

Schroder Strategic Bond Fund

December 2018

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1 Collectively these comprise the Manager's report.

Fund Information

Investment objective and policy

The Schroder Strategic Bond Fund (the 'fund') aims to provide income and capital growth by investing in fixed and floating rate securities issued by governments, government agencies and companies worldwide.

The fund invests at least 80% of its assets in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) issued by governments, government agencies, supranational and corporate issuers worldwide. As the fund is index unconstrained it is managed without reference to an index.

The fund may invest up to 40% of its assets in asset backed securities and mortgage backed securities.

The fund may invest up to 50% of its assets in below investment grade securities as measured by Standard & Poor's or an equivalent credit rating agency, or in unrated securities.

The fund may also invest in collective investment schemes, warrants and money market instruments, and hold cash.

The fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the fund more efficiently. The fund may use leverage and take short positions.

Financial highlights

| Dealing price | 14.12.18 | 15.6.18 | % change |
|-----------------------------------------------|----------|---------|----------|
| A Income units | 50.59p | 53.10p | (4.73) |
| A Accumulation units | 61.73p | 64.00p | (3.55) |
| L Income units | 53.28p | 55.72p | (4.38) |
| L Accumulation units | 65.29p | 67.41p | (3.14) |
| X Income (Quarterly) units | 55.39p | 57.84p | (4.24) |
| Z Income units | 52.89p | 55.35p | (4.44) |
| Z Accumulation units | 64.39p | 66.54p | (3.23) |
| | 15.2.19 | 15.2.18 | |
| Interim distribution per Z Income unit | 1.0177p | 0.7521p | |

Fund Information (continued)

Fund information

| | | |
|---------------------------------------------|--------------------------------------|-----------|
| Launch date | 27 March 2012 | |
| Launch price | 50.00p per A Income unit | |
| | 50.00p per A Accumulation unit | |
| | 50.00p per L Income unit | |
| | 50.00p per L Accumulation unit | |
| | 50.00p per Z Income unit | |
| | 50.00p per Z Accumulation unit | |
| Launch date | 21 May 2012 | |
| Launch price | 50.00p per X Income (Quarterly) unit | |
| | Interim | Final |
| Accounting dates¹ | 15 December | 15 June |
| Revenue allocation dates¹ | 15 February | 15 August |

1 X Income (Quarterly) units have additional accounting dates of 15 September and 15 March with additional associated revenue allocation dates of 15 November and 15 May.

Ongoing charges figure

| | For the period to 15.12.18 | For the year to 15.6.18 |
|-----------------------------------------------|----------------------------|-------------------------|
| A Income units | 1.44% ¹ | 1.44% |
| A Accumulation units | 1.44% ¹ | 1.44% |
| L Income units | 0.59% ¹ | 0.59% |
| L Accumulation units | 0.59% ¹ | 0.59% |
| X Income (Quarterly) units² | 0.04% ¹ | 0.04% |
| Z Income units | 0.79% ¹ | 0.79% |
| Z Accumulation units | 0.79% ¹ | 0.79% |

1 The Ongoing charges figure is annualised based on the fees incurred during the accounting period.

2 The Annual management charge for X Income (Quarterly) units is invoiced directly to unitholders and is therefore not included in the Ongoing charges figure for that unit class.

Fund Information (continued)

| Total purchases and sales | For the period to 15.12.18 £000's | | For the year to 15.6.18 £000's | |
|---------------------------|--------------------------------------|--|-----------------------------------|--|
| | | | | |
| Total purchases | 57,670 | | 183,515 | |
| Total sales | 51,848 | | 171,988 | |

Review of Investment Activities

From 15 June 2018 to 14 December 2018, the price of Z Accumulation units on a dealing price to dealing price basis fell 3.23%. In comparison, the Investment Association Sterling Strategic Bond Sector Average generated a negative total return of 1.21%¹.

Markets became more volatile over the period with risk aversion taking a firm hold in the fourth quarter amid numerous macro uncertainties. The gradual normalisation of monetary policy and withdrawal of extraordinary stimulus measures continued although toward the end of the year the Federal Reserve Chair Jerome Powell signalled a more patient approach was likely in 2019. Global growth continued to diverge, with European activity softening further. Government bonds broadly fell, while conditions proved difficult for risk assets including corporate bonds.

The portfolio generated a negative return over the period underperforming the peer group, with high yield exposure detracting. We added to corporate bond exposure, notably euro investment grade, where valuations became particularly attractive. We made new additions to the portfolio in a range of sectors, notably real estate in Scandinavia and the Netherlands, and in utilities and technology. In the strategic overlay, we finished the period significantly short US duration, concentrated at the short end of the curve and have implemented significant short duration positions in the UK and Canada versus Australia.

We see scope for continued volatility given the various macro uncertainties, but developments over recent months have produced attractive opportunities particularly in corporate bonds. European credit markets are close to pricing in recession, which seems too pessimistic. A positive catalyst at the macro level, for instance some resolution to trade tensions, could precipitate a marked improvement in sentiment and a positive market impact.

Please note that in November 2018, Michael Scott left Schroders to pursue opportunities outside of the firm. The fund is now managed by Patrick Vogel.

Fund Manager:

Patrick Vogel



Patrick Vogel joined Schroders as Head of Credit, Europe, in 2012

His investment career began in 1994 as a Trader for M.M. Warburg & Co

Patrick joined Schroders from L&G IM, where he was Head of European Credit since 2007

Prior to this, he was a Senior Portfolio Manager for Deutsche Bank from 2004, a Portfolio Manager for Frankfurt Trust from 2000, a Consultant for Patrick Vogel Bankberatung, an asset management and financial innovations consultancy, from 1999, and a Trader for BW Bank AG from 1996

Patrick holds a Dipl.-Kfm in Business Administration from the Johann Wolfgang Goethe-Universität, Frankfurt am Main

Schroders' Global Fixed Income Team

Patrick Vogel is the Lead Portfolio Manager for Schroder Strategic Bond Fund and is supported by the full Schroders Global Fixed Income team, comprising over 100 investment professionals based around the world

¹ Source: Thomson Reuters Datastream.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

Risk Profile

Risk and reward indicator



The risk category is based upon the fund's risk target and there is no guarantee that the fund will achieve it.

The fund's risk category is not guaranteed to remain fixed and may change over time.

A fund in the lowest category does not mean a risk free investment.

The fund is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

Specific risks

The fund invests in assets which are exposed to currencies other than sterling. Exchange rates may cause the value of overseas investments and the revenue from them to rise or fall.

The fund invests in less developed markets which are generally less well regulated than the UK. They may be less liquid and may have less reliable custody arrangements.

The fund invests in emerging markets and the Far East. This involves a high degree of risk and should be seen as long term in nature.

The fund is index unconstrained and has the potential for greater volatility.

More than 35% of the property of the fund may be invested in Government securities.

The fund invests in higher yielding bonds (non-investment grade). The risk of default is higher with non-investment grade bonds than with investment grade bonds. Higher yielding bonds may also have an increased potential to erode your capital sum than lower yielding bonds.

The fund may invest in a wide range of derivatives in order to meet its investment objectives and for leverage. The use of leverage can increase gains as well as losses and expose the fund to increased risk.

The fund may use derivatives for specific investment purposes. This involves a higher degree of risk and may lead to a higher volatility in the unit prices of the fund. The Manager employs a risk management process to allow the Manager to measure derivative and forward positions and their contribution to the overall risk profile of the fund. As part of this risk management process, the Manager conducts daily value at risk analysis of the fund and performs both stress and back testing of the fund.

