048	977,624	0.48	
800,000	Glencore Canada Financial 7.375% 27/05/2020	933,896	0.45	
1,800,000	Goldman Sachs 4.25% 29/01/2026	2,029,806	0.99	
375,000	Goldman Sachs 6.125% 14/05/2017	377,115	0.18	
200,000	Grainger 5% 16/12/2020	220,298	0.11	
1,500,000	Hammerson 3.5% 27/10/2025	1,620,240	0.79	
400,000	Heathrow Funding 2.75% 09/08/2051	384,272	0.19	
1,000,000	Heathrow Funding 6% 20/03/2020	1,134,850	0.55	
1,400,000	Heathrow Funding 6.25% 10/09/2018	1,501,290	0.73	
300,000	High Speed Rail Finance 4.375% 01/11/2038	385,680	0.19	
825,000	Hiscox 6.125% 24/11/2045	888,905	0.43	
900,000	HSBC 2.625% 16/08/2028	878,229	0.43	
1,500,000	HSBC 5.75% 20/12/2027	1,796,565	0.87	
400,000	HSBC 6.5% 20/05/2024	516,664	0.25	
1,000,000	Iberdrola Finanzas 7.375% 29/01/2024	1,340,210	0.65	
300,000	Imperial Brands Finance 4.875% 07/06/2032	369,858	0.18	
300,000	Imperial Brands Finance 9% 17/02/2022	403,101	0.20	
200,000	ING Bank 6.875% 29/05/2023	211,644	0.10	
1,350,000	inogy Finance 5.5% 06/07/2022	1,600,331	0.78	
600,000	Instituto de Credito Oficial 1.875% 15/12/2017	603,732	0.29	
1,000,000	International Business Machines 2.625% 05/08/2022	1,069,190	0.52	
EUR600,000	International Game Technology 4.75% 15/02/2023	553,705	0.27	
2,000,000	Intesa Sanpaolo 5.25% 28/01/2022	2,213,400	1.08	
200,000	Investor 5.5% 05/05/2037	281,924	0.14	
200,000	IPIC GMTN 6.875% 14/03/2026	271,738	0.13	
1,000,000	Jaguar Land Rover Automotive 3.875% 01/03/2023	1,033,320	0.50	
300,000	John Lewis 4.25% 18/12/2034	327,645	0.16	
1,500,000	JPMorgan 3.5% 18/12/2026	1,686,195	0.82	
200,000	Kelda Finance 5.75% 17/02/2020	220,064	0.11	
300,000	Korea Development Bank 2% 20/12/2018	305,256	0.15	
350,000	Ladbrokes Group Finance 5.125% 08/09/2023	347,812	0.17	
750,000	Legal & General 5.375% 27/10/2045	807,098	0.39	
500,000	Legal & General 5.5% 27/06/2064	512,045	0.25	
500,000	Lloyds Bank 2.5% 01/06/2022	528,125	0.26	
300,000	Lloyds Bank 2.75% 09/12/2018	309,690	0.15	
150,000	Lloyds Bank 5.125% 07/03/2025	190,035	0.09	
2,000,000	Lloyds Bank 7.625% 22/04/2025	2,641,200	1.28	
750,000	London Power Networks 5.125% 31/03/2023	897,150	0.44	
200,000	Manchester Airport 4.125% 02/04/2024	230,178	0.11	
225,000	Manchester Airport 4.75% 31/03/2034	289,577	0.14	
200,000	Marks & Spencer 6.125% 06/12/2021	236,562	0.11	
1,000,000	McKesson 3.125% 17/02/2029	1,031,360	0.50	
160,000	Melton Renewable Energy 6.75% 01/02/2020	164,000	0.08	
400,000	Metropolitan Life Global Funding I 2.625% 05/12/2022	428,472	0.21	
200,000	Metropolitan Life Global Funding I 3.5% 30/09/2026	228,488	0.11	
473,500	Mizzen Bondco 7% 01/05/2021	494,216	0.24	
500,000	Motability Operations 2.375% 14/03/2032	500,530	0.23	
1,000,000	Motability Operations 3.625% 10/03/2036	1,163,410	0.57	
500,000	Muenchener Rueckversicherungs-Gesellschaft 6.625% 26/05/2042	590,910	0.29	
500,000	Muenchener Rueckversicherungs-Gesellschaft 7.625% 21/06/2028	536,365	0.26	
200,000	National Australia Bank 3% 04/09/2026	224,068	0.11	
1,500,000	National Express 2.5% 11/11/2023	1,529,265	0.74	
1,500,000	National Grid Gas Finance 2.625% 22/09/2038	1,459,740	0.71	
1,000,000	Nationwide Building Society 3% 06/05/2026	1,063,420	0.52	
900,000	Nationwide Building Society 3.25% 20/01/2028	969,561	0.47	

