

The **co-operative**
asset management

CIS Sustainable World Trust

Manager's Report

Annual Report

30th September 2010

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 Sustainable World 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 (appointed 5th March 2010)

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 Sustainable World 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 Trust.

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 and environmental, social and governance issues throughout the investment process when selecting companies for investment and we also vote at every AGM of companies we hold.

Investment Objective and Policy

The investment objective is to provide medium-to long-term capital growth via worldwide investments in multiple asset classes that adhere to The Co-operative Investments' ethical investment policy, a copy of which is available on request.

The current policy is to actively manage the Trust, which invests primarily in equities (up to a maximum of 85% of the Trust), and some fixed income securities. Overseas allocation will depend upon the relative attractions of the region, with at least 10% of the Trust held in non-UK equities (where equities are deemed to include convertibles).

At least 50% of the Trust will be held in sterling and/or euro denominated securities. The Trust may also invest in any other asset classes including other transferable securities, derivatives and forward transactions, approved money market instruments, deposits, units in collective investment schemes, cash and near cash, property-related investments (for example, transferable securities in real estate investment trusts and property-related derivatives) and in any economic area.

Investment Review and Outlook

Cumulative performance (% change to 30/09/10)

	6 months	1 year	Since launch (21/09/09)
Fund	0.4	10.9	12.1
Sector Median	-0.1	8.6	9.2
Quartile Ranking	2	1	1

Percentage change in value at bid price, to 30/09/10.
Net income re-invested.

Source: Lipper. Measured against IMA Balanced Managed sector.

Fund Manager's comments

During the period from the launch of the Trust on the 21st September 2009 to the end of September 2010, the price of the units rose by 12.1% compared to a 9.2% rise in the IMA Balanced Managed sector and was ranked in the first quartile.

The first year of operation for the Trust was an eventful one as uncertainties about the health of the global economy were rife. As always, fear and pessimism create opportunities for those investors willing to take a longer-term perspective and, despite the gloom, the Trust made good progress.

Investors generally would benefit from remembering two simple rules. Firstly, do not mistake the current state of the economy with the outlook for your investment portfolio. Secondly, pessimism is your friend. The best levels of investment return are often seen at times of economic recession and, connected to this, heightened pessimism. At these times many investors will sell at prices way below what their investments are worth as fear of capital loss clouds their ability to look beyond the present.

In the last thirty years we have had recessions, credit crises, wars, inflation, deflation and numerous other economic problems. Capitalism is however very resilient and through this period the majority of corporations and investors have thrived.

Although some of the issues faced today, such as government deficits, unemployment and the banking crisis seem insurmountable, they will ultimately be resolved to the benefit of those who are willing to invest for the long-term.

Alongside the broader financial and economic circumstances that influence the Trust there are the numerous sustainability issues. We believe the role of the Trust is to use investment as a way of improving society. This involves investing in companies with products and services with a social benefit and those companies who, in the way they manage themselves, lead their industries in environmental and social performance. Ultimately it is our belief that companies which help deal with many of the major issues we face, such as rising healthcare needs, poor infrastructure and climate change offer good prospects for investors.

Investment Review and Outlook

The most notable trend in the last year has been the strong performance of those companies involved in improving the standards of infrastructure, particularly in developing regions such as Africa and Asia.

Aggreko, a provider of temporary power solutions, rose 126% as demand for their services boomed in Africa. A number of African countries are now seeing good levels of economic growth but are hampered by a lack of reliable power supply. Electricity plays a fundamental role in improving standards of living and economic growth. Using the products Aggreko offer, many African countries are seeing a rapid improvement in their prospects.

Rotork is another example of a company improving standards of infrastructure and its shares rose 56% in the year. It is an engineering company that produces actuators, which control the opening and closing of valves wherever liquids or gases are piped. In particular, their products are used in the building of water and waste water infrastructure. More than 2 billion people remain without access to clean water. Rotork's products will support the continued building of water infrastructure and the improvement of living standards that go with it.

The Trust currently owns a number of fixed interest investments. The ability of the Trust to invest across equity and fixed income investments is an important one. It will, over the lifetime of the Trust, allow greater capital preservation potential at times when equities are vulnerable to a decline in value. However, we currently believe that there is much better investment return potential in equities. Therefore, current fixed income holdings are at the lower end of the allowable range.

