

The **co-operative**  
asset management

# CIS UK Income with Growth Trust

Manager's Report

**Annual Report**

31st March 2011

Part of The **co-operative** financial services

# CIS Unit Managers

## Trustee Status

The Trustee is State Street Trustees Limited which holds the title to the Trust's investments on behalf of unitholders. The CIS UK Income with Growth Trust is a "wider-range" investment under the Trustee Investments Act 1961. It is an authorised unit trust scheme under section 243 of the Financial Services and Markets Act 2000 and is categorised as a UCITS Scheme under the Financial Services Authority Collective Investment Schemes Sourcebook. Copies of the Trust Deed may be inspected at the offices of the Manager: CIS Building, Miller Street, Manchester.

## Manager

CIS Unit Managers Limited  
P.O. Box 105  
Manchester  
M4 8BB

Authorised and regulated by the Financial Services Authority, and a member of the Investment Management Association.

## Directors of the Manager

M.A. Summerfield (Chairman)  
M.D. Fairbairn  
P. Sharman (resigned 30th July 2010)  
R. Bulmer  
A. Russell

## Trustee

State Street Trustees Limited  
525 Ferry Road  
Edinburgh EH5 2AW  
Authorised and regulated by the Financial Services Authority.

## Registrar

CIS Unit Managers Limited  
P.O. Box 105  
Manchester M4 8BB

## Auditors

KPMG LLP  
Chartered Accountants  
1 The Embankment  
Neville Street  
Leeds LS1 4DW

## Investment Manager

The Co-operative Asset Management Limited  
Miller Street  
Manchester M60 0AL  
Authorised and regulated by the Financial Services Authority.

# The Co-operative Asset Management

The CIS UK Income with Growth Trust is an authorised unit trust scheme, the manager of which is CIS Unit Managers Limited. The Manager has appointed The Co-operative Asset Management Limited to undertake the portfolio management for the scheme.

The Co-operative Asset Management is the fund management arm of The Co-operative Financial Services and is independently authorised by the Financial Services Authority to provide discretionary asset management services.

We have a long and successful history of managing our customers' money and our specialist fund management service is unique in the UK market, offering a distinctive approach to responsible investing across all of the funds that we manage. For example, we fully integrate consideration of financial, environmental, social and governance issues throughout the investment process when selecting companies for investment and we also vote at every Annual General Meeting of companies we hold.

## Investment Objective

The CIS UK Income with Growth Trust aims to provide an above-average and growing income, together with some capital appreciation, from a diverse portfolio of

UK securities comprising mainly higher yielding equities in any economic sector, but including some fixed-interest securities.

## Cumulative performance (% change to 31/03/11)

	6 months	1 year	3 years	5 years
<b>Trust</b>	3.8	7.3	14.4	17.5
<b>FTSE All Share</b>	8.5	8.7	17.0	20.0
<b>Sector Median</b>	5.8	8.5	12.6	9.4
<b>Quartile Ranking</b>	4	3	2	2

Percentage change in value at bid price, to 31/03/11. Net income reinvested.

Source: Lipper. Measured against UK Equity and Bond Sector.

# Investment Review and Outlook

## Fund Manager's comments

During the twelve months ending 31st March 2011, the price of units rose by 7.3% compared to a 8.5% rise in the median of the sector. In the last three years the value of the units has increased by 14.4% compared to a rise of 12.6% for the sector median. The Trust has retained its strong above-average performance relative to the peer group during this three year period.

We adopt a consistent approach to the selection of companies suitable for investment. Our approach for the UK Income with Growth Trust is to invest in undervalued securities that offer sustainable rates of dividend growth characterised by well managed companies with superior franchises which operate in attractive market segments. We believe the evidence shows that dividend growth lies at the heart of long-term total market return and is integral to investment performance. We generally look for equity and fixed securities that offer above-average yield and where the market has underestimated the dividend growth potential or where the potential recovery of the company has been overlooked.

## Equities

Global equity markets have generally risen over the year under review with the UK stock market providing a total return of 8.7%. Markets took their cue from the introduction last November of a further round of monetary stimulus in the US economy, in the form of Quantitative Easing (QE). Although initially mooted in August, the introduction of this additional liquidity injection into the economy was well received by asset markets. The programme of US debt purchase, expected to cost a total of \$600 billion, was intended to last until June 2011. The aim of the stimulus programme was to provide additional liquidity into the economy, encourage bank lending and thus stimulate job creation and prevent deflation. The QE programme,

in conjunction with improving macroeconomic data, served to catalyse a rise in asset and commodity markets. Leading indicator data from the Institute for Supply Management in the US was particularly strong in the last quarter of 2010 and into the first quarter of the current year. This was supported by other data series that showed that the corporate sector was beginning to respond to the improving prospects by raising capital expenditure and starting to hire new staff. In these circumstances, the Trust's holdings in engineering companies like Spirax Sarco, and recruitment agency Michael Page, performed strongly.

However, as well as equity markets, many commodity markets were beneficiaries of the additional QE liquidity. Many hard commodities such as metals and coal had seen significant price rises since the start of the economic cycle recovery in early 2009 as emerging markets continued their fast pace of infrastructure roll-out. High grade copper, for example, had risen from \$1.39/lb to \$3.10/lb since that time to mid-2010. The QE liquidity served to propel the price even further to over \$4.60/lb, nearly 50% higher, by February 2011. To compound the issue, the socio-political unrest that unravelled in the early months of this year, focused around North Africa but importantly bordering the swing oil producing provinces in the Middle East, significantly pushed up oil prices. In addition, the tragic events in Japan have raised the caution surrounding nuclear power generation thereby raising the price of carbon-based fuels as the preferred alternative. Erratic and extreme climatic conditions have also caused many soft commodity and foodstuff prices to spike higher as crops have been destroyed or resulted in diminished yields. Collectively, these commodity price rises have raised the spectre of inflation in both developed and emerging markets.