Sterling Corporate Bond Fund

Portfolio Statement (continued)

AS AT 31 MARCH 2017 (UNAUDITED)

Nominal in GBP unless stated	Investments	Market Value (£)	% of net Asset Value 31 Mar 2017	% of net Asset Value 30 Sep 2016
Corporate Bonds 81.21% (continued)				
800,000	NGG Finance 5.625% 18/06/2073	884,024	0.43	
750,000	NIE Finance 6.375% 02/06/2026	1,014,855	0.49	
600,000	Nordea Bank 2.375% 02/06/2022	633,288	0.31	
450,000	Northern Gas Networks Finance 4.875% 30/06/2027	565,691	0.27	
400,000	Northern Powergrid 7.25% 15/12/2022	518,296	0.25	
1,000,000	Northumbrian Water Finance 1.625% 11/10/2026	968,260	0.47	
200,000	Orange 5.375% 22/11/2050	286,512	0.14	
EUR394,000	Origin Energy Finance 7.875% 16/06/2071	358,919	0.17	
600,000	PACCAR Financial Europe 1.513% 29/05/2018	605,322	0.29	
1,100,000	Paragon Treasury 3.625% 21/01/2047	1,233,969	0.60	
600,000	Petrobras Global Finance 5.375% 01/10/2029	548,508	0.27	
EUR950,000	Petroleos Mexicanos 4.875% 21/02/2028	838,526	0.41	
300,000	Petroleos Mexicanos 8.25% 02/06/2022	360,588	0.18	
200,000	Pfizer 6.5% 03/06/2038	325,096	0.16	
500,000	Pizzaexpress Financing 6.625% 01/08/2021	512,720	0.25	
275,000	Porterbrook Rail Finance 7.125% 20/10/2026	385,723	0.19	
400,000	Prudential 5% 20/07/2055	405,256	0.20	
80,000	Prudential 6.875% 20/01/2023	103,425	0.05	
449,000	QBE Insurance 6.115% 24/05/2042	493,123	0.24	
565,000	RCI Banque 2.125% 06/10/2017	568,198	0.28	
200,000	RELX Investments 2.75% 01/08/2019	207,078	0.10	
400,000	RHP Finance 3.25% 05/02/2048	421,980	0.20	
EUR300,000	Royal Bank of Scotland 2% 08/03/2023	259,016	0.13	
150,000	Royal Bank of Scotland 6.625% 17/09/2018	161,964	0.08	
225,000	Santander 6.5% 21/10/2030	276,847	0.13	
EUR1,600,000	Santander Issuances 3.125% 19/01/2027	1,408,054	0.68	
700,000	Santander UK 3.625% 14/01/2026	735,049	0.36	
450,000	Scentre Trust 2.375% 08/04/2022	470,088	0.23	
1,000,000	Scotland Gas Networks 3.25% 08/03/2027	1,093,810	0.53	
550,000	Scotland Gas Networks 4.875% 21/12/2034	728,503	0.35	
100,000	Scottish Widows 5.5% 16/06/2023	109,256	0.05	
500,000	Segro 5.625% 07/12/2020	580,690	0.28	
1,000,000	Severn Trent Utilities Finance 2.75% 05/12/2031	1,054,260	0.51	
