

MARKS & SPENCER  
UK 100 COMPANIES FUND

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# Manager's interim report

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For the period 1 March 2018 to 31 August 2018 (unaudited)

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# Marks & Spencer UK 100 Companies Fund

## **Manager, Registrar, dealing, administration and marketing**

Marks and Spencer Unit Trust  
Management Limited

Authorised and regulated by the Financial  
Conduct Authority.

Investor helpline: 0808 005 5555 or  
+44 1244 688632 if calling from abroad.  
Lines are open 8am-8pm Monday to Friday,  
9am-5pm on Saturday and 10am-4pm bank  
holidays (closed on Sunday, Christmas Day,  
Boxing Day and New Year's Day). Please be  
aware that opening hours may be restricted  
over the Christmas period, please contact us  
for details. Calls may be recorded.

## **Head office and registered office**

Kings Meadow  
Chester CH99 9FB  
Registered in England  
No. 2253009

## **Directors of the Manager**

James Coyle (Chairman and non-Executive  
Director)  
Sue Fox (Chief Executive Officer and Director)  
David Stewart (Non-Executive Director)  
Phillip Scott (Director)  
Douglas van den Aardweg (Non-Executive  
Director)  
Matt Handley (Director)  
Peter Dew (Non-Executive Director)  
Simon Ellis (Director)

## **Investment adviser**

HSBC Global Asset Management (UK) Limited  
8 Canada Square  
London E14 5HQ

Authorised and regulated by the Financial  
Conduct Authority.

## **Trustee**

State Street Trustees Limited  
Quartermile 3  
10 Nightingale Way  
Edinburgh EH3 9EG  
Authorised and regulated by the Financial  
Conduct Authority.

## **Independent auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

# Manager's investment report

This section gives you confirmation of the Fund objective. It also gives you the investment strategy employed by the investment adviser and an economic, market and portfolio review for the period of the report.

## Our objectives and methods

The Fund's objective is to provide long term capital growth by matching the performance of the FTSE® 100 Index ('the index') as closely as practically possible.

The Fund seeks to achieve this objective by generally fully replicating the FTSE® 100 Index by holding all the constituents of the index. It will invest in companies that make up the FTSE® 100 Index and may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash and near cash instruments that will assist the Fund achieve its objective.

The Fund may use derivative instruments (options, futures and contracts for differences) and forward transactions in a currency for the purposes of efficient portfolio management. These instruments can therefore be used to reduce risk, reduce costs, or generate additional capital or income with no, or low levels of, risk. The Fund does not intend to use financial derivative instruments extensively.

The Fund may not comprise the same securities (either in terms of exact composition and/or weighting) that are tracked by the index in circumstances where the Manager determines that this is appropriate for reasons of poor liquidity, excessive cost to the Fund or where there are investment restrictions due to regulations or the Manager's cluster munitions and controversial weapons policy.

## Strategy

The Investment Manager will use a replication approach to track the FTSE 100 Index. This means that the Fund will seek to invest in all of the companies that make up the index and in the same or very similar proportions in which they are included in the index.

The FTSE® 100 Index is a market-capitalisation weighted index of UK-listed blue chip companies. The index is part of the FTSE® UK series and is designed to measure the performance of the 100 largest companies traded on the London Stock Exchange that pass screening for size and liquidity. FTSE® 100 constituents are all traded on the London Stock Exchange's SETS trading system. The index rebalances quarterly on the third Friday of March, June, September and December.

Details of the constituents of the index can be found at [ftse.com/products/indices/UK](http://ftse.com/products/indices/UK)

## Economic and market review

In the first quarter and at the start of the period under review, UK equities lagged behind major market indices but later rose sharply as a weaker sterling contributed materially to the performance of export-reliant stocks. Market sentiment was also driven higher by a flurry of M&A activity – including Shire's acquisition for \$62 billion, and Sainsbury's planned \$10 billion merger with Asda. However, throughout the period the theme of UK consumers being squeezed by income growth which barely kept up with inflation prevailed. This scenario was set

Percentage growth				
31/08/2013 to 31/08/2014	31/08/2014 to 31/08/2015	31/08/2015 to 31/08/2016	31/08/2016 to 31/08/2017	31/08/2017 to 31/08/2018
4.4%	2.5%	3.9%	13.2%	6.3%

This information relates to the past, and past performance is no guarantee of future performance.