As a result of the Annual management charge being charged wholly to capital for all unit classes except for X Income (Quarterly) units, the distributable revenue of the fund may be higher, but the capital value of the fund may be eroded which may affect future performance.

For these reasons, the purchase of units should not normally be regarded as a short term investment.

Net Asset Value and Comparative Tables

Unit price range

| Financial year to 15 June | A Income units | | A Accumulation units | |
|--------------------------------------|-------------------|------------------|----------------------|------------------|
| | Highest dealing p | Lowest dealing p | Highest dealing p | Lowest dealing p |
| 2016 | 52.91 | 48.69 | 59.03 | 55.10 |
| 2017 | 53.58 | 50.77 | 62.65 | 58.41 |
| 2018 | 54.39 | 52.52 | 65.56 | 62.48 |
| Financial period to 15 December 2018 | 52.94 | 50.31 | 64.60 | 61.39 |

| Financial year to 15 June | L Income units | | L Accumulation units | |
|--------------------------------------|-------------------|------------------|----------------------|------------------|
| | Highest dealing p | Lowest dealing p | Highest dealing p | Lowest dealing p |
| 2016 | 54.28 | 50.18 | 61.09 | 56.90 |
| 2017 | 55.79 | 52.45 | 65.41 | 60.50 |
| 2018 | 56.89 | 54.71 | 68.83 | 65.26 |
| Financial period to 15 December 2018 | 55.67 | 52.98 | 68.22 | 64.93 |

| Financial year to 15 June | X Income (Quarterly) units | | Z Income units | |
|--------------------------------------|----------------------------|------------------|-------------------|------------------|
| | Highest dealing p | Lowest dealing p | Highest dealing p | Lowest dealing p |
| 2016 | 56.07 | 52.02 | 54.10 | 49.97 |
| 2017 | 57.61 | 54.40 | 55.47 | 52.23 |
| 2018 | 59.46 | 57.01 | 56.55 | 54.42 |
| Financial period to 15 December 2018 | 58.01 | 55.07 | 55.28 | 52.60 |

| Financial year to 15 June | Z Accumulation units | |
|--------------------------------------|----------------------|------------------|
| | Highest dealing p | Lowest dealing p |
| 2016 | 60.54 | 56.43 |
| 2017 | 64.70 | 59.95 |
| 2018 | 67.99 | 64.55 |
| Financial period to 15 December 2018 | 67.30 | 64.03 |

Net Asset Value and Comparative Tables (continued)

Net revenue

| Financial year to 15 June | A Income units pence per unit | A Accumulation units pence per unit |
|--------------------------------------|----------------------------------|----------------------------------------|
| 2016 | 1.5805 | 1.7758 |
| 2017 | 1.7311 | 2.0081 |
| 2018 | 1.3728 | 1.6490 |
| Financial period to 15 December 2018 | 0.9748 | 1.1898 |

| Financial year to 15 June | L Income units pence per unit | L Accumulation units pence per unit |
|--------------------------------------|----------------------------------|----------------------------------------|
| 2016 | 1.6664 | 1.8776 |
| 2017 | 1.8445 | 2.1456 |
| 2018 | 1.4957 | 1.7959 |
| Financial period to 15 December 2018 | 1.0523 | 1.2893 |

| Financial year to 15 June | X Income (Quarterly) units pence per unit | Z Income units pence per unit |
|--------------------------------------|-------------------------------------------------|----------------------------------|
| 2016 | 2.1678 | 1.6266 |
| 2017 | 2.1664 | 1.7867 |
| 2018 | 1.5861 | 1.4315 |
| Financial period to 15 December 2018 | 1.1124 | 1.0177 |

| Financial year to 15 June | Z Accumulation units pence per unit |
|--------------------------------------|----------------------------------------|
| 2016 | 1.8152 |
| 2017 | 2.0680 |
| 2018 | 1.7086 |
| Financial period to 15 December 2018 | 1.2389 |

Net Asset Value and Comparative Tables (continued)

Net asset value

| As at 15 June | Net asset value £000's | Net asset value per unit p | Number of units in issue |
|----------------------------|---------------------------|----------------------------------|-----------------------------|
| 2016 | | | |
| A Income units | 3,536 | 50.90 | 6,947,597 |
| A Accumulation units | 2,351 | 58.57 | 4,013,291 |
| L Income units | 42,386 | 52.58 | 80,611,435 |
| L Accumulation units | 5,885 | 60.65 | 9,704,134 |
| X Income (Quarterly) units | 11,037 | 54.51 | 20,246,887 |
| Z Income units | 9,557 | 52.36 | 18,252,903 |
| Z Accumulation units | 23,916 | 60.10 | 39,790,552 |
| 2017 | | | |
| A Income units | 2,926 | 52.19 | 5,606,833 |
| A Accumulation units | 2,279 | 62.07 | 3,671,537 |
| L Income units | 42,497 | 54.33 | 78,222,280 |
| L Accumulation units | 9,628 | 64.82 | 14,853,901 |
| X Income (Quarterly) units | 17,685 | 56.61 | 31,240,571 |
| Z Income units | 17,075 | 54.04 | 31,594,091 |
| Z Accumulation units | 31,721 | 64.12 | 49,475,555 |
| 2018 | | | |
| A Income units | 328 | 52.26 | 627,969 |
| A Accumulation units | 2,260 | 63.76 | 3,544,852 |
| L Income units | 46,615 | 54.80 | 85,063,441 |
| L Accumulation units | 10,688 | 67.16 | 15,915,027 |
| X Income (Quarterly) units | 25,432 | 57.39 | 44,316,118 |
| Z Income units | 22,013 | 54.46 | 40,421,042 |
| Z Accumulation units | 39,324 | 66.30 | 59,315,926 |
| 2018 at 15 December | | | |
| A Income units | 161 | 49.10 | 327,823 |
| A Accumulation units | 2,229 | 61.10 | 3,648,202 |
| L Income units | 42,162 | 51.68 | 81,576,014 |
| L Accumulation units | 14,299 | 64.63 | 22,125,248 |
| X Income (Quarterly) units | 31,406 | 54.29 | 57,851,102 |
| Z Income units | 11,399 | 51.34 | 22,204,240 |
| Z Accumulation units | 31,449 | 63.73 | 49,346,279 |

Net Asset Value and Comparative Tables (continued)

Fund performance

| | Net asset value per unit p as at 15.12.18 | Net asset value per unit p as at 15.6.18 | % change |
|----------------------------|----------------------------------------------------|---------------------------------------------------|----------|
| A Income units | 49.10 | 52.26 | (6.05) |
| A Accumulation units | 61.10 | 63.76 | (4.17) |
| L Income units | 51.68 | 54.80 | (5.69) |
| L Accumulation units | 64.63 | 67.16 | (3.77) |
| X Income (Quarterly) units | 54.29 | 57.39 | (5.40) |
| Z Income units | 51.34 | 54.46 | (5.73) |
| Z Accumulation units | 63.73 | 66.30 | (3.88) |