450,000	Severn Trent Utilities Finance 6.125% 26/02/2024	577,345	0.28	
750,000	SGSP Australia Assets 5.125% 11/02/2021	853,913	0.42	
USD2,175,000	Siemens Financieringsmaatschappij 3.4% 16/03/2027	1,755,598	0.85	
650,000	Skandinaviska Enskilda Banken 1.25% 05/08/2022	646,575	0.31	
600,000	SNCF Mobilites 5.375% 18/03/2027	781,194	0.38	
200,000	SNCF Reseau 5.25% 07/12/2028	265,122	0.13	
400,000	Societe Generale 5.4% 30/01/2018	414,144	0.20	
500,000	Southern Electric Power Distribution 4.625% 20/02/2037	649,820	0.32	
250,000	Southern Gas Networks 2.5% 03/02/2025	262,563	0.13	
450,000	SP Manweb 4.875% 20/09/2027	557,460	0.27	
1,000,000	SSE 3.625% 16/09/2077	1,002,400	0.49	
USD400,000	SSE 4.75% 16/09/2077	323,778	0.16	
500,000	Stagecoach 4% 29/09/2025	549,840	0.27	
200,000	Standard Chartered Bank 7.75% 03/04/2018	213,028	0.10	
500,000	Svenska Handelsbanken 2.375% 18/01/2022	529,870	0.26	
300,000	Svenska Handelsbanken 2.75% 05/12/2022	323,106	0.16	
250,000	TalkTalk Telecom 5.375% 15/01/2022	255,082	0.12	
EUR200,000	Telecom Italia Finance 7.75% 24/01/2033	225,709	0.11	
200,000	Telefonica Emisiones 5.289% 09/12/2022	233,444	0.11	
150,000	Telefonica Emisiones 5.445% 08/10/2029	187,749	0.09	
250,000	Tesco 6.125% 24/02/2022	287,910	0.14	
274,136	Tesco Property Finance 7.6227% 13/07/2039	336,926	0.16	
EUR300,000	Teva Pharmaceutical Finance Netherlands 1.625% 15/10/2028	232,997	0.11	
1,000,000	Thames Water Utilities Cayman Finance 7.738% 09/04/2058	2,205,200	1.07	
300,000	Together Housing Finance 4.5% 17/12/2042	384,690	0.19	
1,500,000	Toronto-Dominion Bank 1% 13/12/2021	1,500,840	0.73	
700,000	Total Capital International 2.25% 09/06/2022	737,254	0.36	
1,000,000	Toyota Motor Credit 1.125% 07/09/2021	1,004,680	0.49	
500,000	Transport for London 2.125% 24/04/2025	526,980	0.26	
300,000	Transport for London 3.875% 23/07/2042	387,393	0.19	
100,000	United Parcel Service 5.125% 12/02/2050	157,690	0.08	
EUR600,000	Unitymedia Hessen 4% 15/01/2025	534,417	0.26	
1,300,000	Verizon Communications 3.125% 02/11/2035	1,271,920	0.62	
125,000	Verizon Communications 4.75% 17/02/2034	148,261	0.07	
200,000	Virgin Media Finance 6.375% 15/10/2024	213,596	0.10	