All the above figures are on a bid to bid basis, with net income reinvested. Source: Morningstar.

against a longer term structural shift which is seeing consumers turning more and more to the internet to purchase goods and services and less and less to the high street. This has resulted in a very tough environment for many traditional retailers and is evidenced by a string of profit warnings, announcements of store closures and administration procedures in the sector.

Meanwhile, Brexit continued to garner attention. In late March, the UK and EU agreed a transitional period running from 29 March 2019 (the date two years after article 50 was triggered) to 31 December 2020, during which the UK would remain in the Single Market and Customs Union on current terms and would be able to negotiate trade deals, but not implement them. However, the implementation of the transitional agreement will depend on other key issues, including the possibility of a hard border with Ireland which remains unresolved. Brexit related uncertainty remains the largest source of downside risk to the UK economy, with rising probability of a no-deal outcome on the EU negotiation. In monetary policy news, the Bank of England (BoE) increased rates at its August meeting in an unanimous vote. The Monetary Policy Committee signalled further "gradual and limited" policy tightening, but this view is based on a smooth Brexit and a material uptick in wage inflation.

## Portfolio Review

The Fund aims to track the FTSE® 100 Index as closely as possible. The FTSE® 100 Index made a positive return in the period, and as a result the Marks & Spencer UK 100 Companies Fund also produced a positive return. The list of companies held within the index is reviewed every three months. During the period, Saga, Tritax Big Box REIT, Hammerson, BHP Billiton, Drax Group, Ocado Group and GVC Holdings joined the index. HSBC, Easyjet, Calliford Try, AA, Mediclinic International and G4S left the index.

## Outlook

In the UK, economic momentum is likely to remain subdued, partly due to businesses placing investment decisions on hold against a background of Brexit uncertainty. Consumer spending growth has also weakened due to higher inflation eating into real income growth. However, the labour market is strong and some recent small improvements in wage growth are apparent. We expect the Bank of England not to further raise rates this year, following the early August 25 basis point increase, and that it would base future decisions around the outcome of Brexit negotiations late this year and in the forthcoming year. If the Brexit outcome is not widely negative for the UK economy, there is a likelihood of a further interest rate rise in 2019.

# Portfolio statement

This section details all the different companies in which the Fund invests, by sector. It also shows the number of shares held, the percentage each company represents of the Fund as a whole and the value of those shares at the end of the period (shown under bid value).

