

Interim Short Report 1st May 2011 to 31st October 2011

The information in this report is designed to enable shareholders to make an informed judgement on the activities of the Fund during the period it covers, and the results of those activities. For more information about the activities and performance of the Fund, please contact Family Investments customer service team on **0808 100 7654** (calls may be monitored or recorded for training purposes).

Company performance

This report covers the period from 1st May 2011 to 31st October 2011. Over the period under review, the ICVC Fund (class C) produced a return of -7.23%, compared to -5.65% from the benchmark index. (Only share class C is open to new investors.)

	01/05/2011 – 31/10/2011
Share Class A*	-7.07%
Share Class B*	-6.83%
Share Class C*	-7.23%
Share Class D*	-6.73%
Share Class E*	-6.56%
Benchmark**	-5.65%

* Fund performance is based on price movement calculated using a nominal price at close, which will include all charges payable. The benchmark is not affected by any charges.

** Please note that the benchmark figure presented represents: 38% FTSE 100 Total Return Index/11% FTSE Developed Europe Ex UK Total Return Index/11% FTSE USA Total Return Index/3% MSCI Emerging Markets total return/14% iBoxx Sterling Non Gilt total returns/4% Merrill Lynch 'US, Euro, Japan' index (W0G3) total return/1% IPD UK property Index total return/6% FTSE World Japan Total Return Index/4% FTSE All World Asia Pacific ex Japan Total Return Index/8% Absolute Return Fund annual return of 6% from 1st May 2011 to 31st October 2011.

Source: Index data sourced from Bloomberg. The Fund returns are share price returns calculated using data sourced from Family Investments.

Market background

Market focus shifted from worries over inflation and interest rates to concerns about growth. Increased risk aversion was the overarching theme during the period under review. Although larger than expected, the financial aid package awarded to Greece at the end of June was not sufficient to support markets. Signs of contagion spreading to more prominent Eurozone economies, coupled with news of the political debate on the other side of the Atlantic to raise the US debt ceiling, prompted a revival of sovereign risk concerns.

The US market was impacted by fears over the risks within the Eurozone, particularly the debt crisis in Greece as well as having to face domestic headwinds from increasingly fragile economic data including significantly weaker non-manufacturing business survey figures. These factors outweighed improvements from the fall in oil prices.

The summer presented a challenging environment for equities with weakening growth and confidence indicators and the fallout from sovereign debt issues in Europe weighing down markets. Poor Institute of Supply Management manufacturing data and a disappointing pace of improvement for the US labour market prompted some to question whether the deterioration is a short term soft patch or something more concerning. August was especially volatile as fears of a severe growth slowdown spread among investors.

Although equities enjoyed a temporary bounce following the award of a financial aid package to Greece, signs of sovereign debt problems in larger European economies prompted investors to consider the impact of default in the Eurozone on the US market. Equity markets in the Asia excluding Japan region did not deliver as strong a performance as they did in the summer months. Local deterioration of the growth/inflation mix, concerns over the knock-on effects of declining economic data from the US on this largely export driven region and disappointing growth data from China, signalled a slowdown in market momentum.

Activity

As a part of the Fund's global investment, the Fund invests in UK, US and European equity on a passive basis, managed by Santander Asset Management UK. There are three different benchmarks for these mandates, FTSE 100 Index for UK equity, FTSE US Large Caps Index for US equity and FTSE Developed Europe Ex UK Index for European equity. The Asian exposure is achieved via two Far East collectives managed by BlackRock Fund Managers Limited. The two benchmarks for these mandates are FTSE All World Japan Index and FTSE World Asia Pacific Ex Japan Index.

For the UK, the Fund tracks accurately the selected benchmark, investing directly in the FTSE 100 Index's constituents in the same weight that they have in the index.

In case of US and European equities the Fund replicates the selected benchmarks with an optimized portfolio. This is useful when the selected benchmark has a large number of constituents, as is the case for both the US benchmark (257 constituents) and the European benchmark (398 constituents).

From April 2011 to October 2011 there were two index rebalances for UK equities, due to these re-balances, there were three inclusions.

For European Equity Index there was a large rebalance at the end of September, with 37 inclusions and 15 deletions and also changes in shares in issue for several constituents. For US Equity Index there were just small changes due to adjustments in shares in issue or corporate actions.

Outlook

Looking ahead, the conditions for equity markets remain challenging as global growth is fragile and developed western economies do not seem to have the policy tools to manage the downturn. However, over the medium and long term, we believe equity markets will offer some value, which limits some of the downside risk. Volatility in the short term is far from over for emerging and developed markets alike but we believe that the medium-long term will be very constructive.

John Bearman – Chief Investment Officer
Santander Asset Management UK Ltd

13th December 2011

Investment Objective and Policy

The Family Balanced International Fund aims to provide long term capital growth by investing predominantly in a worldwide portfolio of equities and fixed interest securities.

The Authorised Corporate Director (ACD) may also invest at its discretion in other collective investment schemes (including unregulated schemes such as hedge funds), property (indirectly), approved money market instruments, deposits as well as cash and near cash and any other permitted asset type deemed appropriate to meet the investment objective.