Outlook

There remains concern about the ability of the global economy to deal with the after effects of the financial crisis. Government deficits and unemployment are likely to be ongoing features for developed economies such as the US and UK. Offsetting this are the strong prospects for regions such as Asia and Africa, where, due to demographic trends and strong finances, growth looks set to be good for the foreseeable future. It is our belief that the current circumstances present an opportunity to buy good quality investments at reasonable prices. The Trust owns a number of these investments and we are confident that, over the medium-term, it will make good progress.

Mike Fox
The Co-operative Asset Management
October 2010

Portfolio Statement

as at 30th September 2010

	Holding or nominal value of positions at 30th September 2010	Market Value £	Percentage of total net assets %
Fixed Income			
Corporate Bonds - (Sept 2010: 16.21%)			
Australia & New Zealand Bank 6.54% 2012	1,600,000	1,602,040	2.08
BBVA Sub Capital Unipersonal 5.75%-Fr Mtn 2018	1,500,000	1,477,521	1.91
Lloyds TSB Bank 6.5% Mtn 2040	1,500,000	1,521,263	1.97
Natwest Bank 7.875% 2015	1,360,000	1,504,662	1.95
Royal & Sun Alliance Group 8.5%-Frn Sub Gtd Nts Perp	1,496,000	1,556,468	2.02
Severn Trent 6% Gtd Mtn 2018	1,410,000	1,596,647	2.07
Standard Chartered 7.75% Sub Nts 2018	1,350,000	1,599,341	2.07
Thames Water Utilities Finance 7.241% Mtn 2058	1,390,000	1,651,870	2.14
		12,509,812	16.21
Equities			
Spain - (Sept 2010: 2.56%)			
Gamesa Corp Technologica SA	50,200	225,183	0.29
Iberdrola Renovables	237,750	499,077	0.65
Telefonica SA	81,000	1,254,573	1.62
		1,978,833	2.56
Switzerland - (Sept 2010: 1.98%)			
Novartis	24,504	890,349	1.15
Roche Holdings	7,342	635,981	0.83
		1,526,330	1.98
United Kingdom - (Sept 2010: 38.88%)			
Aggreko	125,353	1,969,296	2.55
AstraZeneca	24,000	777,480	1.01
Barclays Bank	374,732	1,130,192	1.47
Galliford Try	237,907	783,903	1.02
GlaxoSmithKline	115,000	1,436,350	1.86
HSBC Holdings	283,614	1,821,085	2.36
International Power	236,221	911,104	1.18
Johnson Matthey	96,952	1,712,172	2.22
Lloyds Banking Group	2,400,000	1,785,600	2.31
National Grid	167,757	902,533	1.17
Prudential	261,845	1,660,097	2.15

Portfolio Statement

as at 30th September 2010

	Holding or nominal value of positions at 30th September 2010	Market Value £	Percentage of total net assets %
Rotork	77,574	1,331,170	1.73
RPS Group	342,583	636,177	0.82
Scottish & Southern Energy	182,291	2,047,128	2.65
Severn Trent	68,965	908,269	1.18
Shaftesbury	379,198	1,644,582	2.13
Shire	51,000	737,460	0.96
Smith & Nephew	125,223	723,789	0.94
Smiths Group	194,183	2,336,021	3.03
Spice	723,987	503,171	0.65
Standard Chartered	93,582	1,727,992	2.24
Unilever	43,000	783,030	1.02
Victrex	132,165	1,718,145	2.23
		29,986,746	38.88
United States - (Sept 2010: 37.66%)			
Amazon.com Inc	13,700	1,368,063	1.77
Apple Inc	13,500	2,437,678	3.16
Boston Scientific Corp	200,000	766,693	1.00
Cisco Systems Inc	150,000	2,060,644	2.67
CVS Caremark Corp	45,500	894,702	1.16
Donaldson Co Inc	67,200	1,981,054	2.57
eBay Inc	148,000	2,322,426	3.01
Ecolab Inc	26,000	826,281	1.07
Genzyme Corp	41,500	1,853,775	2.40
Google Inc	5,750	1,906,670	2.47
Hewlett-Packard Co	61,000	1,630,373	2.11
Intel Corp	143,000	1,729,929	2.24
Johnson & Johnson	58,000	2,270,064	2.94
Kimberly-Clark Corp	20,000	817,094	1.06
Microsoft Corp	93,000	1,430,724	1.86
Republic Services Inc	128,000	2,445,373	3.17
Walmart Stores Inc	69,000	2,312,069	3.00
		29,053,612	37.66

Portfolio Statement

as at 30th September 2010

	Holding or nominal value of positions at 30th September 2010	Market Value £	Percentage of total net assets %
Portfolio of Investments		75,055,333	97.29
Net current assets		2,094,490	2.71
Total net assets attributable to unitholders		77,149,823	100.00