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

Portfolio Statement

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|-----------------------------------------------------|------------------------|------------------------|--------------------|
| Government Bonds 5.62% (10.11%) | | | |
| Argentina 0.00% (1.43%) | | | |
| Ecuador 0.42% (0.36%) | | | |
| Ecuador Government Bond 9.65% 13/12/2026 | US\$750,000 | 561 | 0.42 |
| | | 561 | 0.42 |
| Germany 0.36% (0.00%) | | | |
| Bundesrepublik Deutschland 0.5% 15/02/2026 | €156,972 | 147 | 0.11 |
| Bundesrepublik Deutschland 0.25% 15/08/2028 | €370,833 | 333 | 0.25 |
| | | 480 | 0.36 |
| Mexico 0.00% (0.64%) | | | |
| Romania 0.46% (0.00%) | | | |
| Romania Government Bond 4.125% 11/03/2039 | €689,000 | 602 | 0.46 |
| | | 602 | 0.46 |
| Russia 0.59% (0.51%) | | | |
| Russian Foreign Bond – Eurobond 4.75% 27/05/2026 | US\$1,000,000 | 786 | 0.59 |
| | | 786 | 0.59 |
| South Africa 0.00% (1.29%) | | | |
| Spain 3.61% (5.88%) | | | |
| Spain Government Bond 1.4% 30/04/2028 | €5,316,000 | 4,804 | 3.61 |
| | | 4,804 | 3.61 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|------------------------------------------------|------------------------|------------------------|--------------------|
| United Kingdom 0.18% (0.00%) | | | |
| UK Treasury 2.75% 07/09/2024 | £216,329 | 239 | 0.18 |
| | | 239 | 0.18 |
| Government Bonds total | | | |
| | | 7,472 | 5.62 |
| Corporate Bonds 92.00% (76.55%) | | | |
| Australia 0.03% (0.03%) | | | |
| Boral Finance 3% 01/11/2022 | US\$55,000 | 42 | 0.03 |
| | | 42 | 0.03 |
| Belgium 0.40% (0.00%) | | | |
| Elia System Operator FRN 2.75% Perpetual | €600,000 | 530 | 0.40 |
| | | 530 | 0.40 |
| Bermuda 0.47% (0.45%) | | | |
| Digicel 6.75% 01/03/2023 | US\$1,000,000 | 620 | 0.47 |
| | | 620 | 0.47 |
| Canada 0.67% (0.67%) | | | |
| Canadian Natural Resources 2.95% 15/01/2023 | US\$151,000 | 115 | 0.09 |
| Bausch Health 5.5% 01/11/2025 | US\$354,000 | 274 | 0.21 |
| Cenovus Energy 5.4% 15/06/2047 | US\$185,000 | 131 | 0.10 |
| TransCanada PipeLines 5.1% 15/03/2049 | US\$283,000 | 229 | 0.17 |
| Enbridge FRN 6% 15/01/2077 | US\$135,000 | 98 | 0.07 |
| Bank of Nova Scotia FRN 4.65% Perpetual | US\$55,000 | 39 | 0.03 |
| | | 886 | 0.67 |
| Chile 0.46% (0.53%) | | | |
| Cencosud 6.625% 12/02/2045 | US\$833,000 | 616 | 0.46 |
| | | 616 | 0.46 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|---------------------------------------------------------------------------------------|------------------------|------------------------|--------------------|
| Czech Republic 1.19% (0.63%) | | | |
| CEZ 0.875% 21/11/2022 | €642,000 | 579 | 0.43 |
| EP Infrastructure 1.659% 26/04/2024 | €105,000 | 87 | 0.07 |
| Residomo 3.375% 15/10/2024 | €1,052,000 | 922 | 0.69 |
| | | 1,588 | 1.19 |
| France 8.41% (7.87%) | | | |
| BPCE 3% 22/05/2022 | US\$250,000 | 191 | 0.14 |
| Newco GB 8% 15/12/2022 | €752,000 | 676 | 0.51 |
| La Financiere Atalian 4% 15/05/2024 | €1,000,000 | 735 | 0.55 |
| Ingenico Group 1.625% 13/09/2024 | €900,000 | 760 | 0.57 |
| Louvre Bidco 4.25% 30/09/2024 | €1,345,000 | 1,149 | 0.86 |
| La Financiere Atalian 5.125% 15/05/2025 | €1,470,000 | 1,099 | 0.83 |
| La Financiere Atalian 6.625% 15/05/2025 | £652,000 | 538 | 0.41 |
| Teleperformance 1.875% 02/07/2025 | €900,000 | 804 | 0.61 |
| Altice France 7.375% 01/05/2026 | US\$1,000,000 | 756 | 0.57 |
| Altice France 5.875% 01/02/2027 | €549,000 | 496 | 0.37 |
| Electricite de France 5.5% 27/03/2037 | £1,000,000 | 1,228 | 0.92 |
| AXA FRN 5.453% Perpetual | £1,000,000 | 1,013 | 0.76 |
| Caisse Nationale de Reassurance Mutuelle Agricole Groupama FRN 6.375% Perpetual | €1,300,000 | 1,228 | 0.92 |
| Electricite de France FRN 4% Perpetual | €400,000 | 351 | 0.26 |
| Electricite de France FRN 5% Perpetual | €200,000 | 175 | 0.13 |
| | | 11,199 | 8.41 |
| Germany 2.63% (1.17%) | | | |
| Safari Verwaltungs 5.375% 30/11/2022 | €1,857,000 | 1,519 | 1.14 |
| Volkswagen Leasing 1% 16/02/2023 | €962,000 | 847 | 0.64 |
| Deutsche Bank 3.95% 27/02/2023 | US\$100,000 | 75 | 0.06 |
| WEPA Hygieneprodukte 3.75% 15/05/2024 | €438,000 | 375 | 0.28 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|---------------------------------------------------------------------|------------------------|------------------------|--------------------|
| Germany (continued) | | | |
| SAP 1.25% 10/03/2028 | €700,000 | 631 | 0.47 |
| EnBW Energie Baden-Wuerttemberg FRN 3.625% 02/04/2076 | €60,000 | 55 | 0.04 |
| | | 3,502 | 2.63 |
| Ireland 2.41% (1.96%) | | | |
| Shire Acquisitions Investments Ireland DAC 2.4% 23/09/2021 | US\$100,000 | 77 | 0.06 |
| Virgin Media Receivables Financing Notes II DAC 5.75% 15/04/2023 | £963,000 | 953 | 0.71 |
| Bank of Ireland Group 4.5% 25/11/2023 | US\$200,000 | 155 | 0.12 |
| Virgin Media Receivables Financing Notes I DAC 5.5% 15/09/2024 | £1,046,000 | 1,000 | 0.75 |
| James Hardie International Finance DAC 3.625% 01/10/2026 | €283,000 | 249 | 0.19 |
| Bank of Ireland Group FRN 4.125% 19/09/2027 | US\$404,000 | 293 | 0.22 |
| Roadster Finance DAC 2.375% 08/12/2032 | €573,000 | 474 | 0.36 |
| | | 3,201 | 2.41 |
| Italy 4.60% (6.37%) | | | |
| Banca Farmafactoring FRN 1.134% 05/06/2020 | €1,167,000 | 997 | 0.75 |
| Almaviva-The Italian Innovation 7.25% 15/10/2022 | €2,294,000 | 1,713 | 1.29 |
| Intes Sanpaolo 5.71% 15/01/2026 | US\$326,000 | 232 | 0.17 |
| BPER Banca FRN 5.125% 31/05/2027 | €820,000 | 699 | 0.52 |
| Superstrada Pedemontana Veneta 8% 30/06/2027 | €674,000 | 570 | 0.43 |
| Banca IFIS FRN 4.5% 17/10/2027 | €1,452,000 | 1,071 | 0.80 |
| Banca Monte dei Paschi di Siena FRN 5.375% 18/01/2028 | €388,000 | 210 | 0.16 |
| Superstrada Pedemontana Veneta, STEP 0% 30/06/2047 | €800,000 | 633 | 0.48 |
| | | 6,125 | 4.60 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|------------------------------------------------------|------------------------|------------------------|--------------------|
| Jersey 2.95% (2.92%) | | | |
| Heathrow Funding 7.075% 04/08/2030 | £1,000,000 | 1,350 | 1.02 |