## As at 31 August 2018

HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 AUGUST 2018		BID VALUE (£)	% OF NET TOTAL ASSETS	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 AUGUST 2018		BID VALUE (£)	% OF NET TOTAL ASSETS
<b>UK EQUITIES &amp; CONVERTIBLES</b> <b>(98.07%; 28/02/18 98.76%)</b>				<b>Aerospace &amp; defence</b> <b>1.82</b>			
				BAE Systems	465,514	2,820,084	0.98
				Rolls-Royce	242,068	2,432,783	0.84
<b>OIL &amp; GAS (16.06%; 28/02/18 15.02%)</b>				<b>General industrials</b> <b>1.02</b>			
<b>Oil &amp; gas producers</b> <b>16.06</b>				Smith (David S)	185,330	915,530	0.32
BP	2,848,913	15,592,101	5.41	Smiths Group	57,746	930,577	0.32
Royal Dutch Shell 'A'	671,006	16,785,215	5.83	Smurfit Kappa	34,626	1,083,794	0.38
Royal Dutch Shell 'B'	546,713	13,889,244	4.82	<b>Electronic &amp; electrical equipment</b> <b>0.27</b>			
<b>Total Oil and gas</b>		<b>46,266,560</b>	<b>16.06</b>	Halma	55,253	791,223	0.27
<b>BASIC MATERIALS (8.15%; 28/02/18 9.10%)</b>				<b>Industrial engineering</b> <b>0.49</b>			
<b>Chemicals</b> <b>0.67</b>				Melrose Industries	636,927	1,419,073	0.49
Croda International	18,532	944,391	0.33	<b>Industrial transportation</b> <b>0.21</b>			
Johnson Matthey	27,701	968,427	0.34	Royal Mail	133,653	598,364	0.21
<b>Forestry &amp; paper</b> <b>0.40</b>				<b>Support services</b> <b>2.92</b>			
Mondi	53,448	1,144,856	0.40	Ashtead	71,256	1,683,067	0.58
<b>Industrial metals</b> <b>0.13</b>				Bunzl	48,969	1,173,787	0.41
Evraz Group	74,501	370,642	0.13	DCC (London listed)	13,025	905,889	0.32
<b>Mining</b> <b>6.95</b>				Experian	133,471	2,561,976	0.89
Anglo American	143,981	2,219,611	0.77	Intertek	23,534	1,207,765	0.42
Antofagasta	50,887	409,946	0.14	Rentokil Initial	269,046	874,400	0.30
BHP Billiton	303,277	4,984,661	1.73	<b>Total Industrials</b>		<b>24,659,167</b>	<b>8.56</b>
Fresnillo	27,112	243,249	0.09	<b>CONSUMER GOODS (15.84%; 28/02/18 16.71%)</b>			
Glencore	1,703,093	5,340,048	1.85	<b>Beverages</b> <b>3.56</b>			
Randgold Resources	13,653	685,654	0.24	Coca-Cola HBC	28,729	757,584	0.26
Rio Tinto	167,985	6,146,571	2.13	Diageo	352,260	9,491,646	3.30
<b>Total Basic materials</b>		<b>23,458,056</b>	<b>8.15</b>	<b>Food producers</b> <b>0.40</b>			
<b>INDUSTRIALS (8.56%; 28/02/18 6.82%)</b>				Associated British Foods	50,704	1,159,093	0.40
<b>Construction &amp; materials</b> <b>1.83</b>							
CRH (London listed)	122,865	3,136,743	1.09				
Ferguson	34,393	2,124,112	0.74				