The company may invest in immovable property on giving 60 days' notice to shareholders by the ACD.

Fund Facts

Sector:	IMA Balanced Managed		
Fund Size:	At Oct 31st 2011 'A'		£773
(millions)	At Oct 31st 2011 'B'		£76
	At Oct 31st 2011 'C'		£6
	At Oct 31st 2011 'D'		£19
	At Oct 31st 2011 'E'		£6
	At Apr 30th 2011 'A'		£852
	At Apr 30th 2011 'B'		£76
	At Apr 30th 2011 'C'		£7
	At Apr 30th 2011 'D'		£21
	At Apr 30th 2011 'E'		£6
Initial Charge:	The only current initial charge is to new investors in share class 'C', this has a charge of 5%		
Annual Management Charge:	'A'		1.50%
	'B'		1.00%
	'C'		1.95%
	'D'		0.95%
	'E'		0.50%
Accounting Dates:	Interim 31st October Final 30th April		
Distribution Due Dates:	Interim 31st December Final 31st August		

Risk Profile

The main risks arising from the Fund's financial instruments are market price, interest rate, liquidity and currency rate risks. The Manager reviews (and agrees with the Depositary) policies for managing each of these risks. The value of investments and the income from them is not guaranteed and can go down as well as up.

Net asset value per share and comparative table

Fund size

30th April 2010	Net asset value (£)	No. of shares in issue	Net asset value per share (pence)
Class 'A'	939,022,722	350,450,000.02	267.9
Class 'B'	72,668,904	68,654,648.37	105.8
Class 'C'	6,974,317	7,010,557.89	99.48
Class 'D'	21,523,000	21,404,738.98	100.6
Class 'E'	6,324,263	2,367,939.12	267.1
30th April 2011	Net asset value (£)	No. of shares in issue	Net asset value per share (pence)
Class 'A'	851,500,301	295,290,000.02	288.4
Class 'B'	75,547,932	66,152,748.86	114.2
Class 'C'	6,752,617	6,350,982.57	106.3
Class 'D'	20,932,740	19,284,278.27	108.5
Class 'E'	6,220,594	2,147,790.66	289.6
31st October 2011	Net asset value (£)	No. of shares in issue	Net asset value per share (pence)
Class 'A'	773,262,603	288,480,000.02	268.0
Class 'B'	75,650,062	71,084,460.46	106.4
Class 'C'	5,940,643	6,024,367.59	98.61
Class 'D'	18,785,058	18,565,537.36	101.2
Class 'E'	5,642,493	2,085,278.92	270.6

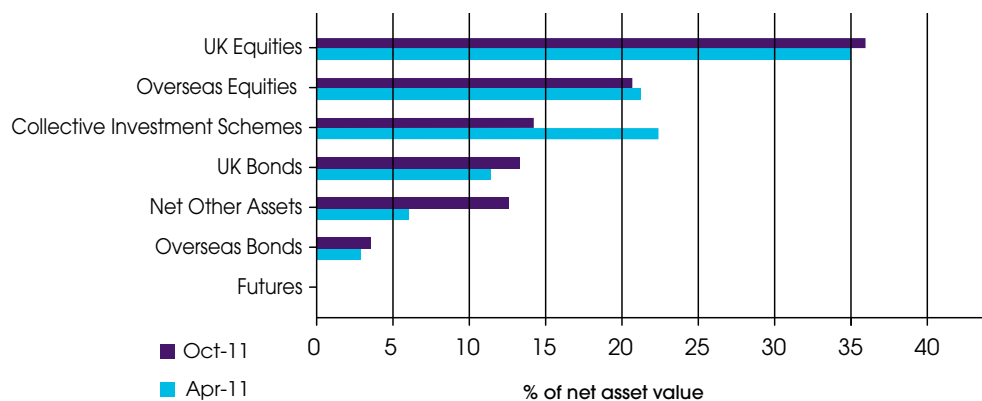
Share price range and income history

2009	Share prices		Annual income (net allocations)
	Highest buying (pence)	Lowest selling (pence)	Per share (pence)
Class 'A'	257.8	242.2	-
Class 'B'	102.5	79.03	0.8906
Class 'C'	96.75	75.04	0.3936
Class 'D'	97.36	75.05	0.8903
Class 'E'	257.4	198.4	2.9712
2010	Highest buying (pence)	Lowest selling (pence)	Per share (pence)
Class 'A'	285.1	246.0	6.8879
Class 'B'	112.7	97.05	2.0480
Class 'C'	105.3	91.06	1.0215
Class 'D'	107.1	92.20	2.0294
Class 'E'	285.4	245.1	6.6101
2011	Highest buying (pence)	Lowest selling (pence)	Per share (pence)
Class 'A'	291.5	250.7	4.8364
Class 'B'	115.6	99.42	2.4340
Class 'C'	107.4	92.32	1.3330
Class 'D'	109.9	94.51	2.4221
Class 'E'	293.4	252.5	7.7340

* since launch 1st April 2009.