# Investment Review and Outlook

Such a confluence of events of this nature is rare. The Trust has had large holdings in the commodity sectors of mining, oil and gas over this period. However, the low dividend yields in the mining sector and the relatively high valuations of some of the large oil and gas companies have meant that we have generally held less than the peer group and the broader stockmarket and this is reflected in the short term performance. Rather than chase stocks that are reacting to commodity price spikes, our approach is to focus on investing in companies that are in a great position to weather the inflationary conditions going forward. Companies such as Pennon, the south west water company, whose revenues are linked to inflation and also has a thriving waste and recycling business that has significant growth potential. Similarly, Croda, the specialist chemicals company that makes ingredients for products like anti-wrinkle creams and Omega 3 additives for foods, is another holding in the Trust. Croda has strong pricing ability and an enduring market position which provide healthy cashflows for growing dividends, whether the oil price is \$100 or \$50 a barrel going forward. Investing in this type of sustainable business will produce better returns over time rather than trying to second-guess the next commodity bubble.

## Fixed Interest

Since the last report, 10-year gilt yields have risen sharply from 2.95% to 3.69%. This period of weakness in government bond prices has been due primarily to the increase in inflationary expectations. In addition to the factors behind the commodity price rises outlined above, the very significant levels of liquidity that have been pumped into developed economies from the QE stimulus programmes are starting to take effect.

In short, when too much money chases too few goods and services, this is reflected in higher prices thus generating inflation. Opinion varies as to how much surplus capacity there is in the global economy and therefore the rate at which the production of goods and services can be increased. Nevertheless, central banks across the globe have started, or are preparing to initiate a tightening of monetary policy, raising interest rates, given the prospects that the economic recovery pushes prices higher.

The Trust does not currently hold government bonds, with the fixed interest holding consisting entirely of corporate bonds. Many governments, such as the UK, have progressively increased their indebtedness over recent years and will be burdened with very large-scale bond issuance over an extended period. Conversely, the corporate sector has strong cashflows due to the tight rein on costs they demonstrated into the downturn. Companies are now in a good position to fund investment in growth as the demand improves. Assuming these prospects remain intact and the path of the economic cycle remains as we expect, then we would continue to believe that corporate credit will offer better relative value to government debt particularly given the premium yields that corporate bonds offer.

## Outlook

It remains the strategy of the Trust to maintain an asset allocation between equities, gilts and corporate bonds which can best deliver the aim of dividend growth and long term capital appreciation whilst at the same time producing an acceptable level of yield.

It is clear to us that the segment of the economy that is best funded and has strongest growth prospects is the corporate sector. Companies that have strong

# Investment Review and Outlook

balance sheets, good cashflow and have exposure to growing markets, such as emerging markets, will be the reliable dividend and coupon payers going forward. With the emergence of inflation and possibility of future commodity price spikes, our preference would be to favour a greater equity exposure relative to fixed income bonds.

Equities can offer dividend growth above inflation and, at current valuations, are at a level that offers a better prospect of long term capital appreciation.

That said, the corporate bond holdings in well-funded companies will provide a reliable income stream for the Trust and underpin returns as the economic cycle progresses.

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The Co-operative Asset Management

April 2011

# Portfolio Statement

as at 31st March 2011

	Holding or nominal value of positions at 31st March 2011	Market Value £	Percentage of total net assets %
<b>Corporate Bonds – (March 2011: 24.52%, March 2010: 28.58%)</b>			
Amlin 6.5%-Frn Sub 2026	2,000,000	1,796,194	0.41
Aviva 5.9021% Frn Sub Perp 2020	3,166,000	2,570,602	0.59
BAA Funding Ltd 12.45% Frn Abs 2018	1,500,000	1,996,902	0.46
BAA Funding Ltd 9.2% Frn Abs 2023	1,500,000	1,918,458	0.44
BAE Systems 10.75% 2014	2,600,000	3,187,421	0.73
Bank of Scotland 10.5% Bds 2018(BR)	1,500,000	1,733,843	0.40
Barclays Bank 10% Sub Mtn 2021	3,500,000	4,283,486	0.99
Barclays Bank 5.75% Sub Nts 2026	1,000,000	919,267	0.21
BBC 5.0636% CMBS Gtd 2033	1,470,329	1,450,292	0.33
BG Energy Capital 5.125% Gtd Mtn 2017	1,216,000	1,281,597	0.30
British Telecommunications 6.375% Emtn 2037	1,000,000	1,011,027	0.23
British Telecommunications 6.625% Emtn 2017	2,000,000	2,191,774	0.51
Centrica 6.4% Emtn 2026	1,500,000	1,667,085	0.38
Citigroup Inc 5.125% Emtn 2018	1,800,000	1,701,149	0.39
Close Brothers Group 6.5% Bds 2017	1,500,000	1,541,924	0.36
Coventry Building Society 6% Snr Emtn 2019	3,256,000	3,282,471	0.76
Credit Suisse International 10.25% Prim Cap Perp Bd	890,000	1,002,798	0.23
EDF 5.125% Emtn 2050	2,000,000	1,894,388	0.44
Eversholt Funding 6.359% Gtd Mtn 2025	2,000,000	1,992,504	0.46
Firstgroup 8.75% Bds 2021	1,200,000	1,460,294	0.34
France Telecom 8% Emtn 2017	2,000,000	2,423,798	0.56
Friends Provident 12% Gtd Sub 2021	1,400,000	1,793,004	0.41
Friends Provident 6.875% Var Sub Perp 2019	2,500,000	2,095,043	0.48
G4S 7.75%-Var Emtn 2019	1,000,000	1,129,395	0.26
Gatwick Funding Ltd 6.5% Nts 2041	1,500,000	1,510,800	0.35
GE Capital UK Funding 6.75% Gtd Emtn 2018	2,349,000	2,633,386	0.61
Great Rolling Stock Company Ltd 6.5% Bds 2031	2,000,000	1,992,681	0.46
HSBC Capital Funding 6.75% Emtn 2028	4,000,000	4,191,544	0.97
HSBC Capital Funding 7% Sub Emtn 2038	2,400,000	2,645,054	0.61
Imperial Tobacco Group 9% Mtn 2022	2,000,000	2,553,136	0.59
Intercontinental Hotels Group 6% Nts 2016	2,716,000	2,815,351	0.65
Legal & General Group 10%-Idx Lkd 2041	2,549,000	3,153,067	0.73