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## As at 31 August 2018

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<b>Household goods</b>			<b>3.24</b>	<b>General retailers</b>			<b>0.92</b>
Barratt				Kingfisher	313,576	856,690	0.30
Developments	146,783	795,564	0.28	Marks & Spencer	237,021	714,618	0.25
Berkeley Group				Next	19,749	1,085,010	0.37
Holdings	18,161	661,605	0.23	<b>Media</b>			<b>3.64</b>
Persimmon	45,177	1,098,253	0.38	Informa	181,616	1,384,640	0.48
Reckitt Benckiser	91,293	5,986,995	2.08	ITV	543,379	872,667	0.30
Taylor Wimpey	474,317	793,295	0.27	Pearson	113,580	1,041,983	0.36
<b>Personal goods</b>			<b>3.02</b>	RELX	151,622	2,590,462	0.90
Burberry	60,492	1,352,601	0.47	Sky	150,700	2,321,533	0.81
Unilever	167,255	7,345,003	2.55	WPP	178,761	2,285,459	0.79
<b>Tobacco</b>			<b>5.62</b>	<b>Travel &amp; leisure</b>			<b>4.30</b>
British American				Carnival	25,308	1,171,760	0.41
Tobacco	332,900	12,388,873	4.30	Compass Group	230,732	3,825,537	1.33
Imperial Brands	138,504	3,800,550	1.32	easyJet	36,062	549,946	0.19
<b>Total Consumer goods</b>	<b>45,631,062</b>	<b>15.84</b>		GVC Holdings	80,183	880,409	0.31
<b>HEALTHCARE (10.39%; 28/02/18 8.88%)</b>				InterContinental			
<b>Healthcare equipment &amp; services</b>			<b>0.78</b>	Hotels Group	27,789	1,321,367	0.46
NMC Health	12,651	496,425	0.18	International			
Smith & Nephew	127,621	1,731,817	0.60	Consolidated Airlines	238,880	1,650,183	0.57
<b>Pharmaceuticals &amp; biotechnology</b>			<b>9.61</b>	Paddy Power Betfair	12,111	849,587	0.29
AstraZeneca	184,861	10,712,695	3.72	TUI AG	63,453	901,667	0.31
GlaxoSmithKline	710,800	11,091,323	3.85	Whitbread	26,748	1,229,338	0.43
Shire	130,747	5,881,000	2.04	<b>Total Consumer services</b>	<b>31,463,579</b>	<b>10.92</b>	
<b>Total Healthcare</b>	<b>29,913,260</b>	<b>10.39</b>		<b>TELECOMMUNICATIONS (3.14%; 28/02/18 3.94%)</b>			
<b>CONSUMER SERVICES (10.92%; 28/02/18 10.61%)</b>				<b>Fixed line telecommunications</b>			<b>0.92</b>
<b>Food &amp; drug retailers</b>			<b>2.06</b>	British Telecom	1,216,644	2,643,767	0.92
Morrison (Wm)				<b>Mobile telecommunications</b>			<b>2.22</b>
Supermarkets	316,937	834,337	0.29	Vodafone	3,893,620	6,405,005	2.22
Ocado Group	80,138	859,079	0.30	<b>Total Telecommunications</b>	<b>9,048,772</b>	<b>3.14</b>	
Sainsbury (J)	235,757	764,324	0.26	<b>UTILITIES (2.92%; 28/02/18 2.87%)</b>			
Tesco	1,409,490	3,472,983	1.21	<b>Electricity</b>			<b>0.64</b>
				SSE	148,115	1,855,881	0.64

# Portfolio statement

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## As at 31 August 2018

	HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 AUGUST 2018	BID VALUE (£)	% OF NET TOTAL ASSETS		HOLDING OR NOMINAL VALUE OF POSITIONS AS AT 31 AUGUST 2018	BID VALUE (£)	% OF NET TOTAL ASSETS
<b>Gas, water &amp; multi-utilities</b>			<b>2.28</b>	<b>Financial services</b>			<b>1.63</b>
Centrica	817,884	1,172,028	0.41	3i Group	138,882	1,243,272	0.43
National Grid	489,232	3,962,779	1.37	Hargreaves Lansdown	38,323	842,340	0.29
Severn Trent	34,533	691,005	0.24	London Stock Exchange	45,477	2,102,856	0.73
United Utilities	99,507	737,745	0.26	Schroders	16,418	504,853	0.18
<b>Total Utilities</b>		<b>8,419,438</b>	<b>2.92</b>				
<b>FINANCIALS (21.03%; 28/02/18 23.68%)</b>				<b>Equity investment instruments</b>			<b>0.40</b>
<b>Banks</b>			<b>11.89</b>	Scottish Mortgage Investment Trust	205,002	1,145,961	0.40
Barclays	2,487,397	4,370,357	1.52	<b>Non-equity investment instruments</b>			<b>0.60</b>
HSBC Holdings*	2,931,194	19,603,825	6.81	iShares Core FTSE 100® UCITS ETF	235,237	1,744,518	0.60
Lloyds Banking Group	10,472,999	6,209,441	2.15	<b>Total Financials</b>		<b>60,583,963</b>	<b>21.03</b>
Royal Bank of Scotland	658,950	1,589,387	0.55				
Standard Chartered	394,413	2,472,970	0.86	<b>TECHNOLOGY (1.06%; 28/02/18 1.13%)</b>			
<b>Non-life insurance</b>			<b>0.77</b>	<b>Software &amp; computer services</b>			<b>1.06</b>
Admiral	29,667	617,074	0.21	Just-Eat	83,858	642,688	0.22
Direct Line Insurance	200,721	663,182	0.23	Micro Focus International	62,553	816,317	0.28
Royal & Sun Alliance Insurance	149,466	943,130	0.33	Rightmove	131,230	645,652	0.23
<b>Life insurance</b>			<b>4.76</b>	Sage	158,085	941,238	0.33
Aviva	584,765	2,836,110	0.98	<b>Total Technology</b>		<b>3,045,895</b>	<b>1.06</b>
Legal & General	863,145	2,194,115	0.76	<b>Portfolio of investments</b>	<b>282,489,752</b>		<b>98.07</b>
Prudential	377,946	6,557,363	2.28	<b>Net other assets</b>	<b>5,550,123</b>		<b>1.93</b>
St James's Place Capital	76,092	860,981	0.30	<b>Net assets</b>	<b>288,039,875</b>		<b>100.00</b>
Standard Life Aberdeen	395,479	1,253,273	0.44				
<b>Real estate investment trust</b>			<b>0.65</b>	*Related party			
British Land REIT	143,036	908,851	0.31	The securities held are approved and are admitted to an official listing unless otherwise specified.			
Segro REIT	147,009	967,613	0.34	Total purchases for the period, including transaction charges, were £15,597,975.			
<b>Real estate investment services</b>			<b>0.33</b>	Total sales proceeds for the period, net of transaction charges, were £21,146,937.			
Land Securities REIT	103,927	952,491	0.33				