Sterling Corporate Bond Fund

Portfolio Statement (continued)

AS AT 31 MARCH 2017 (UNAUDITED)

Nominal in GBP unless stated	Investments	Market Value (£)	% of net Asset Value 31 Mar 2017	% of net Asset Value 30 Sep 2016
Corporate Bonds 81.21% (continued)				
300,000	Virgin Media Secured Finance 5.125% 15/01/2025	315,726	0.15	
500,000	Virgin Money 2.25% 21/04/2020	510,880	0.25	
700,000	Vodafone 3% 12/08/2056	587,118	0.29	
400,000	Vodafone 5.375% 05/12/2017	412,576	0.20	
700,000	Volkswagen Financial Services 1.75% 17/04/2020	708,568	0.34	
125,000	Volkswagen Financial Services 2.375% 13/11/2018	127,372	0.06	
225,000	Volkswagen Financial Services 2.75% 02/10/2020	235,863	0.11	
200,000	Voyage Care Bondco 6.5% 01/08/2018	201,600	0.10	
50,000	Washington Mutual Bank*	-	-	
1,900,000	Wells Fargo 2.125% 20/12/2023	1,922,306	0.93	
100,000	Welltower 4.8% 20/11/2028	118,539	0.06	
325,000	Wessex Water Services Finance 4% 24/09/2021	364,546	0.18	
150,000	Wessex Water Services Finance 5.375% 10/03/2028	197,743	0.10	
1,000,000	Western Power Distribution 3.625% 06/11/2023	1,084,560	0.53	
500,000	Western Power Distribution East Midlands 5.25% 17/01/2023	596,930	0.29	
150,000	Western Power Distribution South West 5.875% 25/03/2027	199,083	0.10	
500,000	Western Power Distribution West Midlands 3.875% 17/10/2024	568,720	0.28	
1,000,000	Westfield America Management 2.625% 30/03/2029	1,004,540	0.49	
700,000	Westpac Banking 2.625% 14/12/2022	748,342	0.36	
450,000	Westpac Securities 2.5% 13/01/2021	473,202	0.23	
500,000	William Hill 4.875% 07/09/2023	520,100	0.25	
EUR300,000	Wind Acquisition Finance 7% 23/04/2021	266,573	0.13	
500,000	Wm Morrison Supermarkets 4.625% 08/12/2023	573,685	0.28	
300,000	Wm Morrison Supermarkets 4.75% 04/07/2029	350,352	0.17	
805,583	Wods Transmission 3.446% 24/08/2034	896,114	0.44	
1,500,000	WPP Finance 2.875% 14/09/2046	1,354,590	0.66	
EUR500,000	XPO Logistics 5.75% 15/06/2021	448,319	0.22	
1,500,000	Yorkshire Building Society 3.5% 21/04/2026	1,596,780	0.78	
1,000,000	Yorkshire Building Society 4.125% 20/11/2024	1,026,340	0.50	
350,000	Yorkshire Building Society 4.75% 12/04/2018	364,738	0.18	
525,000	Yorkshire Housing Finance 4.125% 31/10/2044	636,636	0.31	
1,000,000	Yorkshire Water Services Bradford Finance 3.75% 22/03/2046	1,078,260	0.52	
190,000	Yorkshire Water Services Bradford Finance 6% 24/04/2025	190,515	0.09	
		167,067,360	81.21	80.58
Floating Bonds 5.58%				
600,000	Banque Federative du Credit Mutuel 0.75681% 07/02/2019	598,956	0.29	
650,000	Barclays Bank 0.55206% 12/02/2018	650,331	0.32	
1,000,000	Danske Bank 0.83531% 04/10/2018	1,001,850	0.49	
1,404,189	Dukinfield 2 1.595% 20/12/2052	1,403,419	0.68	
6,188	E-Carat 3 0.72638% 18/03/2022	6,190	0.00	
600,000	Eurosail 1.29375% 13/06/2045	554,313	0.27	
333,322	Farringdon Mortgages No 2 1.85663% 15/07/2047	321,395	0.16	
1,500,000	Finsbury Square 2017-1 1.06362% 12/03/2059	1,501,226	0.73	
759,000	Logistics 1.60588% 20/08/2025	758,790	0.37	
325,000	Logistics 3.75588% 20/08/2025	326,085	0.16	
500,000	Nationwide Building Society 0.84463% 25/04/2019	502,855	0.24	
386,645	ResLoC UK 0.56388% 15/12/2043	339,433	0.16	
1,000,000	Santander 0.81813% 08/07/2019	1,005,880	0.49	
1,000,000	Skandinaviska Enskilda Banken 0.75588% 19/11/2018	1,004,170	0.49	
1,500,000	Towd Point Mortgage Funding 2017-Auburn 11 1.20588% 20/05/2045	1,500,000	0.73	
		11,474,893	5.58	5.31
Government Bonds 4.20%				
750,000	Export-Import Bank of Korea 2% 07/12/2017	756,277	0.37	
700,000	Italy Government International Bond 6% 04/08/2028	862,610	0.42	
100,000	Japan Bank for International Cooperation 2.625% 15/12/2020	106,231	0.05	
175,000	Jersey International Bond 3.75% 09/06/2054	229,623	0.11	
1,800,000	KFW 1.125% 23/12/2019	1,830,042	0.89	
1,750,000	KFW 1.375% 01/02/2021	1,799,263	0.87	
750,000	KFW 1.625% 05/06/2020	775,403	0.38	
600,000	KFW 6% 07/12/2028	888,480	0.43	
225,000	Mexico Government International Bond 5.625% 19/03/2114	225,002	0.11	
1,000,000	Spain Government International Bond 5.25% 06/04/2029	1,180,500	0.57	
		8,653,431	4.20	4.91

Sterling Corporate Bond Fund

Portfolio Statement (continued)

AS AT 31 MARCH 2017 (UNAUDITED)