All holdings are ordinary shares unless otherwise stated

Portfolio Statement Credit Split

as at 30th September 2010

	Market Value £	Percentage of total net assets %
Corporate Bonds of investment grade	12,509,812	16.21
Corporate Bonds below investment grade *	0	0.00
UK Listed Equities	29,986,746	38.88
Overseas Listed Equities	32,558,775	42.20
Portfolio of Investments	75,055,333	97.29
Net current assets	2,094,490	2.71
Total net assets attributable to unitholders	77,149,823	100.00

Source: The Co-operative Asset Management

* The CIS Sustainable World Trust is not permitted to purchase bonds rated below investment grade

Summary of Material Portfolio Changes

for the period 21st September 2009 to 30th September 2010

PURCHASES	COST £000	SALES	PROCEEDS £000
HSBC Holdings	2,800	Burlington Northern Santa Fe Corp	2,425
Walmart Stores Inc	2,219	Devry Inc	1,920
eBay Inc	2,213	Lloyds TSB Bank 6.9625%-Fr Sub 2020	1,628
Telefonica SA	2,165	Aggreko	1,627
Republic Services	2,157	Royal Bank Of Scotland Group 10.5% 2013	1,544
Johnson & Johnson	2,155	Abbey National 5.25%-Frn Sub 2015	1,543
Cisco Systems Inc	2,151	D R Horton Inc	1,281
Burlington Northern Santa Fe Corp	2,132	CVS Caremark Corp	980
CVS Caremark Corp	2,108	International Power	776
GlaxoSmithKline	2,100	GlaxoSmithKline	737
Smiths Group	2,100	Telefonica SA	710
Scottish & Southern Energy	2,100	Royal Bank Of Scotland Group	710
Aggreko	1,916	National Grid	704
Hewlett-Packard Co	1,901	HSBC Holdings	703
Google Inc	1,818	AT&T Inc	694
Intel Corp	1,786	Home Depot Inc	663
Australia & New Zealand Bank 6.54% 2012	1,568	Victrex	608
Apple Inc	1,533	Smiths Group	588
Lloyds Banking Group	1,531	RPS Group	490
Donaldson Co Inc	1,505	Spice	72
Total cost of purchases, including the above, for the period (see note 5)	<u>88,517</u>	Total proceeds from sales, including the above, for the period (see note 5)	<u>20,403</u>

Performance Record

The Trust was launched on 21st September 2009

Unit prices

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

	Highest buying price (p)	Lowest selling price (p)	Distribution paid (pence per unit)
21st Sept 2009 to 31st Dec 2009	105.7	92.94	0.0000
1st Jan 2010 to 30th Sept 2010	112.5	96.02	1.4689

The price of the CIS Sustainable World 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 the units, and the selling price is the price at which you can sell the units back to the Manager.

Trust details

	Total net asset value (£)	Total units in issue	Net asset value per unit (p)
30th September 2010	77,149,823	73,731,000	104.6

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)

For the 12 months to 30th September 2010	1.54%
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The TER is the ratio of the Trust's total operating costs to its average net assets during the period.

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

Financial statements for the period ended 30th September 2010, 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 ("the COLL rules"). 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 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 period ended 30th September 2010 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.

These financial statements have been prepared under the accounting policies set out therein.

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 issued by the Financial Services Authority under section 247

Respective Responsibilities of the Manager (CIS Unit Managers Limited) and the Auditor

As described in the Statement of Manager's Responsibilities on page 11, the Manager is responsible for preparing the Annual Report and the financial statements in accordance with applicable law, UK financial services rules and regulations and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds and the rules in the Collective Investment Schemes Sourcebook published by the Financial Services Authority.

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.

In addition, we report to you whether the information given in the Manager's Report is consistent with the financial statements.

We also report to you if, in our opinion, proper accounting records for the Trust have not been kept or if the financial statements are not in agreement with those records. We also state whether we have received all the information and explanations necessary for the purposes of our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Independent Auditor's Report to the Unitholders of the Trust

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

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 30th September 2010 and of the net revenue and the net capital gains on the property of the Trust for the period then ended
- the financial statements have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds and the rules in the Collective Investment Schemes Sourcebook published by the Financial Services Authority and
- 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 the audit.

Karen T Orr

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 The Embankment, Neville Street, Leeds
24th January 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 World Trust,
525 Ferry Road, Edinburgh
24th January 2011.