# Portfolio Statement

as at 31st March 2011

	Holding or nominal value of positions at 31st March 2011	Market Value £	Percentage of total net assets %
Lloyds TSB Bank 6.5% Mtn 2040	2,000,000	1,903,124	0.44
Marks & Spencer 6.125%-Var Snr 2019	1,445,000	1,482,502	0.34
Motability Operations Group 6.625% Gtd Mtn 2019	3,000,000	3,406,986	0.79
National Express Group 6.25% Gtd Snr 2017	1,000,000	1,035,820	0.24
Nationwide Building Society 5.625% Nts 2026	1,700,000	1,765,533	0.41
Nationwide Building Society 6.024%-Frn Sub Perp	2,000,000	1,618,340	0.37
Punch Taverns Finance 7.274% Nts 2022	2,000,000	1,971,462	0.45
Reed Elsevier 7% Gtd 2017	1,000,000	1,126,761	0.26
Rolls Royce Group 6.75% Gtd Nts 2019	1,500,000	1,710,945	0.39
Segro 6% Bds 2019	1,500,000	1,516,893	0.35
Severn Trent Utilities Finance 6% Gtd Snr Mtn 2018	1,160,000	1,262,034	0.29
Smiths Industries 7.25% Bds 2016	2,200,000	2,431,136	0.56
South East Water (Finance) Ltd 5.6577% Gtd 2019	3,392,000	3,502,586	0.81
Southern Water Services Finance 5% Bds 2021	1,450,000	1,445,495	0.33
Standard Chartered Bank 8.103% Step-up Perp Bds	1,500,000	1,592,271	0.37
Standard Life 6.546%-Var Sub Perp Reg	1,445,000	1,281,212	0.30
Suncorp-Metway 5.125% Snr Mtn 2014	2,522,000	2,569,325	0.59
Tele Danmark AS 5.625% Bds 2023	1,750,000	1,789,256	0.41
Tesco Property Finance 3 5.744% M/Bkd 2040	1,998,553	2,003,963	0.46
Wales & West Utilities Finance 5.125% Gtd Bds 2016	1,000,000	1,045,660	0.24
Yorkshire Water Services Finance 6%-Frn Gtd Bds 2025	2,000,000	2,080,800	0.48
		<b>106,361,839</b>	<b>24.52</b>
<b>Oil &amp; Gas Producers – (March 2011: 10.13%, March 2010: 7.98%)</b>			
BG Group	816,667	12,764,505	2.94
BP	3,140,000	14,246,180	3.28
Royal Dutch Shell 'B' Shares	535,716	12,136,646	2.80
Tullow Oil	330,000	4,818,000	1.11
		<b>43,965,331</b>	<b>10.13</b>
<b>Oil Equipment, Services &amp; Distribution – (March 2011: 0.47%, March 2010: not held)</b>			
Wood Group (John)	320,000	2,041,600	0.47
		<b>2,041,600</b>	<b>0.47</b>

# Portfolio Statement

as at 31st March 2011

	Holding or nominal value of positions at 31st March 2011	Market Value £	Percentage of total net assets %
<b>Chemicals – (March 2011: 1.94%, March 2010: 2.64%)</b>			
Croda International	130,000	2,176,200	0.50
Johnson Matthey	335,352	6,237,547	1.44
		<b>8,413,747</b>	<b>1.94</b>
<b>Mining – (March 2011: 6.40%, March 2010: 6.65%)</b>			
BHP Billiton	210,000	5,190,150	1.20
Rio Tinto	348,625	15,275,004	3.52
Xstrata	500,000	7,292,500	1.68
		<b>27,757,654</b>	<b>6.40</b>
<b>Construction &amp; Materials – (March 2011: 0.84%, March 2010: 0.50%)</b>			
Balfour Beatty	1,056,000	3,636,864	0.84
		<b>3,636,864</b>	<b>0.84</b>
<b>Aerospace &amp; Defense – (March 2011: 1.39%, March 2010: 2.71%)</b>			
BAE Systems	875,000	2,869,125	0.66
Rolls Royce Group	510,000	3,164,550	0.73
		<b>6,033,675</b>	<b>1.39</b>
<b>General Industrials – (March 2011: 0.90%, March 2010: 1.83%)</b>			
Smiths Group	301,666	3,924,675	0.90
		<b>3,924,675</b>	<b>0.90</b>
<b>Industrial Engineering – (March 2011: 2.24%, March 2010: 2.37%)</b>			
IMI	250,000	2,587,500	0.60
Spirax-Sarco Engineering	158,000	3,066,780	0.71
Weir Group	235,000	4,056,100	0.93
		<b>9,710,380</b>	<b>2.24</b>
<b>Industrial Transportation – (March 2011: 0.47%, March 2010: not held)</b>			
BBA Aviation	1,000,000	2,035,000	0.47
		<b>2,035,000</b>	<b>0.47</b>
<b>Support Services – (March 2011: 2.40%, March 2010: 2.35%)</b>			
Filtrona	950,000	2,825,300	0.65
Michael Page International	900,000	4,657,500	1.07
Wolseley	140,000	2,954,000	0.68
		<b>10,436,800</b>	<b>2.40</b>

