

The **co-operative**
asset management

CIS Sustainable Diversified Trust

Manager's Report

Interim Report

31st July 2011



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 Diversified 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
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 Sustainable Diversified 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 Group 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 AGM of companies we hold.

Investment Objective and Policy

The investment objective is to provide capital growth from a diverse range of asset classes.

The policy is to actively manage the Trust which invests mainly in equities and fixed income securities.

The Trust may also invest in any other asset class (including other transferable securities, derivatives and forward transactions, approved money market instruments, deposits, units in collective investment schemes, cash and near cash, and property-related

investments, for example, transferable securities in real estate investment trusts and property-related derivatives), and in any economic area.

Asset allocation will depend upon the relative attractions of the assets in the Trust and the Trust will be managed to reduce downside risk.

The Trust is screened in accordance with the Co-operative Investments' ethical investment policy, a copy of which is available on request.

Risk Profile

Equity shares, fixed income, cash and liquid resources, and short term debtors and creditors that are a direct result of the Trust's operations, all produce risks. The main risks that the Trust faces from its investments are:

- market price risk
- foreign currency risk

- liquidity risk
- interest rate risk
- credit risk.

To manage these risks, the fund manager will monitor how the assets are allocated within the Trust portfolio while maintaining the investment aim.

Cumulative performance (% change to 31/07/11)

	6 months	1 year	Since launch (24/07/09)
Trust	3.4	9.9	28.4
Sector Median	1.7	8.0	23.0
Quartile Ranking	1	1	1

Percentage change in value at bid price, to 31/07/11.
Net income reinvested.

Source: Lipper. Measured against IMA Cautious Managed Sector.

Investment Review and Outlook

Fund Manager's Comments

During the six-month period ending 31st July 2011, the price of the units increased by 3.4% compared with the 1.7% rise in the sector median of the IMA Cautious Managed sector, resulting in first quartile performance versus the peer group. Since the launch of the Trust on the 24th July 2009 to the end of July 2011, the price of the units has risen by 28.4% compared to the median rise in the sector of 23.0%, placing it in the first quartile of the performance table.

We adopt a consistent approach to the selection of companies suitable for the Trust. Most importantly we select companies for the positive contribution they make to society, thereby ensuring we invest your money responsibly. We look to identify well-managed, well financed companies with strong franchises and invest in them for the long-term, as we believe this is the best way to grow investors' capital. This approach gives us confidence that we can deliver strong relative performance compared to the peer group.

Since the end of January 2011, UK and overseas equities generally held steady, moving within a fairly tight trading range. Long-dated UK government bonds (gilts) delivered total returns of around the 6.5% level, the best performing asset class over the period. Global economic growth slowed as we

moved through the period with the Japanese tsunami and poor weather in the US having a noticeable impact. In June and July a focus on the fiscal deficits in the United States and peripheral Europe held back investor appetite for equities despite generally good earnings reports.

Over the six-month period the Trust remained exposed to both equities and corporate bonds and was hindered in relative terms by its lack of exposure to the best performing area, long-dated UK gilts. Geographic positioning within equities helped performance with an overweight exposure to the emerging market regions and underweight positions in Europe and Japan.

At the sector level, the overweight position in the chemicals sector was the most significant driver of positive performance. In particular Croda International and Linde rallied on the back of continued strong demand for their products. Healthcare also delivered outperformance for the Trust. Fresenius Medical Care, a provider of kidney dialysis services, was added to the portfolio in January and performed well delivering solid results in an uncertain environment. Shire Pharmaceuticals also contributed positively as demand for their attention deficit medication surpassed expectations. The exposure to US technology companies was a hindrance to performance. The hardware names

Investment Review and Outlook

Hewlett Packard and Cisco Systems both issued profit warnings in the period as the government sector in particular scaled back demand for their products. The Trust has no exposure to the tobacco sector because the companies are not approved for investment under the Trusts screening criteria. This defensive area performed well in the uncertain macro environment which was a slight drag on relative performance.

The corporate bond element of the portfolio delivered positive returns driven by the coupons earned and the avoidance of issues exposed to the peripheral European regions. Declining gilt yields were also helpful, despite the fact that corporate bond spreads relative to gilts actually widened over the period.