Statement of Total Return

for the period 21st September 2009 to 30th September 2010

		2010	
		£	£
Income			
Net capital gains	4		6,928,422
Revenue	6	2,328,777	
Expenses	7	(1,174,766)	
Net revenue before taxation		1,154,011	
Taxation	8	(70,975)	
Net revenue after taxation			1,083,036
Total return before distributions			8,011,458
Finance costs: Distributions	9		(1,083,035)
Change in net assets attributable to unitholders from investing activities			6,928,423

Statement of Change in Net Assets Attributable to Unitholders

for the period 21st September 2009 to 30th September 2010

		2010	
		£	£
Opening net assets attributable to unitholders			-
Amounts receivable on issue of units		70,221,400	
Change in net assets attributable to unitholders from investing activities			6,928,423
Unclaimed distributions			-
Closing net assets attributable to unitholders			77,149,823

Balance Sheet

as at 30th September 2010

		2010	
		£	£
Assets			
Investment assets			75,055,333
Debtors	10	624,100	
Cash and bank balances	11	<u>2,109,901</u>	
Total other assets			<u>2,734,001</u>
Total assets			77,789,334
Liabilities			
Creditors	12	(109,459)	
Distribution payable	9	<u>(530,052)</u>	
Total other liabilities			(639,511)
Net assets attributable to unitholders			<u>77,149,823</u>
The financial statements were approved on 24th January 2011 and signed on behalf of the Board of the Manager by:			
M. A. Summerfield (Chairman)		A. Russell (Director)	

Notes to the Financial Statements

as at 30th September 2010

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 Trust was launched on 21 September 2009 and as such there are no comparatives.

Basis of valuation of investments

Listed investments are valued at closing bid prices, as at the last valuation point in the period, which is 30th September 2010.

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. Other revenue is accounted for on an accruals basis.

Treatment of expenses

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

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.

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 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. Interim distributions are paid to unitholders semi-annually.

Notes to the Financial Statements

as at 30th September 2010

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 and Bonds/Fixed Interest 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, interest rate, foreign currency and liquidity risks.

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 price 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 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.

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 realisable securities, which can be sold to meet funding requirements if and when necessary. The main liability of the Trust is the redemption of any units that investors wish to sell.

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.

Notes to the Financial Statements

for the period 21st September 2009 to 30th September 2010

4 Net capital gains

	2010 £
The net capital gains on investments during the year comprise:	
Non-derivative securities	6,930,521
Currency losses	(2,099)
Net capital gains	<u>6,928,422</u>

5 Purchases, sales and transaction costs

	2010 £
Purchases excluding transaction costs	88,472,226
Commissions	19,400
Stamp Duty	25,345
Panel of takeovers and mergers levy	11
Total purchase transaction costs	44,756
Total purchases including transaction costs	<u>88,516,982</u>
Sales excluding transaction costs	20,420,328
Commissions	(17,012)
Stamp Duty	(33)
Panel of takeovers and mergers levy	(29)
Security Fee	(146)
Total sales transactions costs	(17,220)
Total sales including transaction costs	<u>20,403,108</u>

6 Revenue

	2010 £
UK dividends	918,117
Property income dividend	36,972
Overseas dividends	528,448
Bond interest	842,168
Bank interest	3,072
Total revenue	<u>2,328,777</u>

Notes to the Financial Statements

for the period 21st September 2009 to 30th September 2010

7 Expenses

	2010 £
Payable to the Manager, associates of the Manager and their agents:	
Manager's periodic charge	1,139,321
Payable to the Trustee, associates of the Trustee and their agents	
Trustee's fee	16,023
Safe custody charges	11,674
Activity charges	1,285
	<u>28,982</u>
Other expenses	
Audit fee	6,463
Total expenses	<u>1,174,766</u>

8 Taxation

a) Analysis of charge for the period

	2010 £
Corporation Tax	-
Overseas Tax	66,613
Current Tax charge	66,613
Total deferred Tax	4,362
Total taxation	<u>70,975</u>

Corporation tax has been provided at a rate of 20%.