# Portfolio Statement

as at 31st March 2011

	Holding or nominal value of positions at 31st March 2011	Market Value £	Percentage of total net assets %
<b>Automobiles &amp; Parts – (March 2011: 1.39%, March 2010: not held)</b>			
GKN	3,000,000	6,018,000	1.39
		<b>6,018,000</b>	<b>1.39</b>
<b>Beverages – (March 2011: 2.22%, March 2010: 2.24%)</b>			
Diageo	250,000	2,977,500	0.69
SABMiller	301,585	6,665,029	1.53
		<b>9,642,529</b>	<b>2.22</b>
<b>Food Producers – (March 2011: 3.66%, March 2010: 2.36%)</b>			
Associated British Foods	200,000	1,989,000	0.46
Tate & Lyle	709,463	4,111,338	0.94
Unilever	515,000	9,800,450	2.26
		<b>15,900,788</b>	<b>3.66</b>
<b>Tobacco – (March 2011: 4.53%, March 2010: 6.42%)</b>			
British American Tobacco	645,000	16,257,225	3.75
Imperial Tobacco Group	175,200	3,393,624	0.78
		<b>19,650,849</b>	<b>4.53</b>
<b>Pharmaceuticals &amp; Biotechnology – (March 2011: 3.35%, March 2010: 4.13%)</b>			
AstraZeneca	305,000	8,822,125	2.03
GlaxoSmithKline	480,000	5,736,000	1.32
		<b>14,558,125</b>	<b>3.35</b>
<b>Food &amp; Drug Retailers – (March 2011: 0.54%, March 2010: not held)</b>			
Morrison (W) Supermarket Plc	850,000	2,346,000	0.54
		<b>2,346,000</b>	<b>0.54</b>
<b>General Retailers – (March 2011: 0.63%, March 2010: 1.82%)</b>			
Marks & Spencer Group	810,000	2,729,700	0.63
		<b>2,729,700</b>	<b>0.63</b>
<b>Media – (March 2011: 2.52%, March 2010: Not held)</b>			
Reed Elsevier	550,000	2,959,000	0.68
Rightmove	200,000	1,914,000	0.44
WPP	785,000	6,083,750	1.40
		<b>10,956,750</b>	<b>2.52</b>

# Portfolio Statement

as at 31st March 2011

	Holding or nominal value of positions at 31st March 2011	Market Value £	Percentage of total net assets %
<b>Travel &amp; Leisure – (March 2011: 4.06%, March 2010: 5.24%)</b>			
Compass Group	1,237,834	6,913,303	1.59
Intercontinental Hotels Group	485,000	6,246,800	1.44
National Express Group	825,000	2,040,225	0.47
Restaurant Group	800,000	2,415,200	0.56
		<b>17,615,528</b>	<b>4.06</b>
<b>Fixed Line Telecommunications – (March 2011: 1.92%, March 2010: 0.70%)</b>			
BT Group	4,487,500	8,337,775	1.92
		<b>8,337,775</b>	<b>1.92</b>
<b>Mobile Telecommunications – (March 2011: 2.97%, March 2010: 1.17%)</b>			
Inmarsat	232,732	1,421,993	0.33
Vodafone Group	6,444,000	11,476,764	2.64
		<b>12,898,757</b>	<b>2.97</b>
<b>Electricity – (March 2011: 1.25%, March 2010: 3.02%)</b>			
Scottish & Southern Energy	428,780	5,419,779	1.25
		<b>5,419,779</b>	<b>1.25</b>
<b>Gas, Water &amp; Multiutilities – (March 2011: 4.17%, March 2010: 1.89%)</b>			
International Power	1,310,294	4,065,842	0.94
National Grid	550,000	3,275,250	0.75
Pennon Group	684,493	4,302,039	0.99
Severn Trent	305,000	4,498,750	1.04
United Utilities	325,000	1,943,500	0.45
		<b>18,085,381</b>	<b>4.17</b>
<b>Banks – (March 2011: 7.79%, March 2010: 10.34%)</b>			
Barclays Bank	1,730,000	4,862,165	1.12
HSBC Holdings	1,425,413	9,195,339	2.12
Lloyds Banking Group	11,900,000	6,975,780	1.61
Standard Chartered Bank	781,875	12,752,381	2.94
		<b>33,785,665</b>	<b>7.79</b>
<b>Life Insurance – (March 2011: 3.31%, March 2010: 0.85%)</b>			
Aviva	1,360,000	5,910,560	1.36
Legal & General Group	3,800,000	4,381,400	1.01

# Portfolio Statement

as at 31st March 2011

	Holding or nominal value of positions at 31st March 2011	Market Value £	Percentage of total net assets %
Prudential	568,333	4,091,998	0.94
		<b>14,383,958</b>	<b>3.31</b>
<b>Real Estate Investment Trusts – (March 2011: 1.47%, March 2010: 0.91%)</b>			
Hammerson	840,688	3,783,937	0.87
Segro	800,000	2,624,000	0.60
		<b>6,407,937</b>	<b>1.47</b>
<b>Portfolio of Investments</b>		<b>423,055,086</b>	<b>97.48</b>
<b>Net current assets</b>		<b>10,918,718</b>	<b>2.52</b>
<b>Net assets attributable to unitholders</b>		<b>433,973,804</b>	<b>100.00</b>
<b>Sectors held at 31st March 2010 not held at 31st March 2011</b>			
Electronic Equipment (0.51%)			
Household Goods & Home Construction (0.48%)			

# Portfolio Statement Credit Split

as at 31st March 2011

	Market Value £	Percentage of total net assets %
Investments of investment grade	106,361,839	24.52
Investments below investment grade*	–	–
UK Listed Equities	316,693,247	72.96
<b>Portfolio of Investments</b>	<b>423,055,086</b>	<b>97.48</b>
<b>Net current assets</b>	<b>10,918,718</b>	<b>2.52</b>
<b>Net assets attributable to unitholders</b>	<b>433,973,804</b>	<b>100.00</b>

Source: The Co-operative Asset Management.

\* The Trust is not permitted to purchase bonds rated below investment grade.