| Heathrow Funding 6.45% 10/12/2033 | £497,000 | 681 | 0.51 |
| AA Bond 4.875% 31/07/2043 | £658,000 | 625 | 0.47 |
| AA Bond 5.5% 31/07/2043 | £400,000 | 321 | 0.24 |
| HBOS Sterling Finance Jersey FRN 7.881% Perpetual | £700,000 | 948 | 0.71 |
| | | 3,925 | 2.95 |
| Luxembourg 6.78% (6.08%) | | | |
| Codere Finance 2 Luxembourg 6.75% 01/11/2021 | €1,000,000 | 777 | 0.58 |
| Swissport Financing 6.75% 15/12/2021 | €110,000 | 101 | 0.08 |
| Odyssey Europe Holdco 8% 15/05/2023 | €1,324,000 | 1,151 | 0.86 |
| Kleopatra Holdings 1 8.5% 30/06/2023 | €1,500,000 | 459 | 0.34 |
| Garfunkelux Holdco 2 11% 01/11/2023 | £500,000 | 382 | 0.29 |
| Allergan Funding 1.5% 15/11/2023 | €414,000 | 375 | 0.28 |
| Cirsa Finance International 6.25% 20/12/2023 | €213,000 | 195 | 0.15 |
| Amigo Luxembourg 7.625% 15/01/2024 | £1,200,000 | 1,176 | 0.88 |
| Gazprom 4.25% 06/04/2024 | £2,000,000 | 2,003 | 1.50 |
| Hercule Debtco 6.75% 30/06/2024 | €391,000 | 313 | 0.24 |
| Hidrovia International Finance 5.95% 24/01/2025 | US\$313,000 | 228 | 0.17 |
| Samsonite Finco 3.5% 15/05/2026 | €100,000 | 81 | 0.06 |
| Matterhorn Telecom 4% 15/11/2027 | €951,000 | 780 | 0.59 |
| Minerva Luxembourg 5.875% 19/01/2028 | US\$1,467,000 | 1,009 | 0.76 |
| | | 9,030 | 6.78 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|----------------------------------------------------------------|------------------------|------------------------|--------------------|
| Mexico 2.17% (2.07%) | | | |
| Petroleos Mexicanos 3.75% 16/11/2025 | £1,437,000 | 1,280 | 0.96 |
| Petroleos Mexicanos 6.5% 13/03/2027 | US\$560,000 | 431 | 0.32 |
| Petroleos Mexicanos 5.35% 12/02/2028 | US\$327,000 | 233 | 0.18 |
| Mexico City Airport Trust 5.5% 31/07/2047 | US\$1,316,000 | 947 | 0.71 |
| | | 2,891 | 2.17 |
| Netherlands 9.30% (7.27%) | | | |
| Teva Pharmaceutical Finance Netherlands III 2.2% 21/07/2021 | US\$200,000 | 146 | 0.11 |
| Enel Finance International 2.875% 25/05/2022 | US\$200,000 | 149 | 0.11 |
| IPD 3 4.5% 15/07/2022 | €543,000 | 482 | 0.36 |
| Promontoria Holding 264 6.75% 15/08/2023 | €1,009,000 | 880 | 0.66 |
| Selecta Group FRN 5.375% 01/02/2024 | €350,000 | 301 | 0.23 |
| Kongsberg Actuation Systems 5% 15/07/2025 | €1,125,000 | 957 | 0.72 |
| Bayer Capital 1.5% 26/06/2026 | €300,000 | 262 | 0.20 |
| Vesteda Finance 2% 10/07/2026 | €697,000 | 617 | 0.46 |
| Petrobras Global Finance 7.375% 17/01/2027 | US\$567,000 | 472 | 0.35 |
| Volkswagen International Finance 2.625% 16/11/2027 | €900,000 | 805 | 0.61 |
| Koninklijke KPN 5.75% 17/09/2029 | £1,927,000 | 2,344 | 1.76 |
| Petrobras Global Finance 5.375% 01/10/2029 | £1,500,000 | 1,403 | 1.05 |
| ING Groep 2.5% 15/11/2030 | €700,000 | 647 | 0.49 |
| Cooperatieve Rabobank FRN 11% Perpetual | US\$95,000 | 78 | 0.06 |
| Telefonica Europe FRN 2.661% Perpetual | €1,600,000 | 1,330 | 1.00 |
| Telefonica Europe FRN 3.875% Perpetual | €800,000 | 655 | 0.49 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|----------------------------------------------------------|------------------------|------------------------|--------------------|
| Netherlands (continued) | | | |
| Volkswagen International Finance FRN 3.375% Perpetual | €1,000,000 | 845 | 0.64 |
| | | 12,373 | 9.30 |
| Norway 0.28% (0.40%) | | | |
| B2Holding FRN 4.25% 14/11/2022 | €443,000 | 378 | 0.28 |
| | | 378 | 0.28 |
| Peru 0.12% (0.10%) | | | |
| Petroleos del Peru 5.625% 19/06/2047 | US\$200,000 | 156 | 0.12 |
| | | 156 | 0.12 |
| Portugal 0.68% (0.00%) | | | |
| Caixa Geral de Depositos FRN 5.75% 28/06/2028 | €1,000,000 | 911 | 0.68 |
| | | 911 | 0.68 |
| Spain 1.90% (0.91%) | | | |
| Banco Santander 3.125% 23/02/2023 | US\$200,000 | 149 | 0.11 |
| Banco de Sabadell 1.625% 07/03/2024 | €1,600,000 | 1,391 | 1.05 |
| Naviera Armas FRN 4.25% 15/11/2024 | €505,000 | 426 | 0.32 |
| Ibercaja Banco FRN 5% 28/07/2025 | €500,000 | 450 | 0.34 |
| Telefonica Emisiones 5.213% 08/03/2047 | US\$150,000 | 110 | 0.08 |
| | | 2,526 | 1.90 |
| Sweden 2.01% (0.51%) | | | |
| Heimstaden Bostad 1.75% 07/12/2021 | €1,054,000 | 944 | 0.71 |
| Intrum 2.75% 15/07/2022 | €471,000 | 392 | 0.30 |
| Polygon 4% 23/02/2023 | €400,000 | 360 | 0.27 |
| Dometic Group 3% 13/09/2023 | €271,000 | 230 | 0.17 |
| Castellum 2.125% 20/11/2023 | €502,000 | 452 | 0.34 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|---------------------------------------------------|------------------------|------------------------|--------------------|
| Sweden (continued) | | | |
| Akelius Residential Property 1.75% 07/02/2025 | €342,000 | 295 | 0.22 |
| | | 2,673 | 2.01 |
| Switzerland 0.34% (0.43%) | | | |
| Credit Suisse Group FRN 2.125% 12/09/2025 | £477,000 | 454 | 0.34 |
| | | 454 | 0.34 |
| United Kingdom 29.48% (25.95%) | | | |
| William Hill 4.25% 05/06/2020 | £159,000 | 158 | 0.12 |
| Jerrold Finco 6.25% 15/09/2021 | £184,000 | 181 | 0.14 |
| McLaren Finance 5% 01/08/2022 | £330,000 | 302 | 0.23 |
| Shop Direct Funding 7.75% 15/11/2022 | £671,000 | 555 | 0.42 |
| Anglian Water Osprey Financing 5% 30/04/2023 | £400,000 | 394 | 0.30 |
| Voyage Care BondCo 5.875% 01/05/2023 | £100,000 | 86 | 0.06 |
| Provident Financial 7% 04/06/2023 | £276,000 | 277 | 0.21 |
| New Look Senior Issuer 8% 01/07/2023 | £1,000,000 | 227 | 0.17 |
| William Hill 4.875% 07/09/2023 | £200,000 | 198 | 0.15 |
| Royal Bank of Scotland Group 3.875% 12/09/2023 | US\$250,000 | 189 | 0.14 |
| Arqiva Broadcast Finance 6.75% 30/09/2023 | £830,000 | 833 | 0.63 |
| Barclays FRN 2.375% 06/10/2023 | £1,347,000 | 1,305 | 0.98 |
| EnQuest FRN 7% 15/10/2023 | US\$1,014,819 | 566 | 0.43 |
| National Express Group 2.5% 11/11/2023 | £850,000 | 837 | 0.63 |
| Jerrold Finco 6.125% 15/01/2024 | £859,000 | 829 | 0.62 |
| Barclays 3.125% 17/01/2024 | £911,000 | 899 | 0.68 |
| Heathrow Finance 4.75% 01/03/2024 | £432,000 | 425 | 0.32 |
| EI Group 7.5% 15/03/2024 | £670,000 | 670 | 0.50 |
| Standard Chartered FRN 3.885% 15/03/2024 | US\$205,000 | 156 | 0.12 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|------------------------------------------------------|------------------------|------------------------|--------------------|