# Net asset value per unit and comparative table

This section details in concise figures how the Fund has performed, in terms of the size of the Fund, the price of units and the income distributions made.

## INCOME

<b>Change in net assets per unit</b>	<b>31.08.18</b>	<b>28.02.18</b>	<b>28.02.17</b>	<b>29.02.16</b>
Opening net asset value per unit	212.27p	213.47p	179.51p	204.75p
Return before operating charges*	11.41p	7.34p	42.32p	(17.37p)
Operating charges**	(0.67p)	(1.32p)	(1.19p)	(1.16p)
Return after operating charges*	10.74p	6.02p	41.13p	(18.53p)
Distributions on income unit	(4.95p)	(7.22p)	(7.17p)	(6.71p)
Closing net asset value per unit	218.06p	212.27p	213.47p	179.51p

\*after direct transaction costs of^

	0.02p	0.07p	0.07p	0.06p
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## Performance

Return after charges	5.06%	2.82%	22.91%	(9.05%)
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## Other information

Closing net asset value	£42,177,929	£42,072,356	£43,820,538	£38,337,255
Closing number of units	19,342,527	19,819,963	20,527,379	21,357,031
Operating charges	0.60%	0.60%	0.60%	0.60%
Direct transaction costs	0.01%	0.03%	0.03%	0.03%

## Prices

Highest unit price	233.50p	229.60p	217.70p	210.90p
Lowest unit price	202.80p	209.50p	176.90p	164.60p

\*\* The operating charges include all costs borne by the Trust, except for direct transaction costs. It includes the operating charges of any collective investment schemes in which the Trust invests.

^ The direct transaction costs are made up of fees and commissions paid to agents, advisers brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

# Net asset value per unit and comparative table

This section details in concise figures how the Fund has performed, in terms of the size of the Fund, the price of units and the accumulation distributions made.

## ACCUMULATION

<b>Change in net assets per unit</b>	<b>31.08.18</b>	<b>28.02.18</b>	<b>28.02.17</b>	<b>29.02.16</b>
Opening net asset value per unit	366.24p	356.36p	289.47p	318.43p
Return before operating charges*	19.64p	12.11p	68.82p	(27.14p)
Operating charges**	(1.16p)	(2.23p)	(1.93p)	(1.82p)
Return after operating charges*	18.48p	9.88p	66.89p	(28.96p)
Distributions on accumulation unit	(8.54p)	(12.14p)	(11.66p)	(10.52p)
Retained distributions on accumulation unit	8.54p	12.14p	11.66p	10.52p
Closing net asset value per unit	384.72p	366.24p	356.36p	289.47p
*after direct transaction costs of^	0.04p	0.11p	0.11p	0.10p