Nominal in GBP unless stated	Investments	Market Value (£)	% of net Asset Value 31 Mar 2017	% of net Asset Value 30 Sep 2016
Perpetual Call Bonds 5.98%				
850,000	Assicurazioni Generali 6.416%	879,750	0.43	
300,000	Aviva 6.125%	326,499	0.16	
500,000	AXA 6.772%	539,070	0.26	
EUR600,000	Banco Bilbao Vizcaya Argentaria 6.75%	514,506	0.25	
EUR500,000	Banco Santander 6.25%	423,498	0.21	
50,000	Barclays Bank 8.25%	54,734	0.03	
50,000	Barclays Bank 14%	61,091	0.03	
200,000	Coventry Building Society 6.375%	196,122	0.10	
EUR300,000	Electricite de France 5%	257,583	0.12	
300,000	Electricite de France 6%	300,627	0.15	
1,000,000	ELM BV for Swiss Reinsurance 6.3024%	1,079,850	0.52	
EUR300,000	GDF Suez 3.875%	266,941	0.13	
EUR1,000,000	Gas Natural Fenosa Finance 3.375%	834,550	0.41	
50,000	Legal & General 5.875%	52,933	0.02	
EUR600,000	Lloyds Banking 6.375%	539,445	0.26	
100,000	National Westminster Bank 7.125%	107,000	0.05	
450,000	Nationwide Building Society 6.875%	456,516	0.22	
EUR300,000	Repsol International Finance 3.875%	266,020	0.13	
500,000	RWE 7%	528,905	0.26	
500,000	Santander UK 7.375%	521,560	0.25	
EUR1,000,000	Solvay Finance 5.118%	936,608	0.46	
EUR800,000	Telefonica Europe 4.2%	717,092	0.35	
EUR1,000,000	TOTAL 3.369%	846,506	0.41	
700,000	Veolia Environnement 4.85%	720,062	0.35	
750,000	Zurich Finance 6.625%	871,755	0.42	
		12,299,223	5.98	5.98
Supra-national Borrowers 1.45%				
400,000	European Bank for Reconstruction & Development 5.125% 07/06/2032	568,852	0.28	
400,000	European Bank for Reconstruction & Development 5.625% 07/12/2028	567,476	0.27	
200,000	European Investment Bank 4.625% 12/10/2054	343,782	0.17	
1,000,000	European Investment Bank 5.625% 07/06/2032	1,503,900	0.73	
		2,984,010	1.45	2.44
Futures Contracts 0.02%				
(59)	Euro Bobl Futures June 2017	13,187	0.01	
(71)	Euro Bund Futures June 2017	(10,073)	(0.01)	
24	UK Long Gilt Bond Futures June 2017	66,418	0.03	
(34)	US 10 Year Note Futures June 2017	(28,269)	(0.01)	
(10)	US 5 Year Note Futures June 2017	(336)	0.00	
		40,927	0.02	(0.07)
Forward Contracts 0.12%				
	Sold EUR20,610,000 for GBP17,936,821 Settlement 27/04/2017	251,186	0.12	
	Sold USD5,065,000 for GBP4,060,104 Settlement 28/04/2017	(5,085)	0.00	
		246,101	0.12	(0.10)
	Portfolio of investments	202,765,945	98.56	99.05
	Net other assets	2,955,226	1.44	0.95
	Net assets	205,721,171	100.00	100.00

*Defaulted security, fair valued.

Sterling Corporate Bond Fund

Portfolio Statement (continued)

AS AT 31 MARCH 2017 (UNAUDITED)

Rating Block	Market Value (£)
AAA	19,642,633
AA+	1,166,910
AA	4,698,724
AA-	7,944,588
A+	8,452,237
A	17,448,353
A-	21,551,069
BBB+	51,387,256
BBB	32,801,478
BBB-	14,667,506
BB+	9,812,076
BB	4,523,096
BB-	2,956,426
B+	2,483,876
B	1,487,105
CCC+	83,729
Unrated	1,371,855
Portfolio of investments*	202,478,917

* Excludes Futures and Forward contracts.
Source: Bloomberg composite.