# Summary of Material Portfolio Changes

for the year ended 31st March 2011

Significant Purchases	Cost £000	Significant Sales	Proceeds £000
BP	7,330	Aggreko	7,455
Lloyds TSB Bank 6.5% Mtn 2040	6,896	Rolls Royce Group	6,769
Xstrata	6,878	Whitbread	6,373
Vodafone Group	6,502	Kraft Foods Inc 7.25% Mtn 2018	6,213
Legal & General Group 10%-Idx Lkd 2041	6,416	Barclays Bank	6,096
Aviva	6,351	Anglo American	5,660
GKN	6,304	Scottish & Southern Energy 5.453% Bds 2015	5,545
WPP	5,654	Rotork	5,351
Barclays Bank	5,509	Lloyds TSB Bank 7.625% 2025	5,098
Scottish & Southern Energy 5.453% Bds 2015	5,504	Lloyds TSB Bank 6.5% Mtn 2040	5,093
Royal Bank Of Scotland Group	5,335	UK Treasury 4% Stk 2016	5,083
UK Treasury 4% Stk 2016	5,101	FirstGroup 6.125% 2019	4,865
Coventry Building Society 5.875% Emtn 2022	4,983	Coventry Building Society 5.875% Emtn 2022	4,786
Lloyds TSB Bank 7.625% 2025	4,966	Royal Bank Of Scotland Group	4,596
BT Group	4,332	Imperial Tobacco Group	4,524
Lloyds Banking Group	4,276	Compass Group 6.375% Nts 2012	4,313
Tullow Oil	4,120	Johnson Matthey	4,064
Australia & New Zealand Bank 6.54% Uts £ Perp Nts & 1 Liq Prf 2012	4,022	Australia & New Zealand Bank 6.54% Uts £ Perp Nts & 1 Liq Prf 2012	4,050
Legal & General Group	3,958	Abbey National Treasury Services 5.75% Mtn 2026	4,047
EDF 5.125% Emtn 2050	3,922	Anheuser-Busch Inbev 6.5% Gtd Mtn 2017	3,486
<b>Total cost of purchases, including the above, for the year (see note 5)</b>	<b><u>290,218</u></b>	<b>Total proceeds from sales, including the above, for the year (see note 5)</b>	<b><u>238,199</u></b>

# Performance Record

## Unit prices

Units, which are exclusively income units, were initially offered to the public at £1.00.

	Highest buying price	Lowest selling price	Distribution (pence per unit)
1st Jan 2006 to 31st Dec 2006	227.8	188.0	8.7599
1st Jan 2007 to 31st Dec 2007	233.8	198.0	8.6394
1st Jan 2008 to 31st Dec 2008	225.2	137.2	8.7021
1st Jan 2009 to 31st Dec 2009	190.1	135.5	7.9823
1st Jan 2010 to 31st Dec 2010	208.6	171.2	7.4190
1st Jan 2011 to 31st March 2011	208.5	188.0	2.8052

## Trust details

	Total net asset value (£)	Total units in issue	Net asset value per unit (p)
31st March 2008	308,611,753	160,915,000	191.8
31st March 2009	232,382,206	170,996,000	135.9
31st March 2010	362,149,073	195,170,000	185.6
31st March 2011	433,973,804	226,409,000	191.7

It should be remembered that past performance is not a reliable indicator of future performance and that the value of units, and the income derived from them, can vary.

## Total Expense Ratio (TER)

31st March 2010	1.53%
31st March 2011	1.53%

The TER is the ratio of the Trust's operating costs to its average net assets during the year.

## Statement of Manager's Responsibilities in Relation to the Report and Financial Statements of the Trust

Financial statements for the year ended 31st March 2011, and this Manager's Report, have been prepared in accordance with the rules of the Collective Investment Schemes Sourcebook, published by the Financial Services Authority ("FSA"). These require the Manager to prepare financial statements for each accounting period which give a true and fair view of the financial affairs of the Trust and of its income/expenditure and the net capital gains or losses on the property of the Trust for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent

- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds
- follow generally-accepted accounting principles and applicable accounting standards
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements
- prepare accounts on a going concern basis unless inappropriate to do so.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, Prospectus and the FSA's rules. The Manager has general responsibility for taking such steps as are reasonably open to him to prevent and detect fraud and other irregularities.

## Statement of The Trustee's Responsibilities in Relation to the Financial Statements of the Trust

The Trustee is under a duty to take into its custody or under its control all of the property of the Trust and to hold it in trust for the holders of units. Under the rules in the Financial Services Authority's Collective Investment Schemes Sourcebook relating to Reports, it is also the duty of the Trustee to

enquire into the conduct of the Manager in the management of the Trust in each accounting period and to report thereon to unitholders in a report which shall contain the matters prescribed by the rules. A copy of the Trustee's report is included in this Report.

## Independent Auditor's Report to the Unitholders of the Trust

We have audited the financial statements of the Trust for the year ended 31st March 2011 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet together with the

related notes and the Distribution Table.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

# Independent Auditor's Report to the Unitholders of the Trust (continued)

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Services Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those

matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective Responsibilities of the Manager and the Auditor

As explained more fully in the Statement of Manager's Responsibilities set out on page 15, the Manager is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial

statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's website at

[www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of the Trust as at 31st March 2011 and of the net expense of revenue and the net capital gains on the property of the Trust for the year then ended
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds and the COLL Rules.

# Independent Auditor's Report to the Unitholders of the Trust (continued)

## Opinion on other matters prescribed by the COLL Rules

In our opinion the information given in the Manager's Report is consistent with the financial statements. We have received all the information and

explanations which we consider necessary for the purposes of our audit.

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

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Trust have not been kept, or
- the financial statements are not in agreement with the accounting records.

Katherine Clinton  
for and on behalf of KPMG LLP  
Chartered Accountants  
1 The Embankment  
Neville Street  
Leeds LS1 4DW  
15th July 2011

## Trustee's Report

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that the Manager has, in all material respects, managed the Scheme during the period in accordance with the investment and borrowing powers and restrictions applicable to the Scheme, and otherwise in accordance with the provisions of

the Trust Deed and the rules in the Financial Services Authority's Collective Investment Schemes Sourcebook.