** to 31st October 2011 only.

Portfolio information

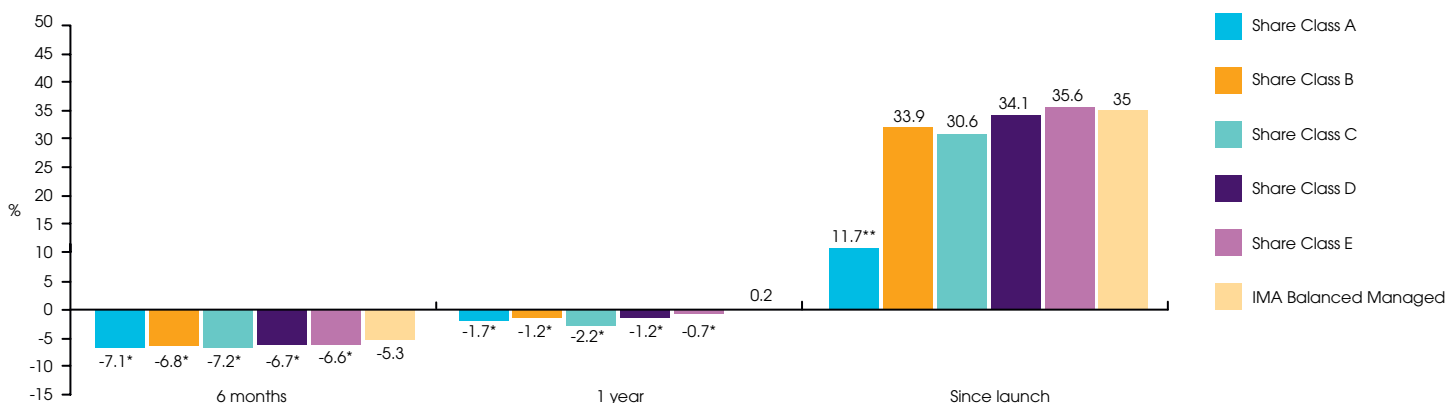


Major holdings

Holding	% of net asset value as at 31/10/11
BlackRock Japan Equity Tracker Fund	5.13
BlackRock Pacific Ex Japan Equity Tracker Fund	3.88
HSBC Holdings	2.57
Vodafone Group	2.31
BP	2.26

Holding	% of net asset value as at 30/04/11
Santander Enhanced Income Fund	8.25
BlackRock Japan Equity Tracker Fund	4.99
BlackRock Pacific Ex Japan Equity Tracker Fund	4.11
HSBC Holdings	2.69
Vodafone Group	2.08

Cumulative Fund performance at 31st October 2011



* Fund performance is based on price movement calculated using a nominal price at close.

** Share Class A has underperformed the other share classes because it was not introduced into the Fund until November 2009, seven months after launch.

Source: Family prices, Lipper Hindsight, Figures Net of Fees, mid to mid.

Discrete annual performance

	29/10/10 to 31/10/11	30/10/09 to 29/10/10
Share Class 'A'	(0.26)%	11.98%
Share Class 'B'	0.28%	10.65%
Share Class 'C'	(0.79)%	9.66%
Share Class 'D'	0.29%	10.77%
Share Class 'E'	0.73%	11.26%

Source: Family Investments, mid to mid price.

Past performance should not be seen as an indication of future performance.

Investors are reminded that the price of units, and the income from them is not guaranteed and may go down as well as up.

Distribution table

For the period ended 31st October 2011

Distribution – in pence per share

31st October 2011	Current year	Prior year
Share Class 'A'	3.6948	3.4779
Share Class 'B'	1.7083	1.2245
Share Class 'C'	1.1460	0.6960
Share Class 'D'	1.6929	1.2095
Share Class 'E'	5.1523	3.7968

Total Expense Ratio – Synthetic (TER)

31st October 2011	TER %	31st October 2010	TER %
Share Class 'A'	1.63	Share Class 'A'	1.05
Share Class 'B'	1.14	Share Class 'B'	1.06
Share Class 'C'	2.08	Share Class 'C'	2.02
Share Class 'D'	1.08	Share Class 'D'	1.01
Share Class 'E'	0.62	Share Class 'E'	0.55

TER is a measure of the total costs associated with managing the Fund. Apart from the initial charge and transaction costs, all other expenses are included in the TER. The TER is an internationally accepted standard for the comparison of costs for authorised funds.

Due to the fact that the Fund invests over 10% of its net asset value in UCITS or Non UCITS schemes that publish a TER we have calculated a synthetic TER. This is calculated by adding the TERs expressed by the underlying schemes invested in, weighted on the basis of the Fund's investment proportion added to the Fund's TER.

Report and Accounts

Copies of the annual and half yearly full Report and Accounts of the Family Balanced International Fund are available free of charge on request to the Managers. Alternatively they are also available on the Family Investments website www.family.co.uk.

Short Reports

This document is available in large print or Braille on request by calling 0808 100 7654 (telephone calls may be monitored or recorded).

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Registered in England No. 1915516

The Director is authorised and regulated by the Financial Services Authority.

The Director is a member of the IMA (Investment Management Association).

This report is issued and approved by the Director.

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