Notes to the Financial Statements

for the period 21st September 2009 to 30th September 2010

b) Factors affecting the current tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for a unit trust company (20%). The differences are explained below:

	2010 £
Net Income before tax	1,154,011
Corporation tax @ 20%	230,802
Effects of:	
Non taxable income	(1,454)
Non-taxable dividend income	(283,497)
Increase in excess management expenses	58,511
Other short-term timing differences	(4,362)
Irrecoverable overseas tax	66,613
Current tax charge for the period (note 8a)	66,613

At the period end, there is a potential deferred tax asset of £58,511 in relation to surplus management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the period.

c) Deferred tax position

	2010 £
Opening balance	-
Movement charged for the period (note 8a)	4,362
Closing balance	4,362
Deferred taxation provided comprises:	
Withholding tax payable on accrued overseas dividends	4,362

Notes to the Financial Statements

for the period 21st September 2009 to 30th September 2010

9 Finance costs

Distributions and interest

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

	2010 £
Interim Distribution	552,983
Final Distribution	530,052
Total finance costs	<u>1,083,035</u>

Notes to the Financial Statements

as at 30th September 2010

10 Debtors

	2010 £
Sales awaiting settlement	145,605
UK dividends	75,901
Overseas dividend	29,078
Accrued bond income	349,156
Bank interest	427
Overseas tax reclaimable	23,933
Total debtors	<u>624,100</u>

11 Cash and bank balances

	2010 £
Cash and bank balances	<u>2,109,901</u>

12 Creditors

	2010 £
Manager's periodic charge	95,209
Trustee fee	1,329
Audit fee	6,463
Custody charges	1,756
Activity charges	340
Withholding tax payable	4,362
Total creditors	<u>109,459</u>

Notes to the Financial Statements

as at 30th September 2010

13 Capital commitments

At 30th September 2010 there were no outstanding capital commitments in respect of nil and partly paid securities held by the Trust.

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 to 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 changes in net assets attributable to unitholders.

15 Risk Disclosure

The Trust's currency exposure is analysed below:

	2010 £
Sterling	44,352,001
US dollar	29,268,726
Swiss francs	1,538,669
Euros	1,990,427
Total	<u>77,149,823</u>

The profile of the currency is as follows:

Currency	Investments 2010 (£)	Other Net Asset 2010 (£)	Total 2010 (£)
Sterling	42,496,558	1,855,443	44,352,001
US dollar	29,053,612	215,114	29,268,726
Swiss francs	1,526,330	12,339	1,538,669
Euros	1,978,833	11,594	1,990,427
Total	<u>75,055,333</u>	<u>2,094,490</u>	<u>77,149,823</u>

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

At the launch date, the Trust created 73,498,000 units in satisfaction of a transfer in specie of assets to the Trust by CIS Limited, the parent of the Manager. During the period CIS Limited sold 22,443,000 units back to the Manager when required to meet customer purchases. The pricing of the initial units issued were at creation price and units sold back to CISUM were based on bid price. At the balance sheet date CIS Limited held 69.2% of the units in issue.

Notes to the Financial Statements

as at 30th September 2010

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund's financial assets and liabilities at 30th September 2010 was:

Currency	Floating Rate financial assets £	Fixed Rate financial assets £	Financial assets not carrying interest £	Total £
2010				
Sterling	1,919,503	12,509,812	30,557,835	44,987,150
US dollar	190,398	-	29,082,690	29,273,088
Swiss francs	-	-	1,538,669	1,538,669
Euros	-	-	1,990,427	1,990,427
Total	<u>2,109,901</u>	<u>12,509,812</u>	<u>63,169,621</u>	<u>77,789,334</u>

Currency	Floating Rate financial liabilities £	Financial liabilities not carrying interest £	Total £
2010			
Sterling	-	(635,149)	(635,149)
US dollar	-	(4,362)	(4,362)
Swiss francs	-	-	-
Euros	-	-	-
Total	<u>-</u>	<u>(639,511)</u>	<u>(639,511)</u>

Currency	Fixed rate financial assets	
	Weighted average coupon	Weighted average time to maturity
	2010	2010
Sterling	7.02%	8.2 years

Distribution Table

for the period 21st September 2009 to 30th September 2010

Interim Distribution

for the period ended 31st March 2010

Group 1 – There were no group 1 holders

Group 2 – Units purchased on or after 21st September 2009

	Net Income pence per unit	Equalisation pence per unit	Interim Distribution 2010 pence per unit
Income units			
Group 1	0.7500	0.0000	0.7500
Group 2	0.7256	0.0244	0.7500

Final Distribution

for the period ended 30th September 2010

Group 1 - Units purchased prior to 1st April 2010

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

	Net Income pence per unit	Equalisation pence per unit	Final Distribution 2010 pence per unit
Income units			
Group 1	0.7189	0.0000	0.7189
Group 2	0.4137	0.3052	0.7189

Prices

The price of the CIS Sustainable World 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.

The difference between the buying and selling prices, currently 5%, is known as the spread. This includes the initial management charge to cover the expenses of selling the units and administration. Full details of how the Trust is priced are contained in the prospectus.

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 Sustainable World 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.