| United Kingdom (continued) | | | |
| Saga 3.375% 12/05/2024 | £2,050,000 | 1,742 | 1.31 |
| Viridian Group FinanceCo 4.75% 15/09/2024 | £1,650,000 | 1,519 | 1.14 |
| Lloyds Banking Group 2.25% 16/10/2024 | £728,000 | 697 | 0.52 |
| Pinnacle Bidco 6.375% 15/02/2025 | £487,000 | 486 | 0.36 |
| Iceland Bondco 4.625% 15/03/2025 | £1,905,000 | 1,619 | 1.22 |
| Viridian Group FinanceCo 4% 15/09/2025 | €1,000,000 | 828 | 0.62 |
| Anglian Water Osprey Financing 4% 08/03/2026 | £1,027,000 | 900 | 0.68 |
| CYBG FRN 4% 25/09/2026 | £1,487,000 | 1,390 | 1.04 |
| Western Power Distribution 3.5% 16/10/2026 | £2,412,000 | 2,424 | 1.82 |
| Sainsbury's Bank FRN 6% 23/11/2027 | £601,000 | 589 | 0.44 |
| Metro Bank FRN 5.5% 26/06/2028 | £3,221,000 | 2,813 | 2.11 |
| Investec Bank FRN 4.25% 24/07/2028 | £700,000 | 680 | 0.51 |
| UNITE Group REIT 3.5% 15/10/2028 | £580,000 | 584 | 0.44 |
| Liberty Living Finance 3.375% 28/11/2029 | £2,448,000 | 2,389 | 1.79 |
| British Telecommunications 3.125% 21/11/2031 | £1,011,000 | 976 | 0.73 |
| Notting Hill Housing Trust 3.75% 20/12/2032 | £1,000,000 | 1,081 | 0.81 |
| Barclays 3.25% 17/01/2033 | £1,282,000 | 1,125 | 0.84 |
| Mitchells & Butlers Finance FRN 2.923% 15/06/2036 | £1,000,000 | 756 | 0.57 |
| RL Finance Bonds No. 2 FRN 6.125% 30/11/2043 | £606,000 | 658 | 0.49 |
| WM Treasury 2 3.25% 20/10/2048 | £2,058,000 | 2,020 | 1.52 |
| Prudential FRN 5.625% 20/10/2051 | £1,254,000 | 1,261 | 0.95 |
| Prudential FRN 6.25% 20/10/2068 | £650,000 | 641 | 0.48 |
| Vodafone Group FRN 6.25% 03/10/2078 | US\$1,400,000 | 1,037 | 0.78 |
| Aviva FRN 5.902% Perpetual | £593,000 | 593 | 0.45 |
| Barclays Bank FRN 6.86% Perpetual | US\$813,000 | 667 | 0.50 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|-------------------------------------------------------|------------------------|------------------------|--------------------|
| United Kingdom (continued) | | | |
| SSE FRN 2.375% Perpetual | €770,000 | 675 | 0.51 |
| | | 39,237 | 29.48 |
| United States of America 14.72% (10.23%) | | | |
| Martin Marietta Materials FRN 2.853% 20/12/2019 | US\$55,000 | 44 | 0.03 |
| Dollar Tree FRN 3.149% 17/04/2020 | US\$90,000 | 71 | 0.05 |
| General Dynamics 2.875% 11/05/2020 | US\$40,000 | 32 | 0.02 |
| HSBC Bank USA 4.875% 24/08/2020 | US\$250,000 | 203 | 0.15 |
| Hewlett Packard Enterprise 3.6% 15/10/2020 | US\$195,000 | 155 | 0.12 |
| Marriott International FRN 3.268% 01/12/2020 | US\$117,000 | 93 | 0.07 |
| Packaging Corp of America 2.45% 15/12/2020 | US\$35,000 | 27 | 0.02 |
| Ingersoll-Rand Global Holding 2.9% 21/02/2021 | US\$55,000 | 43 | 0.03 |
| Allstate FRN 2.816% 29/03/2021 | US\$20,000 | 16 | 0.01 |
| Keurig Dr Pepper 3.551% 25/05/2021 | US\$60,000 | 48 | 0.04 |
| Pyxus International 9.875% 15/07/2021 | US\$1,500,000 | 997 | 0.75 |
| Nabors Industries 4.625% 15/09/2021 | US\$125,000 | 92 | 0.07 |
| Halfmoon Parent 3.4% 17/09/2021 | US\$44,000 | 35 | 0.03 |
| Conagra Brands 3.8% 22/10/2021 | US\$195,000 | 155 | 0.12 |
| Constellation Brands FRN 3.265% 15/11/2021 | US\$105,000 | 83 | 0.06 |
| SunTrust Banks 2.7% 27/01/2022 | US\$198,000 | 153 | 0.11 |
| Goldmanachs Group 3% 26/04/2022 | US\$79,000 | 61 | 0.05 |
| Devon Energy 3.25% 15/05/2022 | US\$255,000 | 197 | 0.15 |
| Sherwin-Williams 2.75% 01/06/2022 | US\$187,000 | 143 | 0.11 |
| AT&T 3% 30/06/2022 | US\$298,000 | 231 | 0.17 |
| General Motors Financial 3.15% 30/06/2022 | US\$50,000 | 38 | 0.03 |
| Charter Communications Operating 4.464% 23/07/2022 | US\$40,000 | 32 | 0.02 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|-------------------------------------------------|------------------------|------------------------|--------------------|
| United States of America (continued) | | | |
| Regions Financial 2.75% 14/08/2022 | US\$255,000 | 195 | 0.15 |
| Mosaic 3.25% 15/11/2022 | US\$36,000 | 28 | 0.02 |
| General Electric 3.1% 09/01/2023 | US\$20,000 | 15 | 0.01 |
| Bank of America 3.3% 11/01/2023 | US\$148,000 | 115 | 0.09 |
| Nabors Industries 5.5% 15/01/2023 | US\$55,000 | 38 | 0.03 |
| Anheuser-Busch InBev Finance 3.3% 01/02/2023 | US\$73,000 | 56 | 0.04 |
| Constellation Brands 3.2% 15/02/2023 | US\$71,000 | 55 | 0.04 |
| Morgan Stanley 3.75% 25/02/2023 | US\$214,000 | 169 | 0.13 |
| CCO Holdings 4% 01/03/2023 | US\$743,000 | 559 | 0.42 |
| Discovery Communications 2.95% 20/03/2023 | US\$200,000 | 152 | 0.11 |
| Newell Brands 3.85% 01/04/2023 | US\$60,000 | 47 | 0.03 |
| Bank of America FRN 2.881% 24/04/2023 | US\$70,000 | 54 | 0.04 |
| CGG Holding US 7.875% 01/05/2023 | €185,000 | 169 | 0.13 |
| Keurig Dr Pepper 4.057% 25/05/2023 | US\$160,000 | 126 | 0.09 |
| Equifax 3.95% 15/06/2023 | US\$180,000 | 141 | 0.11 |
| General Motors Financial 4.15% 19/06/2023 | US\$120,000 | 93 | 0.07 |
| Bank of America FRN 2.816% 21/07/2023 | US\$170,000 | 130 | 0.10 |
| Goldman Sachs Group FRN 2.905% 24/07/2023 | US\$260,000 | 198 | 0.15 |
| Comerica 3.7% 31/07/2023 | US\$65,000 | 51 | 0.04 |
| Roper Technologies 3.65% 15/09/2023 | US\$129,000 | 102 | 0.08 |
| GLP Capital REIT 5.375% 01/11/2023 | US\$16,000 | 13 | 0.01 |
| DowDuPont 4.205% 15/11/2023 | US\$159,000 | 128 | 0.10 |
| Mosaic 4.25% 15/11/2023 | US\$36,000 | 29 | 0.02 |
| Analog Devices 3.125% 05/12/2023 | US\$170,000 | 130 | 0.10 |
| Marathon Petroleum 4.75% 15/12/2023 | US\$50,000 | 41 | 0.03 |
| Bank of America FRN 3.004% 20/12/2023 | US\$91,000 | 70 | 0.05 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|---------------------------------------------------------|------------------------|------------------------|--------------------|
| United States of America (continued) | | | |
| Anheuser-Busch InBev Worldwide FRN 3.165% 12/01/2024 | US\$35,000 | 27 | 0.02 |
| BWAY Holding 4.75% 15/04/2024 | €601,000 | 530 | 0.40 |
| JPMorgan Chase FRN 3.207% 23/04/2024 | US\$305,000 | 235 | 0.18 |
| Citigroup FRN 4.044% 01/06/2024 | US\$311,000 | 247 | 0.19 |
| Becton Dickinson 3.363% 06/06/2024 | US\$225,000 | 171 | 0.13 |
| BAT Capital 3.222% 15/08/2024 | US\$230,000 | 169 | 0.13 |