Outlook

The Trust is positioned to benefit from continued economic recovery with a focus on equities and corporate bonds.

Over recent weeks, equity markets have suffered significant falls, triggered by a wave of bad news, comprising the European sovereign debt crisis, concerns over a double dip in the US economy and general weak confidence that could potentially have negative consequences for the global economy in 2012. It remains our view that, although volatile, global economies can ride out the recent turbulence in financial markets. Private sector surpluses remain a real positive and valuations in equity markets are not demanding. It would be our view that the West is gradually losing market power as consumers and governments carry high levels of debt.

Europe remains a significant weakness and it will take a major concerted action by authorities to avoid the fate of a Japanese style 'lost decade' of output.

Our central proposition would remain that current economic weakness is a mid-cycle slowdown and not the same fundamental downturn in economic activity that took place after the credit crunch in 2008. Nevertheless, we feel that significant structural changes are taking place across the globe and within Western economies.

The Trust is positioned to benefit from continued economic recovery with a focus on equities and corporate bonds.

Key stock positions are in Novartis, Apple and BG Group. Novartis is a Swiss pharmaceuticals company with a young product portfolio.

Apple is benefiting from a number of strong product innovations. BG Group is largely involved in gas production and marketing, and gas is a more efficient fuel source with a lower carbon content compared to oil or coal.

Corporate bonds are preferred to UK gilts given the dynamics of corporate cash generation and the belief that deflation is not set to take hold in the UK or most other developed regions.

The Trust has performed well over the last two years and we believe is well placed to perform going forward, combining top-down asset allocation with effective security selection within the equity and fixed income areas.

Linda Desforges
The Co-operative Asset Management
August 2011

Portfolio Statement

as at 31st July 2011

	Holding or nominal value of positions at 31st July 2011	Market Value £	Percentage of total net assets %
Fixed Income			
Corporate Bonds – (July 2011: 40.21%, Jan 2011: 28.11%)			
Abbey National Treasury Services 5.75% Mtn 2026	2,350,000	2,490,711	1.23
Affinity Sutton Capital 5.981% Bds 2038	950,000	1,058,727	0.52
American Express Credit Corp 5.375% Mtn 2014	1,200,000	1,293,578	0.64
Amlin 6.5%-Frn Sub 2026	1,250,000	1,126,950	0.56
Anglian Water Services 12.375% Bds 2014(Br)	500,000	614,269	0.30
Australia & New Zealand Bank 6.54% 2012	3,000,000	3,026,400	1.49
Aviva 6.125% Bds 2022	1,500,000	1,236,193	0.61
Barclays Bank 10% Sub Mtn 2021	1,000,000	1,198,006	0.59
Barclays Bank 5.75% Sub Nts 2026	850,000	749,198	0.37
BBC 5.0636% CMBS Gtd 2033	2,445,048	2,461,156	1.22
BNP Paribas 5.945%-FRN Perp	1,050,000	921,869	0.46
Coventry Building Society 4.625% Nts 2018	1,500,000	1,567,008	0.77
Coventry Building Society 5.875% Emtn 2022	1,000,000	1,005,438	0.50
Coventry Building Society 6% Snr Emtn 2019	1,000,000	1,058,321	0.52
DNB Nordea Bank 6.0116% Frn 2017	2,750,000	2,708,819	1.34
Eversholt Funding 6.359% Gtd Mtn 2025	1,000,000	1,034,618	0.51
Friends Provident 12% Gtd Sub 2021	1,201,000	1,544,984	0.76
Friends Provident 8.25% Mtn 2022	1,000,000	999,114	0.49
GE Capital UK Funding 5.875 Gtd Snr 2020	1,500,000	1,646,676	0.81
General Electric Capital Corp 6.25% Mtn 2020	1,000,000	1,123,166	0.55
Great Rolling Stock Company Ltd 6.875% Mtn 2035	1,050,000	1,127,549	0.56
HSBC Capital Funding 5.844%	1,000,000	850,710	0.42
HSBC Capital Funding 6.375%-Fr Mtn 2017/22	1,200,000	1,291,693	0.64
Leeds Building Society 4.25% Mtn 2018	1,500,000	1,530,168	0.76
Legal & General Group 6.385%-Fr Sub Perp	1,500,000	1,321,726	0.65
Lloyds TSB Bank 6% Mtn 2029	1,800,000	1,948,835	0.96
Lloyds TSB Bank 6.5% Mtn 2040	1,000,000	933,469	0.46
Mitchells & Butlers Finance 5.574% Bds 2030	1,687,816	1,800,638	0.89
National Australia Bank 5.125% Mtn 2021	750,000	785,051	0.39
National Australia Bank 7.125%-Frn Mtn 2023	2,000,000	2,279,100	1.13
Nationwide Building Society 5.625% Nts 2026	1,650,000	1,774,116	0.88
Nats (En) Route 5.25% Gtd 2026	1,200,000	1,311,184	0.65
NIE Finance 6.375% Gtd Nts 2026	1,000,000	1,013,995	0.50
Peabody Capital 5.25% Nts 2043	900,000	903,607	0.45

