

Signed

COMPANY No. 2190813



SARASIN

SARASIN INVESTMENT FUNDS LIMITED

REPORT AND ACCOUNTS

for the year ended

31 DECEMBER 2000



REPORT AND ACCOUNTS for the year ended 31 December 2000

DIRECTORS

J. G. E. Monson (Chairman)
R. M. Wittendorfer
M. Weber
M. W. B. Jennings
G.V. Matthews

JOINT SECRETARIES

E.B. Lewis and
Everett, Chettle & Co.

REGISTERED OFFICE

Sarasin House
37-39 St. Andrew's Hill
London EC4V 5DD

BANKERS

The Royal Bank of Scotland plc
The Royal Bank of Scotland (Jersey) plc

AUDITORS

Smith & Williamson
Chartered Accountants
No.1 Riding House Street
London W1A 3AS

COMPANY REGISTERED NO.

2190813

REPORT AND ACCOUNTS for the year ended 31 December 2000

CONTENTS

Pages

Directors' Report	3 - 4
Statement of Directors' Responsibilities	5
Report of the Auditors	6
Profit and Loss Account	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Accounts	10 - 15

DIRECTORS' REPORT

For the year ended 31 December 2000

The directors submit their report and accounts for the year ended 31 December 2000.

Activities

The principal activity of the company is that of an authorised corporate director (ACD) of Sarasin Funds ICVC an Open Ended Investment Company ("OEIC") which currently has three sub-funds, Sarasin EquiSar (GB) Fund, Sarasin GlobalSar Balanced Fund and Sarasin WebS@r (GB) Fund. The company also acts as unit trust manager to St. Andrew's Growth Fund an authorised unit trust, and Alpha Charity Fund a common investment fund suitable for Charities. The company is regulated by the Investment Management Regulatory Organisation Limited and is a member of the Association of Unit Trusts and Investment Funds (AUTIF).

Review of Affairs

Thematic investment has notably grown in popularity and profile over the past year with many large investment management houses launching such funds particularly targeting the retail market. Sarasin's style of thematic equity investment, unlike many of our competitors, is practiced across all the Funds within the group and is at the heart of our investment discipline. As the principle continues to gain support from the investment community as a whole, our position as UK pioneers of the style leaves us optimistic that the funds can continue to be successful both in terms of performance and Funds under Management. With ISA's permitting wide geographical diversification of assets, all three funds under this OEIC structure offer attractive homes for long-term savers and cater for a variety of appetites for risk.

The Sarasin **EquiSar (GB) Fund**, as the largest and most established of the funds remains the flagship within the group and boasts in excess of 5 years of performance track record and out performance against its benchmark, the MSCI World index. It has attracted a steady net inflow of investors throughout the year and boasts the top "AAA" rating from S&P Fund Research for the second year in succession. Its innovative approach to equity investment increasingly catches the imagination of many journalists and investment professionals with the profile growing sharply as a result.

The renaming of the Sarasin **GlobalSar Balanced Fund** (previously GlobalSar Income) marks the end of the transition of this fund since it was acquired by Sarasin in June 1998. This fund offers on-shore investors exposure to Sarasin's 13 years of experience in managing global balanced portfolios for the conservative investor. As such it is managed by the same team and with the same philosophy as our highly successful Guernsey domiciled GlobalSar Sterling fund. In periods of difficult equity markets as we have experienced during the past year, this fund offers attractive long term potential with only moderate volatility, capital preservation and growth being the goals.

Finally the "youngest" of the funds within the group, Sarasin **WebS@r (GB) Fund** offers an exciting approach for global equity investors to gain exposure to the growth of the internet without suffering the degree of volatility that we have witnessed this year. It achieves this by targeting a combination of those providing the technology to enable E-Commerce and those traditional companies that are expected to transform their business through E-Commerce. Thus the valuation and volatility of much of the fund is conservative yet is still expected to benefit substantially from the rapid growth expected from E-Commerce over the coming decade.

DIRECTORS' REPORT

For the year ended 31 December 2000

Review of Affairs (Continued)

Within the modern and efficient structure of an Open Ended Investment Company, the funds offered within the Sarasin range provide exciting opportunities for investors. With strong investment disciplines and a well established team focusing upon the thematic approach, we look forward to success in the coming year.

During the year the company took over the management of Alpha Charity Fund, a Common Investment Fund from Ely Place Investments Limited, a fellow subsidiary. The fund was restructured following changes in the legislation. This fund is a tax efficient vehicle for Charities and is a global balanced fund. In the forthcoming year this fund will be marketed more proactively to the Charity sector.