Sterling Corporate Bond Fund

Statement of Total Return

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)	31 Mar 2016 (£)	Restated 31 Mar 2016 (£)
Income				
Net capital gains		(2,335,459)		2,455,903
Revenue	3,079,627		2,362,808	
Expenses*	(296,613)		(194,244)	
Interest payable and similar charges*	(416)		(655)	
Net revenue before taxation	2,782,598		2,167,909	
Taxation	(537)		(319)	
Net revenue after taxation		2,782,061		2,167,590
Total return before distributions		446,602		4,623,493
Distributions		(2,782,085)		(2,167,967)
Change in net assets attributable to shareholders from investment activities		(2,335,483)		2,455,526

Statement of Change in Net Assets Attributable to Shareholders

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)	31 Mar 2016 (£)	31 Mar 2016 (£)
Opening net assets attributable to shareholders		203,837,687		125,592,525
Amounts receivable on issue of shares	37,244,069		19,877,628	
Amounts payable on cancellation of shares	(34,159,913)		(2,555,528)	
		3,084,156		17,322,100
Dilution adjustment charged		137,377		–
Change in net assets attributable to shareholders from investment activities		(2,335,483)		2,455,526
Retained distribution on accumulation shares		997,434		884,479
Closing net assets attributable to shareholders		205,721,171		146,254,630

*Prior year figures have been restated.

Comparatives are for the six months to 31 March 2016.

Balance Sheet

AS AT 31 MARCH 2017 (UNAUDITED)

	31 Mar 2017 (£)	31 Mar 2017 (£)	30 Sep 2016 (£)	30 Sep 2016 (£)
Assets				
Investment assets		202,809,708		202,257,964
Debtors	6,676,435		6,953,332	
Cash and bank balances	1,075,546		2,201,442	
Total other assets		7,751,981		9,154,774
Total assets		210,561,689		211,412,738
Liabilities				
Investment liabilities		43,763		362,764
Creditors	3,716,522		6,062,256	
Bank overdrafts	167		–	
Distribution payable on income shares	1,080,066		1,150,031	
Total other liabilities		4,796,755		7,212,287
Total liabilities		4,840,518		7,575,051
Net assets attributable to shareholders		205,721,171		203,837,687

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statement for the year ended 30 September 2016 and are described in those annual financial statements.

Sterling Corporate Bond Fund

Distribution Tables

Share classes A and I pay distributions gross of tax from 1 October 2016. Share class F pays distributions gross of tax from 1 February 2017.

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

INTERIM DISTRIBUTION IN PENCE PER SHARE

Group 1 – shares purchased prior to 1 October 2016

Group 2 – shares purchased between 1 October 2016 and 31 March 2017

	Gross revenue (p)	Equalisation (p)	Distribution payable 31 May 2017 (p)	Distribution paid 31 May 2016 (p)
Share Class A – Accumulation				
Group 1	24.4860	–	24.4860	21.9077
Group 2	14.5797	9.9063	24.4860	21.9077
Share Class A – Income				
Group 1	15.9291	–	15.9291	14.6160
Group 2	7.6065	8.3226	15.9291	14.6160
Share Class I – Accumulation				
Group 1	34.2575	–	34.2575	29.1260
Group 2	24.9000	9.3575	34.2575	29.1260
Share Class I – Income				
Group 1	20.7727	–	20.7727	18.2951
Group 2	7.8383	12.9344	20.7727	18.2951

INTERIM DISTRIBUTION IN PENCE PER SHARE

Group 1 – shares purchased prior to 1 October 2016

Group 2 – shares purchased between 1 October 2016 and 31 October 2016

	Gross revenue (p)	Income tax (p)	Net revenue (p)	Equalisation (p)	Distribution paid 31 Dec 2016 (p)	Distribution paid 31 Dec 2015 (p)
Share Class F – Accumulation						
Group 1	0.2856	0.0571	0.2285	–	0.2285	0.2263
Group 2	0.1458	0.0292	0.1166	0.1119	0.2285	0.2263
Share Class F – Income						
Group 1	0.2678	0.0536	0.2142	–	0.2142	0.2176
Group 2	0.1424	0.0285	0.1139	0.1003	0.2142	0.2176

INTERIM DISTRIBUTION IN PENCE PER SHARE

Group 1 – shares purchased prior to 1 November 2016

Group 2 – shares purchased between 1 November 2016 and 30 November 2016

	Gross revenue (p)	Income tax (p)	Net revenue (p)	Equalisation (p)	Distribution paid 31 Jan 2017 (p)	Distribution paid 31 Jan 2016 (p)
Share Class F – Accumulation						
Group 1	0.2615	0.0523	0.2092	–	0.2092	0.2371
Group 2	0.1183	0.0237	0.0946	0.1146	0.2092	0.2371
Share Class F – Income						
Group 1	0.2443	0.0489	0.1954	–	0.1954	0.2265
Group 2	0.1201	0.0240	0.0961	0.0993	0.1954	0.2265