Portfolio Statement

as at 31st July 2011

	Holding or nominal value of positions at 31st July 2011	Market Value £	Percentage of total net assets %
Phoenix Natural Gas Finance 5.5% Gtd Snr 2017	1,700,000	1,813,494	0.90
Porterbrook Rail Finance 7.125% Mtn 2026	1,295,000	1,437,940	0.71
Rabobank Capital Funding Trust IV 5.556%-Frm Gtd Perp	1,000,000	902,500	0.45
Reed Elsevier 7% Gtd 2017	1,200,000	1,412,564	0.70
Royal Bank Of Scotland Group 6.625% Bds 2018	1,500,000	1,628,371	0.80
RSA Insurance Group 9.375%-Frm Gtd 2039	750,000	904,598	0.45
Santander UK 11.5% Sub Gtd Bds 2017	1,200,000	1,454,488	0.72
Scottish & Southern Energy 5.75% Mtn Bds 2014	700,000	760,505	0.38
Scottish Amicable Finance 8.5%-Var Perp	600,000	628,015	0.31
Severn Trent Utilities Finance 6% Gtd Snr Mtn 2018	1,600,000	1,816,107	0.90
Skandinaviska Enskilda Banken 5.5%-Fr Mtn Perp	700,000	699,720	0.35
Smiths Industries 7.25% Bds 2016	1,000,000	1,142,238	0.56
Standard Chartered Bank 7.75% Sub Nts 2018	2,500,000	2,927,520	1.45
Standard Life 6.14% Gtd Perp Sub Nts 2015	500,000	470,001	0.23
Suncorp-Metway 5.125% Snr Mtn 2014	1,000,000	1,050,711	0.52
Svenska Handelsbanken 5.375%-Fr Sub Emtn Perp	2,340,000	2,343,173	1.16
Telereal Securitisation 6.1645% A/Bkd Bds 2033	1,935,000	1,913,365	0.95
Tesco Property Finance 4 5.8006% Bds 2040	1,891,158	1,948,409	0.96
Thames Water Utilities Finance 4.9% Gtd Nts 2015	700,000	759,065	0.37
Time Warner Cable Inc 5.75% Nts 2031	1,000,000	1,011,706	0.50
United Utilities Water 5.625% Emtn 2027	600,000	635,689	0.31
Wales & West Utilities Finance 5.75% Bds 2030	700,000	738,149	0.36
Wells Fargo & Co 4.875% Sub Emtn 2035	1,700,000	1,408,294	0.70
Wells Fargo Bank National Association 5.25% Sub Emtn 2023	1,250,000	1,225,131	0.60
Western Power Distribution Holding 5.25% 2023	1,000,000	1,035,339	0.51
Yorkshire Building Society 4.75% Nts 2018	1,500,000	1,572,648	0.78
		81,376,782	40.21

Equities

Oil & Gas Producers – (July 2011: 2.37%, Jan 2011: 2.82%)

BG Group	330,000	4,786,650	2.37
		4,786,650	2.37

Chemicals – (July 2011: 4.16%, Jan 2011: 5.38%)

Croda International	123,000	2,322,240	1.15
Johnson Matthey	80,000	1,629,600	0.80
Linde AG	19,000	2,068,797	1.02