Results for the Year

The company's profit for the year to be transferred to reserves, is set out in the profit and loss account on page 7. The directors do not propose the payment of a final dividend, the total dividend paid in the year amounted to £35,000 (1999 - £nil).

Directors

The directors, who served during the year, are as follows, together with their interests in the ordinary shares of the company's intermediate holding company SIM Partnership (London) Limited at the year end and at the previous year end:

		<i>No. of ordinary shares</i>	
		<i>1999</i>	<i>1998</i>
R. M. Wittendorfer		-	-
Dr. B.A. Sarasin	<i>(resigned 22 August 2000)</i>	-	-
M. Weber	<i>(appointed 18 October 2000)</i>	-	-
A.J. Hall	<i>(resigned 22 August 2000)</i>	40,000	40,000
J.G.E. Monson		40,000	40,000
M.W.B. Jennings		-	-
G.V. Matthews	<i>(appointed 22 August 2000)</i>	-	-

None of the directors had any other beneficial interest in the share capital of the company or other group companies during the year.

APPROVED BY THE BOARD OF DIRECTORS AND
SIGNED ON BEHALF OF THE BOARD



E.B. Lewis
JOINT SECRETARY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders of Sarasin Investment Funds Limited

We have audited the accounts of Sarasin Investment Funds Limited for the year ended 31 December 2000 on pages 7 to 15. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Smith & Williamson

SMITH & WILLIAMSON
Chartered Accountants
Registered Auditors

No.1 Riding House Street
London W1A 3AS.

21 March 2001

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2000
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	<i>Notes</i>	2000 £	1999 £
Turnover	2	2,815,357	832,273
Cost of Sales		(2,217,225)	(464,279)
Gross Profit		598,132	367,994
Administrative expenses		(343,675)	(184,837)
Operating Profit	3	254,457	183,157
Interest receivable and similar income	4	37,713	11,518
Interest payable	5	(28,221)	-
Profit On Ordinary Activities Before Taxation		263,949	194,675
Taxation	6	(81,236)	(58,147)
Profit On Ordinary Activities After Taxation		182,713	136,528
Dividend payable		(35,000)	-
Retained Profit		147,713	136,528
Accumulated Profits brought forward		267,088	130,560
Accumulated Profits carried forward		£ 414,801	£ 267,088

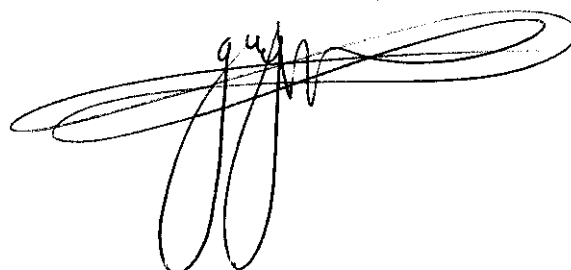
There have been no recognised gains or losses in either period other than those included in the above profit and loss account.

BALANCE SHEET**As at 31 December 2000**

	<i>Notes</i>	2000 £	1999 £
Current Assets			
Investments	7	40,710	35,094
Debtors	8	3,054,559	1,566,227
Cash at bank		1,233,904	86,642
		4,329,173	1,687,963
Creditors: Amounts falling due within one year	9	(3,864,372)	(1,370,875)
Net Assets		£ 464,801	£ 317,088
		£	£
Capital And Reserves			
Called up share capital	10	50,000	50,000
Profit and loss account		414,801	267,088
Shareholders' Funds	15	£ 464,801	£ 317,088

These accounts were approved by the Board of Directors on 15 March 2001, and signed on their behalf by:-

J.G.E. Monson, Chairman



CASH FLOW STATEMENT

For the year ended 31 December 2000

	Notes	2000 £	1999 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	12	1,997,202	(855,155)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		37,713	11,518
Interest paid		(28,221)	-
Net cash inflow from returns on investments and servicing of finance		9,492	11,518
TAXATION			
UK corporation tax paid		(73,093)	(84,590)
EQUITY DIVIDENDS PAID		(35,000)	-
CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		1,898,601	(928,227)
MANAGEMENT OF LIQUID RESOURCES			
Net cash outflow from management of liquid resources	13	(5,616)	(33,866)
INCREASE/(DECREASE) IN CASH IN THE YEAR	14	£1,892,985	(£ 962,093)

NOTES TO THE ACCOUNTS

For the year ended 31 December 2000

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The more important accounting policies adopted are described below:-

Basis of accounting

The accounts have been prepared under the historical cost convention.

Current Asset Investments

Current asset investments are stated at the lower of cost and market value.

Profits and losses on disposals of current asset investments are recognised when they are realised and are shown net of commissions and charges.