State Street Trustees Limited  
Trustee of CIS Sustainable Diversified Trust  
525 Ferry Road  
Edinburgh EH5 2AW  
15th July 2011

# Statement of Total Return

for the year ended 31st March 2011

	Notes	2011		2010	
		£	£	£	£
Income					
Net capital gains	4		18,956,162		93,333,506
Revenue	6	15,032,821		13,357,727	
Expenses	7	(6,027,566)		(4,625,921)	
Net revenue before taxation		9,005,255		8,731,806	
Taxation	8	—		—	
Net revenue after taxation			9,005,255		8,731,806
Total return before distributions			27,961,417		102,065,312
Finance costs: Distributions	9		(15,033,114)		(13,357,355)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>12,928,303</b>		<b>88,707,957</b>

# Statement of Change in Net Assets Attributable to Unitholders

for the year ended 31st March 2011

	2011	2010
	£	£
Opening net assets attributable to unitholders	362,149,073	232,382,206
Amounts receivable on issue of units	58,893,980	40,972,636
Change in net assets attributable to unitholders from investment activities	12,928,303	88,707,957
Unclaimed distributions	2,448	86,274
<b>Closing net assets attributable to unitholders</b>	<b>433,973,804</b>	<b>362,149,073</b>

# Balance Sheet

as at 31st March 2011

		2011		2010	
	Notes	£	£	£	£
<b>Assets</b>					
Investment assets			423,055,086		353,881,476
Debtors	10	8,888,166		5,763,316	
Cash and bank balances	11	<u>14,268,949</u>		<u>14,860,608</u>	
Total other assets			<u>23,157,115</u>		<u>20,623,924</u>
Total assets			446,212,201		374,505,400
<b>Liabilities</b>					
Creditors	12	(5,887,172)		(6,464,145)	
Distribution payable	9	<u>(6,351,225)</u>		<u>(5,892,182)</u>	
Total other liabilities			(12,238,397)		(12,356,327)
<b>Net assets attributable to unitholders</b>			<u><b>433,973,804</b></u>		<u><b>362,149,073</b></u>
The financial statements were approved on 15th July 2011 and signed on behalf of the Board of the Manager by:					
<b>M. A. Summerfield</b> (Chairman)			<b>A. Russell</b> (Director)		

# Notes to the Financial Statements

as at 31st March 2011

## 1 Accounting policies

### Basis of preparation

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 Authorised Funds issued by the Investment Management Association in October 2010 ('the 2010 SORP'). Previously the requirements of the Statement of Recommended Practice for Authorised Funds issued by the IMA in November 2008 were applied.

Adopting the 2010 SORP did not change either the total return or the Statement of Change in Net Assets Attributable to Unitholders in either the current or preceding year.

### Basis of valuation of investments

Listed investments are valued at closing bid prices, at the last valuation point of the year, which is 31st March 2011.

### Exchange rates

Assets and liabilities in currencies other than sterling are translated into sterling at the rates of exchange ruling at Balance Sheet date. Revenue and expenditure transactions are translated at the rates of exchange ruling at the date of transaction.

### Recognition of revenue

Dividends on equities are recognised when the security is quoted ex-dividend. Revenue on debt securities is accounted for on an effective yield basis. Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment and does not form part of the distributable revenue.

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Trust is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

Other revenue is accounted for on an accruals basis. All revenue is recognised as a gross amount that includes any withholding taxes but excludes any other taxes such as attributable tax credits.

### Treatment of expenses

CIS Unit Managers Limited makes an annual management charge of 1.5% of the value of the Trust. All expenses, except those relating to the purchase and sale of investments and stamp duty reserve tax, are charged against revenue.

The expenses charged to revenue are transferred to capital for the purpose of the distribution.

### Treatment of stock and special dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Trust. It forms part of the distribution in accordance with the Statement of Recommended Practice.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax accounting treatment follows the treatment of the principal amount.

### Taxation

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses. Where overseas tax has been deducted from overseas revenue, then that tax can, in some

# Notes to the Financial Statements

as at 31st March 2011

instances, be set off against the corporation tax payable, by way of double tax relief.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only to the extent they are regarded as recoverable.

It should be noted that legislation governing taxation is liable to change. The information contained in this report is based upon CIS Unit Managers' understanding of the current position.

## 2 Distribution policy

The excess of revenue over expenses, as disclosed in the financial statements, is distributable to unitholders. Any revenue deficit is deducted from capital. Expenses initially charged against revenue are offset against capital in order to determine the distribution. A reconciliation of the net distribution to the net revenue of the Trust as reported in the Statement of Total Return is shown in note 9.

Distributions are paid to unitholders quarterly.

## 3 Risk Management policies

In pursuing the Trust's objectives set out on page 3, the Trust holds a number of financial instruments which include:

- Equity shares, Corporate Bonds and Government Securities held in accordance with the Trust's investment objectives and policies.
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations.

The main risks arising from the Trust's financial instruments are market price risk, interest rate risk, credit risk, foreign currency risk and liquidity risk.

The manager reviews each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

### Market price risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Trust might suffer through holding market positions in the face of price movements. The asset allocation of the portfolio is reviewed in order to manage the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual Trust manager has responsibility for monitoring the existing portfolio selected in accordance with an overall asset allocation parameter and seeks to ensure that the Trust invests in a diversified fashion, to reduce the risk of exposure to a significant event affecting a single security, or industry, subject to the obligation under the Trust's objective to invest in securities which share certain characteristics.

### Interest Rate Risk

The Trust invests in fixed and variable rate securities, any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Investment Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general if interest rates rise the income potential of the Trust also rises but the value of fixed rate securities will decline. A fall in interest rates will in general have the opposite effect. Please see note 15 for more details.

# Notes to the Financial Statements

as at 31st March 2011

## Credit Risk

The investment return produced by the Trust's bond holdings is dependent on the issuers of these bonds maintaining due payment of interest and capital.

The Trust aims to reduce this credit risk by holding a well diversified range of securities. In addition, the portfolio is invested in securities classed as investment grade by independent credit rating agencies.