## Performance

Return after charges	5.05%	2.77%	23.10%	(9.09%)
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## Other information

Closing net asset value	£245,861,946	£241,710,996	£249,089,103	£221,196,604
Closing number of units	63,907,442	65,998,377	69,899,122	76,413,474
Operating charges	0.60%	0.60%	0.60%	0.60%
Direct transaction costs	0.01%	0.03%	0.03%	0.03%

## Prices

Highest unit price	402.80p	391.30p	358.70p	327.90p
Lowest unit price	350.00p	350.50p	285.20p	262.00p

\*\* The operating charges include all costs borne by the Trust, except for direct transaction costs. It includes the operating charges of any collective investment schemes in which the Trust invests.

^ The direct transaction costs are made up of fees and commissions paid to agents, advisers brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

## Ongoing charges

For the 12 month period to 31 August 2018:

**0.60%**

For the 12 month period to 28 February 2018:

**0.60%**

The ongoing charges measure the annual charges and expenses of an investment fund. These will affect the returns to the investor. Most European investment funds highlight the ongoing charges to help you compare the annual charges and expenses of different funds.

Ex-distribution (XD) dates:

1 March and 1 September

Income payment dates:

30 April and 31 October

## Risk and reward profile

Lower risk

Higher risk



Typically lower rewards

Typically higher rewards

1	2	3	4	5	6	7
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### More about this rating

The rating is based on price volatility over the last five years. As it is based on historical data, it may not be a reliable indicator of the future risk profile of the Fund. The rating is not guaranteed and may change over time. The lowest rating does not mean a risk-free investment.

### Why is this Fund in category 5?

Share prices tend to fluctuate more than other asset classes as investors directly participate in the performance of companies and their earnings.

## Authorised status

The Fund is an authorised unit trust under Section 243 of the Financial Services and Markets Act 2000 (authorisation orders) and the Financial Conduct Authority Handbook and is categorised as an Undertakings for Collective Investment in Transferable Securities (UCITS) scheme.

## Certification of financial statements by Directors of the Manager

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

**Sue Fox (Chief Executive and Director)**

**Phillip Scott (Director)**

**For and on behalf of Marks and Spencer Unit Trust Management Limited.**

**19 October 2018**

# Statement of total return

This section details the income of the Fund over the period of the report and explains how this income is distributed to the investors.

It also provides an analysis of increases and decreases in net assets over the accounting period.

**For the period ended 31 August 2018**

	31.08.18		31.08.17	
	£	£	£	£
Income				
Net capital gains		7,888,412		6,232,590
Revenue	7,472,789		7,149,621	
Expenses	(888,701)		(896,028)	
Interest payable and similar charges	(115)		-	
Net revenue before taxation	<u>6,583,973</u>		<u>6,253,593</u>	
Taxation	<u>(59,021)</u>		<u>(59,331)</u>	
Net revenue after taxation		6,524,952		6,194,262
<b>Total return before distributions</b>		<b>14,413,364</b>		<b>12,426,852</b>
Distributions/Accumulations		<u>(6,525,313)</u>		<u>(6,194,129)</u>
<b>Change in net assets attributable to Unitholders</b>		<b><u>7,888,051</u></b>		<b><u>6,232,723</u></b>

# Statement of change in net assets attributable to Unitholders

**For the period ended 31 August 2018**

	31.08.18		31.08.17	
	£	£	£	£
<b>Opening net assets attributable to Unitholders</b>		<b>283,783,352</b>		<b>292,909,641</b>
Amounts receivable on issue of units	1,112,411		1,520,238	
Amounts payable on cancellation of units	<u>(10,202,653)</u>		<u>(10,706,055)</u>	
		(9,090,242)		(9,185,817)
Change in net assets attributable to Unitholders from investment activities (see above)		7,888,051		6,232,723
Retained distribution on accumulation units		5,457,184		5,192,383
Unclaimed distributions over 6 years old		1,530		-
<b>Change net assets attributable to Unitholders</b>		<b><u>288,039,875</u></b>		<b><u>295,148,930</u></b>