Deferred Taxation

The company provides for deferred taxation at the rate of corporation tax applicable at the balance sheet date using the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes. No provision is made where there is a reasonable probability that such tax will not become payable in the foreseeable future.

Liquid Resources

Liquid resources include cash placed on term deposit and cash flow arising from current asset investments.

NOTES TO THE ACCOUNTS For the year ended 31 December 2000
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(Continued)

2. **TURNOVER**

The company's turnover is stated net of VAT and is analysed as follows:

	<i>Turnover</i>	
	2000	1999
	£	£
Profits on sale of units/shares including Initial Charges	920,699	100,313
Management fees	1,891,734	727,350
Other income	2,924	4,610
	£ 2,815,357	£ 832,273

3. **OPERATING PROFIT**
is stated after charging:-

	2000	1999
	£	£
Auditors' remuneration - Audit	10,500	4,605
- Non audit	1,500	1,800

4. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	£	£
Bank interest receivable	37,713	11,518

5. **INTEREST PAYABLE**

	£	£
On bank overdrafts	28,221	-

The overdrafts are repayable on demand.

NOTES TO THE ACCOUNTS For the year ended 31 December 2000
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(Continued)

6. **TAXATION**

	2000	1999
	£	£
UK corporation tax payable at 30% (1999: 30.25%) based on profits for the year	79,185	56,829
Over provision in respect of prior periods	2,051	1,318
	£ 81,236	£ 58,147

7. **CURRENT ASSET INVESTMENTS**

Investments

At cost	£ 40,710	£ 35,094
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8. **DEBTORS**

	£	£
Trade debtors	3,047,889	1,494,047
Other debtors	6,670	68,730
Prepayments and accrued income	-	3,450
	£ 3,054,559	£ 1,566,227

NOTES TO THE ACCOUNTS For the year ended 31 December 2000
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(Continued)

9. **CREDITORS:** Amounts falling due within one year

	2000 £	1999 £
Bank overdrafts	1,614	747,337
Trade creditors	1,657,935	100,221
Due to depository for creation of shares	1,076,027	322,771
Amount owed to group undertakings:-		
- Parent company	7,404	-
- Fellow subsidiaries	965,677	90,028
Corporation tax payable	49,462	41,319
Other creditors	5,514	-
Accruals and deferred income	100,739	69,199
	£ 3,864,372	£ 1,370,875

10. **SHARE CAPITAL**

Authorised:

Ordinary shares of £1 each	£ 99,999	£ 99,999
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Allotted, Called up and Fully Paid:

50,000 Ordinary shares of £1 each	£ 50,000	£ 50,000
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11. **ULTIMATE HOLDING COMPANY**

The holding company is Sarasin (UK) Limited, a company registered in England. Copies of its financial statements can be obtained from Sarasin House, 37-39 St. Andrew's Hill, London EC4V 5DD.

The ultimate holding company is Bank Sarasin & Cie, a company incorporated in Switzerland. Copies of its financial statements can be obtained from Elisabethenstrasse 62, 4002 Basel.

NOTES TO THE ACCOUNTS For the year ended 31 December 2000
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(Continued)

12. RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	254,457	183,157
Increase in debtors	(1,488,332)	(1,464,516)
Increase in creditors	3,231,077	426,204
Net cash inflow/(outflow) from operating activities	£ 1,997,202	(£ 855,155)

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2000 £	1999 £
Increase/(decrease) in cash	1,892,985	(962,093)
Net cash inflow from management of liquid resources – current asset investments	5,616	33,866
Change in net funds/(debt) resulting from cash flows	1,898,601	(928,227)
Opening net funds	(625,601)	302,626
Closing net funds	£1,273,000	(£ 625,601)

NOTES TO THE ACCOUNTS For the year ended 31 December 2000
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(Continued)

14. **ANALYSIS OF NET FUNDS**

	At 1 January 2000 £	Cash Flow £	At 31 December 2000 £
Cash at bank	86,642	1,147,262	1,233,904
Bank overdrafts	(747,337)	745,723	(1,614)
Current asset investments	35,094	5,616	40,710
	£(625,601)	£ 1,898,601	£1,273,000

15. **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2000 £	1999 £
Profit for the financial year	182,713	136,528
Dividend payable	(35,000)	-
Opening shareholders' funds	317,088	180,560
Closing shareholders' funds	£ 464,801	£ 317,088

16. **RELATED PARTY TRANSACTIONS**

During the year the company paid management fees of £1,765,538 to Sarasin Investment Management Limited, a fellow subsidiary. £965,677 was outstanding at the year end.

Additionally the company had funds under management transferred to it by Ely Place Investments Limited, a fellow subsidiary.