Portfolio Statement

as at 31st July 2011

	Holding or nominal value of positions at 31st July 2011	Market Value £	Percentage of total net assets %
Victrex	165,000	2,400,750	1.19
		8,421,387	4.16
Mining – (July 2011: 0.81%, Jan 2011: not held)			
Lonmin	130,000	1,635,400	0.81
		1,635,400	0.81
General Industrials – (July 2011: 1.48%, Jan 2011: 1.38%)			
Smith (DS)	1,280,000	2,997,760	1.48
		2,997,760	1.48
Industrial Engineering – (July 2011: 2.10%, Jan 2011: 2.34%)			
Rotork	105,000	1,659,000	0.82
Spirax-Sarco Engineering	140,000	2,597,000	1.28
		4,256,000	2.10
Support Services – (July 2011: 2.65%, Jan 2011: 2.63%)			
Aggreko	116,250	2,234,325	1.10
Aggreko deferred shares	120,000	–	–
Michael Page International	474,000	2,386,590	1.18
RPS Group	320,000	747,200	0.37
		5,368,115	2.65
Automobiles & Parts – (July 2011: 1.30%, Jan 2011: 1.35%)			
Johnson Controls Inc	115,000	2,630,934	1.30
		2,630,934	1.30
Beverages – (July 2011: 1.06%, Jan 2011: 1.51%)			
SABMiller	94,000	2,146,960	1.06
		2,146,960	1.06
Food Producers – (July 2011: 0.63%, Jan 2011: 0.94%)			
Unilever	65,000	1,265,550	0.63
		1,265,550	0.63
Personal Goods – (July 2011: 0.50%, Jan 2011: 0.86%)			
Avon Products Inc	61,200	1,002,983	0.50
		1,002,983	0.50
Health Care Equipment & Services – (July 2011: 4.20%, Jan 2011: 2.52%)			
Covidien	50,000	1,558,976	0.77
Fresenius Medical Care	52,000	2,437,742	1.20
Mindray Medical International	74,000	1,223,216	0.60
Zimmer Holdings Inc	89,000	3,296,175	1.63
		8,516,109	4.20

Portfolio Statement

as at 31st July 2011

	Holding or nominal value of positions at 31st July 2011	Market Value £	Percentage of total net assets %
Pharmaceuticals & Biotechnology – (July 2011: 3.94%, Jan 2011: 4.20%)			
Novartis	114,000	4,238,809	2.09
Roche Holdings	15,000	1,628,558	0.80
Shire	100,000	2,132,000	1.05
		7,999,367	3.94
General Retailers – (July 2011: 0.71%, Jan 2011: 0.91%)			
eBay Inc	70,000	1,434,971	0.71
		1,434,971	0.71
Media – (July 2011: 1.94%, Jan 2011: 1.61%)			
Reed Elsevier	240,000	1,322,400	0.65
WPP	377,000	2,614,495	1.29
		3,936,895	1.94
Travel & Leisure – (July 2011: 1.09%, Jan 2011: not held)			
Compass Group	380,000	2,200,200	1.09
		2,200,200	1.09
Fixed Line Telecommunications – (July 2011: 1.68%, Jan 2011: not held)			
BT Group	1,700,000	3,400,000	1.68
		3,400,000	1.68
Mobile Telecommunications – (July 2011: 1.65%, Jan 2011: 1.41%)			
Vodafone Group	1,930,000	3,329,250	1.65
		3,329,250	1.65
Gas, Water & Multiutilities – (July 2011: 1.59%, Jan 2011: 0.87%)			
International Power	480,000	1,467,360	0.73
National Grid	293,000	1,750,675	0.86
		3,218,035	1.59
Banks – (July 2011: 4.64%, Jan 2011: 6.62%)			
Barclays Bank	850,000	1,876,375	0.93
HSBC Holdings	395,000	2,367,235	1.17
Lloyds Banking Group	2,500,000	1,086,875	0.54
Standard Chartered Bank	162,000	2,520,720	1.25
Wells Fargo & Co	87,000	1,513,485	0.75
		9,364,690	4.64