## Foreign currency risk

The assets of the Trust can be significantly affected by currency translation movements, as a portion of the Trust's assets are denominated in currencies other than sterling, which is the Trust's base currency.

## Liquidity risk

The Trust's assets comprise mainly readily available realisable securities, which can be sold to meet Trusting requirements if and when necessary.

The main liability of the Trust is the redemption of any units that investors wish to sell.

# Notes to the Financial Statements

for the year ended 31st March 2011

## 4 Net capital gains on investments

The net capital gains on investments during the year comprise:	2011	2010
	£	£
Non derivative securities	18,955,975	93,333,777
Currency gains / (losses)	187	(271)
<b>Net capital gains</b>	<b>18,956,162</b>	<b>93,333,506</b>

## 5 Purchases, sales and transaction costs

	2011	2010
	£	£
Purchases excluding transaction costs	289,475,545	119,677,829
Stamp Duty	577,000	311,249
Commissions	165,432	89,276
Panel of takeovers and mergers levy	112	74
Total purchase transaction costs	742,544	400,599
<b>Purchases including transaction costs</b>	<b>290,218,089</b>	<b>120,078,428</b>
Sales excluding transaction costs	238,300,086	88,621,296
Commissions	(100,788)	(100,964)
Panel of takeovers and mergers levy	(84)	(110)
Total sales transactions costs	(100,872)	(101,074)
<b>Total sales including transaction costs</b>	<b>238,199,214</b>	<b>88,520,222</b>

# Notes to the Financial Statements

for the year ended 31st March 2011

## 6 Revenue

	2011	2010
	£	£
UK dividends	8,409,612	8,172,682
Bond interest	6,493,331	4,959,209
Property income dividend	73,981	199,386
Bank interest	39,245	26,450
Underwriting Commission	16,652	—
<b>Total revenue</b>	<b><u>15,032,821</u></b>	<b><u>13,357,727</u></b>

## 7 Expenses

	2011	2010
	£	£
<b>Payable to the Manager, associates of the Manager and their agents:</b>		
Manager's yearly charge	5,895,203	4,516,866
<b>Payable to the Trustee, associates of the Trustee and their agents:</b>		
Trustee's fee	83,686	65,783
Safe custody charges	35,637	33,106
Activity charges	6,260	3,835
	<u>125,583</u>	<u>102,724</u>
<b>Other expenses</b>		
Audit fee	6,780	6,331
<b>Total expenses</b>	<b><u>6,027,566</u></b>	<b><u>4,625,921</u></b>

# Notes to the Financial Statements

for the year ended 31st March 2011

## 8 Taxation

### a) Analysis of charge for the year

There was no tax charge for the current or prior year.

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

The tax assessed for the year is nil. The standard rate of corporation tax in the UK for a unit trust company is 20%.

The differences are explained below:

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Net Income before tax	<u>9,005,255</u>	<u>8,731,806</u>
Corporation tax @ 20%	1,801,051	1,746,361
Effects of:		
<i>Non-taxable UK dividend income</i>	(1,681,922)	(1,634,536)
Decrease in excess management expenses	<u>(119,129)</u>	<u>(111,825)</u>
<b>Current tax charge for the year (note 8a)</b>	<u>—</u>	<u>—</u>

At the year end, there is a potential deferred tax asset of £3,858,332 (2010:£3,977,461) in relation to surplus management expenses. It is unlikely the Trust will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

# Notes to the Financial Statements

for the year ended 31st March 2011

## 9 Finance costs

### Distributions

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
First Quarter Distribution	3,671,460	3,167,568
Interim Distribution	2,809,742	2,393,199
Third Quarter Distribution	2,656,113	2,243,355
Final Distribution	6,351,225	5,892,182
Net distribution for the year	<u>15,488,540</u>	<u>13,696,304</u>
Deduct: Revenue received on creation of units	(455,426)	(338,949)
<b>Total finance costs</b>	<b><u>15,033,114</u></b>	<b><u>13,357,355</u></b>
Net income after tax	9,005,255	8,731,806
Expenses transferred to capital	6,027,566	4,625,921
Currency gains/(losses)	187	(271)
Add: net income brought forward from previous year	134	33
Less: net income carried forward	(28)	(134)
Net distribution for the year	<b><u>15,033,114</u></b>	<b><u>13,357,355</u></b>

# Notes to the Financial Statements

as at 31st March 2011

## 10 Debtors

	2011	2010
	£	£
Sales awaiting settlement	2,886,261	–
UK dividends	1,534,180	1,202,577
Property income dividend	73,981	71,458
Accrued bond income	3,065,593	3,057,131
Bank interest	3,967	3,799
Amount receivable for creation of units	1,324,184	1,423,545
Overseas tax reclaimable	–	4,806
<b>Total Debtors</b>	<b>8,888,166</b>	<b>5,763,316</b>

## 11 Cash and bank balances

	2011	2010
	£	£
<b>Cash and bank balances</b>	<b>14,268,949</b>	<b>14,860,608</b>

## 12 Creditors

	2011	2010
	£	£
Purchases awaiting settlement	5,316,807	5,959,938
Manager's yearly charge	551,738	484,908
Trustee fee	7,920	6,308
Audit fee	6,780	6,463
Other fees	3,927	6,528
<b>Total Creditors</b>	<b>5,887,172</b>	<b>6,464,145</b>

## 13 Capital commitments

At 31st March 2011 there were no outstanding capital commitments (March 2010: Nil) in respect of nil and partly paid securities held by the Trust.

# Notes to the Financial Statements

as at 31st March 2011

## 14 Related Parties

The Manager and Trustee are related to the Trust as defined by Financial Reporting Standard 8 'Related Party Disclosures' and are named on page 2. Fees received by the Manager and the Trustee are disclosed in Note 7 of the financial statements.

By virtue of the regulations governing authorised unit trusts, the Manager is party to every transaction in respect of units of the Trust, which are summarised in the Statement of Change in Net Assets Attributable to Unitholders.