| Cox Communications 3.15% 15/08/2024 | US\$96,000 | 73 | 0.05 |
| BB&T 2.85% 26/10/2024 | US\$305,000 | 230 | 0.17 |
| JPMorgan Chase FRN 4.023% 05/12/2024 | US\$99,000 | 79 | 0.06 |
| Vornado Realty REIT 3.5% 15/01/2025 | US\$75,000 | 57 | 0.04 |
| Sabine Pass Liquefaction 5.625% 01/03/2025 | US\$50,000 | 42 | 0.03 |
| Energy Transfer Operating 4.05% 15/03/2025 | US\$249,000 | 188 | 0.14 |
| Mylan 2.125% 23/05/2025 | €509,000 | 447 | 0.34 |
| American Tower REIT 4% 01/06/2025 | US\$200,000 | 155 | 0.12 |
| Kinder Morgan 4.3% 01/06/2025 | US\$355,000 | 280 | 0.21 |
| United Technologies 3.95% 16/08/2025 | US\$67,000 | 53 | 0.04 |
| Williams 4% 15/09/2025 | US\$280,000 | 216 | 0.16 |
| Bayer US Finance II 4.25% 15/12/2025 | US\$200,000 | 155 | 0.12 |
| Bank of America FRN 3.366% 23/01/2026 | US\$150,000 | 114 | 0.09 |
| Scientific Games International 5.5% 15/02/2026 | €1,031,000 | 793 | 0.60 |
| Anadarko Petroleum 5.55% 15/03/2026 | US\$150,000 | 125 | 0.09 |
| Newell Brands 4.2% 01/04/2026 | US\$55,000 | 42 | 0.03 |
| AbbVie 3.2% 14/05/2026 | US\$66,000 | 48 | 0.04 |
| Crown Castle International REIT 3.7% 15/06/2026 | US\$212,000 | 160 | 0.12 |
| EnLink Midstream Partners 4.85% 15/07/2026 | US\$62,000 | 45 | 0.03 |
| Roper Technologies 3.8% 15/12/2026 | US\$100,000 | 77 | 0.06 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|----------------------------------------------------|------------------------|------------------------|--------------------|
| United States of America (continued) | | | |
| Levi Strauss 3.375% 15/03/2027 | €896,000 | 807 | 0.61 |
| Keysight Technologies 4.6% 06/04/2027 | US\$105,000 | 83 | 0.06 |
| Digital Realty Trust REIT 3.7% 15/08/2027 | US\$206,000 | 153 | 0.11 |
| Manufacturers & Traders Trust 3.4% 17/08/2027 | US\$250,000 | 192 | 0.14 |
| Concho Resources 3.75% 01/10/2027 | US\$90,000 | 67 | 0.05 |
| EQT 3.9% 01/10/2027 | US\$445,000 | 311 | 0.23 |
| Synchrony Financial 3.95% 01/12/2027 | US\$67,000 | 45 | 0.03 |
| Citigroup FRN 3.887% 10/01/2028 | US\$155,000 | 119 | 0.09 |
| Continental Resources 4.375% 15/01/2028 | US\$5,000 | 4 | 0.00 |
| Noble Energy 3.85% 15/01/2028 | US\$250,000 | 183 | 0.14 |
| Motorola Solutions 4.6% 23/02/2028 | US\$249,000 | 191 | 0.14 |
| Sabine Pass Liquefaction 4.2% 15/03/2028 | US\$190,000 | 144 | 0.11 |
| AXA Equitable Holdings 4.35% 20/04/2028 | US\$28,000 | 21 | 0.02 |
| AT&T 4.375% 14/09/2029 | £612,000 | 658 | 0.49 |
| Verizon Communications 4.272% 15/01/2036 | US\$201,000 | 150 | 0.11 |
| JC Penney 6.375% 15/10/2036 | US\$1,000,000 | 295 | 0.22 |
| Microsoft 4.1% 06/02/2037 | US\$16,000 | 13 | 0.01 |
| Sempra Energy 3.8% 01/02/2038 | US\$190,000 | 129 | 0.10 |
| MPLX 4.5% 15/04/2038 | US\$275,000 | 193 | 0.14 |
| Comcast 4.6% 15/10/2038 | US\$159,000 | 126 | 0.09 |
| United Technologies 4.45% 16/11/2038 | US\$18,000 | 14 | 0.01 |
| Dow Chemical 9.4% 15/05/2039 | US\$27,000 | 30 | 0.02 |
| Barrick North America Finance 5.7% 30/05/2041 | US\$300,000 | 249 | 0.19 |
| Anheuser-Busch InBev Worldwide 3.75% 15/07/2042 | US\$34,000 | 22 | 0.02 |
| General Electric 4.125% 09/10/2042 | US\$142,000 | 89 | 0.07 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|------------------------------------------------------------------|------------------------|------------------------|--------------------|
| United States of America (continued) | | | |
| Verizon Communications 3.85% 01/11/2042 | US\$109,000 | 75 | 0.06 |
| AT&T 4.3% 15/12/2042 | US\$15,000 | 10 | 0.01 |
| Anadarko Petroleum 4.5% 15/07/2044 | US\$25,000 | 17 | 0.01 |
| Valero Energy 4.9% 15/03/2045 | US\$17,000 | 13 | 0.01 |
| Target 3.625% 15/04/2046 | US\$5,000 | 4 | 0.00 |
| AT&T 4.75% 15/05/2046 | US\$52,000 | 37 | 0.03 |
| Fidelity National Information Services 4.5% 15/08/2046 | US\$60,000 | 44 | 0.03 |
| Union Pacific 3.35% 15/08/2046 | US\$13,000 | 8 | 0.01 |
| Altria Group 3.875% 16/09/2046 | US\$59,000 | 38 | 0.03 |
| Kroger 3.875% 15/10/2046 | US\$73,000 | 47 | 0.03 |
| J.P. Morgan Mortgage Trust FRN, Series 2016-3 3.5% 25/10/2046 | US\$71,042 | 56 | 0.04 |
| Kroger 4.45% 01/02/2047 | US\$260,000 | 184 | 0.14 |
| First Republic Bank 4.625% 13/02/2047 | US\$250,000 | 188 | 0.14 |
| McDonald's 4.45% 01/03/2047 | US\$28,000 | 21 | 0.02 |
| Cox Communications 4.6% 15/08/2047 | US\$80,000 | 57 | 0.04 |
| Amazon.com 4.05% 22/08/2047 | US\$41,000 | 32 | 0.02 |
| Prudential Financial FRN 4.5% 15/09/2047 | US\$254,000 | 173 | 0.13 |
| Flagstar Mortgage Trust FRN, Series 2017-2 3.5% 25/10/2047 | US\$109,399 | 86 | 0.06 |
| Target 3.9% 15/11/2047 | US\$85,000 | 62 | 0.05 |
| Voya Financial FRN 4.7% 23/01/2048 | US\$47,000 | 31 | 0.02 |
| Southern California Edison 4.125% 01/03/2048 | US\$168,000 | 123 | 0.09 |
| Campbell Soup 4.8% 15/03/2048 | US\$199,000 | 137 | 0.10 |
| CVS Health 5.05% 25/03/2048 | US\$265,000 | 209 | 0.16 |
| Marathon Petroleum 4.5% 01/04/2048 | US\$170,000 | 116 | 0.09 |
| AXA Equitable Holdings 5% 20/04/2048 | US\$63,000 | 44 | 0.03 |
| Kansas City Southern 4.7% 01/05/2048 | US\$165,000 | 128 | 0.10 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|------------------------------------------------------------------|------------------------|------------------------|--------------------|
| United States of America (continued) | | | |
| Nucor 4.4% 01/05/2048 | US\$117,000 | 89 | 0.07 |
| Texas Instruments 4.15% 15/05/2048 | US\$78,000 | 61 | 0.05 |
| Walmart 4.05% 29/06/2048 | US\$116,000 | 91 | 0.07 |
| McDonald's 4.45% 01/09/2048 | US\$168,000 | 128 | 0.10 |
| International Flavors & Fragrances 5% 26/09/2048 | US\$125,000 | 98 | 0.07 |
| Anheuser-Busch InBev Worldwide 4.439% 06/10/2048 | US\$6,000 | 4 | 0.00 |
| Comcast 4.7% 15/10/2048 | US\$46,000 | 37 | 0.03 |
| Corning 5.35% 15/11/2048 | US\$262,000 | 210 | 0.16 |
| J.P. Morgan Mortgage Trust FRN, Series 2017-4 3.5% 25/11/2048 | US\$186,957 | 146 | 0.11 |
| UnitedHealth Group 4.45% 15/12/2048 | US\$48,000 | 39 | 0.03 |
| Berkshire Hathaway Energy 4.45% 15/01/2049 | US\$99,000 | 77 | 0.06 |
| Enterprise Products Operating 4.8% 01/02/2049 | US\$18,000 | 14 | 0.01 |