# Balance sheet

As at 31 August 2018

	31.08.18		28.02.18	
	£	£	£	£
<b>ASSETS</b>				
<b>Fixed assets:</b>				
Investments		282,489,752		280,264,781
<b>Current assets:</b>				
Debtors	2,657,685		2,860,539	
Cash and bank balances	4,147,167		1,891,744	
<b>Total current assets</b>		<u>6,804,852</u>		<u>4,752,283</u>
<b>TOTAL ASSETS</b>		<b>289,294,604</b>		<b>285,017,064</b>
<b>LIABILITIES</b>				
<b>Creditors:</b>				
Distribution payable	(957,339)		(519,660)	
Other creditors	(297,390)		(714,052)	
<b>TOTAL LIABILITIES</b>		<u>(1,254,729)</u>		<u>(1,233,712)</u>
<b>Net assets attributable to Unitholders</b>		<u><b>288,039,875</b></u>		<u><b>283,783,352</b></u>

# Distribution table

For the period ended 31 August 2018

## Interim

	<b>Net income 2018 pence per unit</b>	<b>Equalisation 2018 pence per unit</b>	<b>Distribution payable 2018 pence per unit</b>	<b>Distribution paid 2017 pence per unit</b>
Group 1: Units purchased prior to 1 March 2018				
Group 2: Units purchased between 1 March 2018 to 31 August 2018				
<b>Income units</b>				
Group 1	4.9494	-	4.9494	4.5969
Group 2	3.1919	1.7575	4.9494	4.5969
<b>Accumulation units</b>				
Group 1	8.5392	-	8.5392	7.6736
Group 2	5.5069	3.0323	8.5392	7.6736

## Other information

The interim financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by The Investment Association in May 2014.

# Important changes

## The following changes were made to the Fund's Prospectus during the interim reporting period ending 31 August 2018:

### Prospectus update 31 August 2018

- Update to "Definitions" – "Client Money" wording has been updated.
- Update to Section 3 "Investment Objective, Policy & Strategy" – section has been updated to include Benchmark Regulation wording.
- Update to Section 4 "Best Execution" – wording updated to reflect standardised terms and current website links.
- Update to Section 5 "Fund Property – Exercising Voting Rights" – wording updated to reflect current website links.
- Update to Section 7 "Historical Performance" – figures updated to reflect latest performance.
- Update to Section 9 "Distributions" – wording updated to reflect cessation of short reports.
- Update to Section 12 "Manager" – wording updated to reflect current directorships.
- Update to Section 13 "Delegated Functions" – wording updated to reflect current delegated function names.
- Update to Section 14 "Trustee" – wording updated to reflect the new address of the Trustee.
- Update to Section 15 "Investment Manager" – update to reflect current postcode of the Investment Manager.
- Update to Section 20 "Fees and Expenses of the Manager" – updated to remove wording which is no longer relevant.
- Update to Section 24 "Purchase and Redemption of Units" – wording updated to show current written correspondence address for the "Savings & Investments Team" at M&S Bank.
- Update to Section 27 "General Information" – wording amended to reflect that the reference to the "long report" is no longer relevant as this has effectively become the only report with the cessation of the short report.
- Update to Section 28 "Taxation" – wording amended for whole section to include current fund taxation details.
- Update to Section 31 "Risks" – wording added in reference to the United Kingdom leaving the European Union.
- Update to Section 32 "Anticipated Tracking Error" – wording updated to include the latest figure.
- Update to Section 33 "Other Matters" – wording updated to include the new address for the Financial Conduct Authority and the change to entity wording as a result of Ring-fencing legislation.
- Update to Appendix 1 – table updated to reflect global sub-custodians.

Please call 0808 005 5555 if you would like to receive this information in an alternative format such as large print, Braille or audio.

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**MSB7959**