Sterling Corporate Bond Fund

Distribution Tables (continued)

FOR THE PERIOD ENDED 31 MARCH 2017 (UNAUDITED)

INTERIM DISTRIBUTION IN PENCE PER SHARE

Group 1 – shares purchased prior to 1 December 2016

Group 2 – shares purchased between 1 December 2016 and 31 December 2016

	Gross revenue (p)	Income tax (p)	Net revenue (p)	Equalisation (p)	Distribution paid 28 Feb 2017 (p)	Distribution paid 28 Feb 2016 (p)
Share Class F – Accumulation						
Group 1	0.2690	0.0538	0.2152	–	0.2152	0.2422
Group 2	0.1231	0.0246	0.0985	0.1167	0.2152	0.2422
Share Class F – Income						
Group 1	0.2506	0.0501	0.2005	–	0.2005	0.2316
Group 2	0.1111	0.0222	0.0889	0.1116	0.2005	0.2316

INTERIM DISTRIBUTION IN PENCE PER SHARE

Group 1 – shares purchased prior to 1 January 2017

Group 2 – shares purchased between 1 January 2017 and 31 January 2017

	Gross revenue (p)	Income tax (p)	Net revenue (p)	Equalisation (p)	Distribution paid 31 Mar 2017 (p)	Distribution paid 31 Mar 2016 (p)
Share Class F – Accumulation						
Group 1	0.2968	0.0594	0.2374	–	0.2374	0.2321
Group 2	0.1459	0.0292	0.1167	0.1207	0.2374	0.2321
Share Class F – Income						
Group 1	0.2759	0.0552	0.2207	–	0.2207	0.2212
Group 2	0.1285	0.0257	0.1028	0.1179	0.2207	0.2212

INTERIM DISTRIBUTION IN PENCE PER SHARE

Group 1 – shares purchased prior to 1 February 2017

Group 2 – shares purchased between 1 February 2017 and 28 February 2017

	Gross revenue (p)	Income tax (p)	Net revenue (p)	Equalisation (p)	Distribution payable 30 Apr 2017 (p)	Distribution paid 30 Apr 2016 (p)
Share Class F – Accumulation						
Group 1			0.2529	–	0.2529	0.2442
Group 2			0.1217	0.1312	0.2529	0.2442
Share Class F – Income						
Group 1			0.2352	–	0.2352	0.2323
Group 2			0.0827	0.1525	0.2352	0.2323

INTERIM DISTRIBUTION IN PENCE PER SHARE

Group 1 – shares purchased prior to 1 March 2017

Group 2 – shares purchased between 1 March 2017 and 31 March 2017

	Gross revenue (p)	Income tax (p)	Net revenue (p)	Equalisation (p)	Distribution payable 31 May 2017 (p)	Distribution paid 31 May 2016 (p)
Share Class F – Accumulation						
Group 1			0.3083	–	0.3083	0.2393
Group 2			0.1425	0.1658	0.3083	0.2393
Share Class F – Income						
Group 1			0.2855	–	0.2855	0.2274
Group 2			0.0916	0.1939	0.2855	0.2274

EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase 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.

Further information

REPORTS & ACCOUNTS

In accordance with Circular 357-16 issued by the Investment Association (“IA”), the requirement for managers to issue and distribute Short Reports has ceased to apply. Accordingly we have discontinued distribution of Short Reports.

The annual and semi-annual report is available at our website www.morganstanley.com or by writing to Morgan Stanley Investment Management (ACD) Limited, 25 Cabot Square, Canary Wharf, London E14 4QA.

UCITS V

The Company is an Undertaking for Collective Investment in Transferable Securities (“UCITS V”) for the purpose of the Council Directive 2009/65/EC as amended by Directive 2014/91/EU and transposed into UK law on 18 March 2016.

PROSPECTUS

The Fund Prospectus, an important document describing each Fund in detail, is available from the ACD, which is responsible for the management and administration of the Funds.

The ACD for Morgan Stanley Funds (UK) is Morgan Stanley Investment Management (ACD) Limited, located at 25 Cabot Square, Canary Wharf, London E14 4QA.

TYPES OF SHARE AVAILABLE

Each of the Funds of Morgan Stanley Funds (UK) offers three classes of shares: Class A Shares, Class I Shares and Class F Shares.