| General Motors 5.95% 01/04/2049 | US\$32,000 | 23 | 0.02 |
| Towd Point Mortgage Trust FRN, Series 2017-1 2.75% 25/10/2056 | US\$89,299 | 69 | 0.05 |
| Towd Point Mortgage Trust FRN, Series 2017-6 2.75% 25/10/2057 | US\$84,791 | 65 | 0.05 |
| Comcast 4.95% 15/10/2058 | US\$67,000 | 54 | 0.04 |
| MetLife 6.4% 15/12/2066 | US\$80,000 | 64 | 0.05 |
| Enterprise Products Operating FRN 5.375% 15/02/2078 | US\$479,000 | 317 | 0.24 |
| Energy Transfer Operating FRN 6.25% Perpetual | US\$1,271,000 | 865 | 0.65 |
| General Electric FRN 5% Perpetual | US\$47,000 | 30 | 0.02 |
| General Motors Financial FRN 5.75% Perpetual | US\$34,000 | 22 | 0.02 |
| M&T Bank FRN 5.125% Perpetual | US\$166,000 | 127 | 0.09 |
| Progressive FRN 5.375% Perpetual | US\$110,000 | 84 | 0.06 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|---------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|--------------------|
| United States of America (continued) | | | |
| State Street FRN 5.625% Perpetual | US\$54,000 | 41 | 0.03 |
| | | 19,594 | 14.72 |
| Corporate Bonds total | | | |
| | | 122,457 | 92.00 |
| Swaps (1.08)% ((0.35)%) | | | |
| Credit Default Swap Citigroup Buy BBVA Senior Finance 3.75% 17/01/2018 20/03/2019 | EUR 1,000,000 | (13) | (0.01) |
| Credit Default Swap Citigroup Buy Banco Santander 5.78% 17/02/2028 20/03/2019 | EUR 536,079 | (7) | (0.01) |
| Credit Default Swap Morgan Stanley Buy Michelin Luxembourg 2.75% 20/06/2019 20/09/2019 | EUR 1,000,000 | (8) | (0.01) |
| Credit Default Swap Citigroup Buy Cable & Wireless International Finance 8.625% 25/03/2019 20/12/2019 | EUR 440,000 | (24) | (0.02) |
| Credit Default Swap Morgan Stanley Buy Cable & Wireless International Finance 8.625% 25/03/2019 20/12/2019 | EUR 170,000 | (9) | (0.01) |
| Credit Default Swap Bank of America Buy Peugeot 7.375% 06/03/2018 20/12/2020 | EUR 535,000 | (50) | (0.04) |
| Credit Default Swap BNP Paribas Buy Intesa Sanpaolo 0% 03/03/2017 20/06/2021 | EUR 1,200,000 | 8 | 0.01 |
| Credit Default Swap Barclays Buy Wendel 3.75% 21/01/2021 20/06/2021 | EUR 1,000,000 | (113) | (0.08) |
| Credit Default Swap Barclays Buy Peugeot 7.375% 06/03/2018 20/06/2021 | EUR 500,000 | (55) | (0.04) |
| Credit Default Swap Goldman Sachs Buy TUI 4.5% 01/10/2019 20/12/2021 | EUR 1,000,000 | (113) | (0.09) |
| Credit Default Swap Citigroup Buy Standard Chartered Bank 5.875% 26/09/2017 20/06/2022 | EUR 2,050,000 | (16) | (0.01) |
| Credit Default Swap Citigroup Buy Wendel 3.75% 21/01/2021 20/12/2022 | EUR 433,574 | (68) | (0.05) |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|----------------------------------------------------------------------------------------------------------|------------------------|------------------------|--------------------|
| Swaps (continued) | | | |
| Credit Default Swap Credit Suisse Buy Wendel 3.75% 21/01/2021 20/12/2022 | EUR 1,930,426 | (304) | (0.23) |
| Credit Default Swap Goldman Sachs Buy CNH Industrial Finance Europe 2.75% 18/03/2019 20/06/2023 | EUR 501,776 | (81) | (0.06) |
| Credit Default Swap J.P. Morgan Buy CNH Industrial Finance Europe 2.75% 18/03/2019 20/06/2023 | EUR 400,333 | (65) | (0.05) |
| Credit Default Swap Citigroup Buy thyssenkrupp 3.125% 25/10/2019 20/06/2023 | EUR 2,396,000 | 93 | 0.07 |
| Credit Default Swap BNP Paribas Buy LANXESS 0.25% 07/10/2021 20/12/2023 | EUR 982,906 | 3 | 0.00 |
| Credit Default Swap Citigroup Buy LANXESS 0.25% 07/10/2021 20/12/2023 | EUR 798,611 | 2 | 0.00 |
| Credit Default Swap J.P. Morgan Sell Cerved Group 8% 15/01/2021 20/09/2019 | EUR 1,500,000 | 29 | 0.02 |
| Credit Default Swap Barclays Sell Autostrade per l'Italia 5.875% 09/06/2024 20/06/2023 | EUR 88,154 | (4) | 0.00 |
| Credit Default Swap BNP Paribas Sell Autostrade per l'Italia 5.875% 09/06/2024 20/06/2023 | EUR 512,845 | (26) | (0.01) |
| Credit Default Swap J.P. Morgan Sell Autostrade per l'Italia 5.875% 09/06/2024 20/06/2023 | EUR 107,533 | (5) | 0.00 |
| Credit Default Swap Barclays Sell SUPERVALU 6.75% 01/06/2021 20/06/2023 | USD 144,737 | 0 | 0.00 |
| Credit Default Swap Goldman Sachs Sell SUPERVALU 6.75% 01/06/2021 20/06/2023 | USD 855,263 | (1) | 0.00 |
| Inflation Rate Swap Morgan Stanley Pay fixed 2.346% Receive floating USCPI 1 month 24/05/2023 | USD 15,325,766 | (243) | (0.18) |
| Inflation Rate Swap Morgan Stanley Pay fixed 2.3% Receive floating USCPI 1 month 30/07/2023 | USD 25,726,286 | (392) | (0.30) |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|-------------------------------------------------------------------------------------------------------|------------------------|------------------------|--------------------|
| Swaps (continued) | | | |
| Interest Rate Swap Morgan Stanley Pay fixed 1.162% Receive floating EURIBOR 6 month 12/11/2030 | EUR 1,028,559 | (14) | (0.01) |
| Interest Rate Swap Morgan Stanley Pay fixed 1.45% Receive floating LIBOR 6 month 08/01/2033 | GBP 1,031,250 | 8 | 0.01 |
| Interest Rate Swap Morgan Stanley Pay fixed 1.61% Receive floating LIBOR 6 month 13/10/2047 | GBP 1,726,036 | (20) | (0.02) |
| Interest Rate Swap Morgan Stanley Pay floating EURIBOR 6 month Receive fixed 1.493% 29/06/2048 | EUR 3,283,711 | 51 | 0.04 |
| Swaps total | | (1,437) | (1.08) |
| Swaptions 0.11% (0.84%) | | | |
| Interest Rate Swap Morgan Stanley Pay fixed 3.05% Receive floating LIBOR 3 month Call 3.05 02/05/2029 | USD 22,550,000 | 148 | 0.11 |
| Swaptions total | | 148 | 0.11 |
| Forward Foreign Currency Contracts (1.95)% (0.21%) | | | |
| Buy CAD 757,857 Sell GBP 443,689 17/01/2019 | CAD 757,857 | 7 | 0.01 |
| Buy EUR 3,622,216 Sell GBP 3,228,375 17/01/2019 | EUR 3,622,216 | 31 | 0.02 |
| Buy EUR 390,000 Sell GBP 352,170 17/01/2019 | EUR 390,000 | (1) | 0.00 |
| Buy USD 2,316,181 Sell GBP 1,799,980 17/01/2019 | USD 2,316,181 | 41 | 0.03 |
| Buy ZAR 1,016,000 Sell GBP 56,303 17/01/2019 | ZAR 1,016,000 | 0 | 0.00 |
| Sell AUD 669,000 Buy GBP 381,989 17/01/2019 | AUD (669,000) | 1 | 0.00 |
| Sell AUD 764,000 Buy GBP 431,561 17/01/2019 | AUD (764,000) | (4) | 0.00 |
| Sell EUR 63,044 Buy GBP 57,030 17/01/2019 | EUR (63,044) | 0 | 0.00 |