Any amounts due to or from the Manager and Trustee at the end of the accounting year are disclosed in notes 10 (Debtors) and 12 (Creditors).

## 15 Risk Disclosures

The Trust's currency exposure is analysed below:

	2011 £	2010 £
Sterling	433,580,829	362,144,267
US Dollars	392,975	4,806
<b>Total</b>	<b>433,973,804</b>	<b>362,149,073</b>

The profile of the currency is as follows:

Currency	Investments 2011 (£)	Other Net Assets 2011 (£)	Total 2011 (£)
Sterling	423,055,086	10,525,743	433,580,829
US Dollars	–	392,975	392,975
<b>Total</b>	<b>423,055,086</b>	<b>10,918,718</b>	<b>433,973,804</b>

Currency	Investments 2010 (£)	Other Net Assets 2010 (£)	Total 2010 (£)
Sterling	353,881,476	8,262,791	362,144,267
US Dollars	–	4,806	4,806
<b>Total</b>	<b>353,881,476</b>	<b>8,267,597</b>	<b>362,149,073</b>

# Notes to the Financial Statements

as at 31st March 2011

## Interest rate profile of financial assets and financial liabilities

The interest rate profile of the Trust's financial assets and liabilities at 31st March 2011 compared to the previous year end was:

	<b>Floating Rate financial assets</b>	<b>Fixed Rate financial assets</b>	<b>Financial assets not carrying interest</b>	<b>Financial liabilities not carrying interest</b>	<b>Total</b>
<b>Currency</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>2011</b>					
Sterling	14,268,949	106,361,840	325,188,437	(12,238,397)	433,580,829
US Dollar	–	–	392,975	–	392,975
<b>Total</b>	<b><u>14,268,949</u></b>	<b><u>106,361,840</u></b>	<b><u>325,581,412</u></b>	<b><u>(12,238,397)</u></b>	<b><u>433,973,804</u></b>
<b>2010</b>					
Sterling	14,860,608	103,534,245	256,105,741	(12,356,327)	362,144,267
US Dollar	–	–	4,806	–	4,806
<b>Total</b>	<b><u>14,860,608</u></b>	<b><u>103,534,245</u></b>	<b><u>256,110,547</u></b>	<b><u>(12,356,327)</u></b>	<b><u>362,149,073</u></b>

<b>Currency</b>	<b>Fixed rate financial assets</b>		<b>Fixed rate financial assets</b>	
	<b>Weighted average interest rate</b>	<b>Weighted average year for which rate is fixed</b>	<b>Weighted average interest rate</b>	<b>Weighted average year for which rate is fixed</b>
	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
Sterling	7.15%	11.3 years	4.47%	11.4 years

# Distribution Table

For the year ended 31st March 2011

## Quarterly Distribution

Group 1 – Units purchased prior to 1st April 2010

Group 2 – Units purchased on or after 1st April 2010

	Net income 2010 pence per unit	Equalisation 2010 pence per unit	Quarterly Distribution payable 2010 pence per unit	Quarterly Distribution payable 2009 pence per unit
<b>Income units</b>				
Group 1	1.8000	0.0000	1.8000	1.8000
Group 2	0.9660	0.8340	1.8000	1.8000

## Interim Distribution

Group 1 – Units purchased prior to 1st July 2010

Group 2 – Units purchased on or after 1st July 2010

	Net income 2010 pence per unit	Equalisation 2010 pence per unit	Interim Distribution payable 2010 pence per unit	Interim Distribution payable 2009 pence per unit
<b>Income units</b>				
Group 1	1.3500	0.0000	1.3500	1.3388
Group 2	0.2444	1.1056	1.3500	1.3388

## Quarterly Distribution

Group 1 – Units purchased prior to 1st October 2010

Group 2 – Units purchased on or after 1st October 2010

	Net income 2010 pence per unit	Equalisation 2010 pence per unit	Quarterly Distribution payable 2010 pence per unit	Quarterly Distribution payable 2009 pence per unit
<b>Income units</b>				
Group 1	1.2500	0.0000	1.2500	1.2250
Group 2	0.0000	1.2500	1.2500	1.2250

# Distribution Table

For the year ended 31st March 2011

## Final Distribution

Group 1 – Units purchased prior to 1st January 2011

Group 2 – Units purchased on or after 1st January 2011

	<b>Net income 2011 pence per unit</b>	<b>Equalisation 2011 pence per unit</b>	<b>Final Distribution payable 2011 pence per unit</b>	<b>Final Distribution payable 2010 pence per unit</b>
<b>Income units</b>				
Group 1	2.8052	0.0000	2.8052	3.0190
Group 2	0.9114	1.8938	2.8052	3.0190

## Prices

The price of the Trust is calculated using the dual pricing method, which means that two dealing prices are quoted. The buying price is the price at which you can buy units, and the selling price is the price at which you can sell the units back to the Manager.

## Prospectus

Copies of the most recent Prospectus may be obtained, free of charge, from: CIS Unit Managers Limited, PO Box 105, Manchester M4 8BB.

You should bear in mind that a unit trust is a different sort of investment from a bank or building society account. Whilst the capital in such an account is secure, a unit trust is an equity investment and its value may fluctuate. Neither the value of the investment nor the income from it is guaranteed.

**Please call 08457 46 46 46 if you would like to receive this information in an alternative format such as large print, audio or Braille.**

**The Co-operative Asset Management Limited is authorised and regulated by the Financial Services Authority.**

**Registered Office: Miller Street, Manchester M60 0AL. Registered in England and Wales, number 2369965.**

**The Co-operative Asset Management Limited provides asset management services to CIS Unit Managers Limited which is the authorised Manager of the CIS UK Income with Growth Trust.**

This report is issued by The Co-operative Asset Management on behalf of CIS Unit Managers Limited. Any advice from Co-operative Financial Advisers will relate only to a range of the products and services available from members of the CFS Marketing Group and a limited number of other companies.