Details of the Shares presently available for each Fund are set out in this table:

Fund Name	Share Classes and type of Share available
Global Brands Fund	I Income and Accumulation Shares (Class A Shares are in issue for this Fund but are presently not available for investment)
Global Brands Equity Income Fund	I Income and Accumulation Shares
US Advantage Fund	I and F Accumulation Shares
Sterling Corporate Bond Fund	A, I and F Income and Accumulation Shares

The share classes are differentiated in terms of minimum initial and subsequent investment required and the annual management charge.

MINIMUM INVESTMENT

For Class A shares, a minimum initial investment of £1,000 is required; additional investments may be subject to a £500 minimum injection. For Class I shares a minimum initial investment of £50,000 is required; additional investments may be subject to a £2,500 minimum injection.

For Class F shares, a minimum initial investment of £150,000,000 is required, with no minimum additional investments.

MINIMUM REDEMPTION

The ACD may refuse a redemption request if the total value of the shares to be redeemed falls below £500 in respect of any share class. Redemption for Class A below £500 can be refused on any share class. In addition, no Partial redemption may be made which would reduce the value of shares held in Class A below £1,000 and Class I below £50,000.

SWITCHING

Investors may sell their shares and transfer the proceeds into any of the other Funds by calling our dealing desk on 0800 328 1571.

DISTRIBUTIONS

Income distributions of A and I share classes are allocated to shareholders at the end of each accounting period. The bi-annual income allocation dates are 31 March and 30 September, and the quarterly income allocation dates are 31 March, 30 June, 30 September and 31 December and income is paid within 2 months following the end of each accounting period.

Income distributions of F share class are allocated to shareholders at the end of each month and paid within 2 months following the income allocation.

Income allocated in respect of Income and Accumulation Shares is automatically reinvested at no charge unless a shareholder elects to receive all the income allocation from the income share class in cash.

PUBLICATION OF PRICES

The most recent share prices will be published daily on our website www.morganstanleyfunds.co.uk.

CHARGES

A preliminary charge of 5.00% may be levied on the purchase of A shares in all Funds. Part or all of the preliminary charge may be waived at the Authorised Corporate Director’s (ACD’s) discretion.

No preliminary charge is, or will be, levied in respect of I or F shares.

On an exchange of Shares of one Class or Fund for Shares in another Class or Fund, the ACD may take a charge not exceeding

Further information (continued)

the excess of the amount of the prevailing preliminary charge for the new shares being acquired over the preliminary charge levied on the acquisition of the original shares. There are no exit charges for Morgan Stanley Funds (UK). A proportion of the annual management charge is deducted from the net assets of each Fund on a daily basis. Charges for items such as administration, custody, and auditors fees are also deducted from each Fund.

SWING PRICING

To the extent that the ACD consider that it is in the best interests of Shareholders, taking into account factors including the prevailing market conditions, the level of subscriptions and redemptions in a particular Fund and the size of the Fund, the ACD may decide to adjust the Net Asset Value of a Fund to reflect the estimated dealing spreads, costs and charges (“Swing Factor”) to be incurred by the Fund in liquidating or purchasing investments to satisfy the net transactions received in respect of a particular day.

Under normal market circumstances, the Swing Factor shall not exceed 1% of the Net Asset Value of the relevant Fund on the relevant day. When net subscriptions in a Fund exceed a certain threshold on a given day, the Net Asset Value is adjusted upwards by the Swing Factor. Similarly, when net redemptions in a Fund exceed a certain threshold on a given day, the Net Asset Value of the Fund is adjusted downwards by the Swing Factor.

IMPORTANT INFORMATION

Recipients of this document should not treat the contents as advice relating to legal, taxation or investment matters and should consult their own professional advisers concerning the acquisition, holding or disposing of investments in the Funds.

Past performance is not necessarily indicative of future performance and the value of the shares and income from them may fall as well as rise. On redemption of shares, the investor may receive back an amount less than the original amount of their investment. The assets of the Funds will be in a variety of currencies and therefore movements in the value of currencies may affect the value of an investor’s holdings and the income from the holdings may fluctuate in value in money terms.

Issued by Morgan Stanley Investment Management (ACD) Limited, 25 Cabot Square, Canary Wharf, London E14 4QA, authorised and regulated by the Financial Conduct Authority.

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