Portfolio Statement

as at 31st July 2011

	Holding or nominal value of positions at 31st July 2011	Market Value £	Percentage of total net assets %
Life Insurance – (July 2011: 1.97%, Jan 2011: 1.27%)			
Legal & General Group	1,710,000	1,901,520	0.94
Prudential	305,000	2,092,300	1.03
		3,993,820	1.97
Equity Investment Instruments – (July 2011: 4.03%, Jan 2011: 5.63%)			
Alternative Investment Strategy	930,000	1,032,300	0.51
Dexion Absolute	752,246	1,076,464	0.53
HSBC Infrastructure Co	1,770,000	2,035,500	1.01
Impax Environmental Markets	2,360,000	2,744,680	1.36
Thames River Multihedge	983,791	1,251,874	0.62
		8,140,818	4.03
Software & Computer Services – (July 2011: 1.21%, Jan 2011: 2.32%)			
Google Inc	6,500	2,439,352	1.21
		2,439,352	1.21
Technology Hardware & Equipment – (July 2011: 1.71%, Jan 2011: 2.93%)			
Apple Inc	14,400	3,467,822	1.71
		3,467,822	1.71
Other			
Collective Investments – (July 2011: 3.64%, Jan 2011: 3.61%)			
Nikko Asset Management World Bank Green Fund GBP	130,000	1,358,500	0.67
First State Investments Asia Sustainability	1,220,000	3,033,408	1.50
First State Investments Global Emerging Markets	1,580,000	2,975,772	1.47
		7,367,680	3.64
Real Estate Investment Trusts – (July 2011: 0.63%, Jan 2011: 0.87%)			
Shaftesbury	250,000	1,283,750	0.63
		1,283,750	0.63
Portfolio of Investments		185,981,280	91.90
Net current assets		16,395,570	8.10
Total net assets attributable to unitholders		202,376,850	100.00
All holdings are ordinary shares unless otherwise stated			
Sectors held at 31st January 2011 not held at 31st July 2011:			
Government Securities (12.01%)			
Electricity (1.90%)			

Portfolio Statement Credit Split

as at 31st July 2011

	Market Value £	Percentage of total net assets %
Investments of investment grade*	81,376,782	40.21
UK Listed Equities	68,294,998	33.76
Overseas Listed Equities	28,941,820	14.29
Collective Investment Schemes	7,367,680	3.64
Portfolio of Investments	185,981,280	91.90
Net current assets	16,395,570	8.10
Net assets attributable to unitholders	202,376,850	100.00

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 six month period ended 31st July 2011

Purchases	Cost £000	Sales	Proceeds £000
Treasury 5% Stk 2012	6,634	Treasury 5% Stk 2012	11,495
Zimmer Holdings Inc	3,382	Treasury 4.75% Stk 2020	7,610
BT Group	3,198	Treasury 4.25% Stk 2055	1,872
Standard Chartered Bank 7.75% Sub Nts 2018	2,894	Treasury 4% Stk 2022	1,798
Smith (DS)	2,756	National Express Group 6.25% Gtd Snr 2017	1,631
BBC 5.0636% CMBS Gtd 2033	2,402	Smiths Group	1,615
Svenska Handelbanken 5.375%-Fr Sub Emtn Perp	2,379	Abbey National Treasury Services 5.125% Nts 2021	1,525
Abbey National Treasury Services 5.75% 2026	2,343	Anheuser-Busch Inbev 6.5% Gtd Mtn 2017	1,392
Compass Group	2,262	Tele Danmark AS 5.625% Bds 2023	1,326
National Australia Bank 7.125%-Frn Mtn 2023	2,212	British Telecommunications 8.5%-Var Bds 2016	1,273
Australia & New Zealand Bank 6.54% 2012	2,037	Firstgroup 6.875% Bds 2024	1,079
Legal & General Group	2,018	Invensys	1,068
Lonmin	2,016	Compass Group 6.375% Nts 2012	1,044
Coventry Building Society 4.625% Nts 2018	1,999	Motability Operations Group 5.375% Gtd Snr 2022	1,039
Yorkshire Building Society 4.75% Nts 2018	1,994	Hewlett-Packard Co	1,039
Tesco Property Finance 4 5.8006% Bds 2040	1,927	Central Networks East 5.75% Mtn 2040	1,038
Telereal Securitisation 6.1645% A/Bkd Bds 2033	1,887	Experian Finance 4.75% Nts 2018	1,026
Lloyds TSB Bank 6% Mtn 2029	1,840	Tesco Property Finance 1 7.6227% 2039	916
Novartis	1,796	HSBC Capital Funding 5.844%	835
Treasury 4% Stk 2022	1,795	Treasury 4.5% Stk 2013	818
Total cost of purchases, including the above, for the period	<u>113,722</u>	Total proceeds from sales, including the above, for the period	<u>51,382</u>

Performance Record

Unit prices

The Trust units are Income Units only. They were first offered to the public at £1 each.

	Highest buying price (p)	Lowest selling price (p)	Distribution (pence per unit)
24th July 2009 to 31st Dec 2009	113.5	96.52	0.0000
1st Jan 2010 to 31st Dec 2010	125.1	104.4	2.4710
1st Jan 2011 to 31st July 2011	128.6	116.5	1.5070

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.

Trust details

	Total Net Asset Value (£)	Total units in issue	Net Asset Value per unit (p)
31st January 2010	76,567,391	73,315,000	104.4
31st January 2011	126,369,504	108,497,000	116.5
31st July 2011	202,376,850	169,822,000	119.2

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)

Total Expense Ratio as at 31st January 2011	1.55%
Total Expense Ratio as at 31st July 2011	1.53%

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

Statement of Total Return

for the six month period ended 31st July 2011

	July 2011		July 2010	
	£	£	£	£
Income:				
Net capital gains		3,007,871		4,016,228
Revenue	3,103,084		1,536,956	
Expenses	(1,299,901)		(618,868)	
Finance costs: interest	—		(145)	
Net revenue before taxation	1,803,183		917,943	
Taxation	(169,135)		(72,754)	
Net revenue after taxation		1,634,048		845,189
Total return before distributions		4,641,919		4,861,417
Finance costs: Distributions		(1,639,799)		(845,029)
Change in net assets attributable to unitholders from investing activities		3,002,120		4,016,388

Statement of Change in Net Assets Attributable to Unitholders

for the six month period ended 31st July 2011

	July 2011	July 2010
	£	£
Opening net assets attributable to unitholders	126,369,504	76,567,391
Amounts received on creation of units	73,005,226	—
Change in net assets attributable to unitholders from investing activities	3,002,120	4,016,388
Closing net assets attributable to unitholders	202,376,850	80,583,779

Balance Sheet

as at 31st July 2011

	July 2011		January 2011	
	£	£	£	£
Assets				
Investment assets		185,981,280		121,309,079
Debtors	2,716,820		1,897,836	
Cash and bank balances	<u>15,687,271</u>		<u>1,074,237</u>	
Total other assets		<u>18,404,091</u>		<u>5,698,021</u>
Total assets		204,385,371		127,007,100
Liabilities				
Creditors	(981,607)		(272,938)	
Distribution payable on income units	<u>(1,026,914)</u>		<u>(364,658)</u>	
Total other liabilities		(2,008,521)		(637,596)
Net assets attributable to unitholders		<u>202,376,850</u>		<u>126,369,504</u>
The financial statements were approved on 23rd September 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 31st July 2011

1. Accounting policies

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st January 2011 and are described in those annual financial statements.

Distribution Table

for the six month period ended 31st July 2011

Quarterly Distribution

Group 1 – Units purchased before 1st February 2011

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

	Net Income 2010 pence per unit	Equalisation 2010 pence per unit	Quarterly Distribution 2011 pence per unit	Quarterly Distribution 2010 pence per unit
Income units				
Group 1	0.5662	nil	0.5662	nil
Group 2	0.2282	0.3380	0.5662	nil

Interim Distribution

Group 1 – Units purchased before 1st May 2011

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

	Net Income 2010 pence per unit	Equalisation 2010 pence per unit	Interim Distribution 2011 pence per unit	Interim Distribution 2010 pence per unit
Income units				
Group 1	0.6047	nil	0.6047	1.1526
Group 2	0.1703	0.4344	0.6047	1.1526

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 Diversified Trust.

This report is issued by The Co-operative Asset Management on behalf of CIS Unit Managers Limited.