Portfolio Statement (continued)

| | Holding at 15.12.18 | Market Value £000's | % of net assets |
|-------------------------------------------------------|------------------------|------------------------|--------------------|
| Forward Foreign Currency Contracts (continued) | | | |
| Sell EUR 57,312,027 Buy GBP 50,109,148 17/01/2019 | EUR (57,312,027) | (1,460) | (1.10) |
| Sell USD 39,406,167 Buy GBP 30,118,078 17/01/2019 | USD (39,406,167) | (1,207) | (0.91) |
| Forward Foreign Currency Contracts total | | (2,592) | (1.95) |
| Futures (0.51)% ((0.04)%) | | | |
| 3 Month Eurodollar December 2019 | (179) | (53) | (0.04) |
| Australia 10 Year Bond March 2019 | 488 | 28 | 0.02 |
| Canada 10 Year Bond March 2019 | (288) | (460) | (0.34) |
| Euro-Bobl March 2019 | (118) | (9) | (0.01) |
| Long Gilt March 2019 | (126) | (209) | (0.15) |
| US Treasury 2 Year Note March 2019 | (409) | (158) | (0.12) |
| US Treasury 5 Year Note March 2019 | (16) | (10) | (0.01) |
| US Treasury 10 Year Note March 2019 | (72) | 25 | 0.02 |
| US Treasury 10 Year Ultra Note March 2019 | 112 | 165 | 0.12 |
| US Treasury Long Bond March 2019 | (1) | 0 | 0.00 |
| Futures total | | (681) | (0.51) |
| Portfolio of investments | | 125,367 | 94.19 |
| Net other assets | | 7,738 | 5.81 |
| Net assets attributable to unitholders | | 133,105 | 100.00 |

The comparative percentage figures in brackets are as at 15 June 2018.

Unless otherwise stated, all securities are admitted to official stock exchange listings.

Summary of Portfolio Transactions

Largest purchases

| For the six months ended 15 December 2018 | Cost £000's |
|-----------------------------------------------|----------------|
| UK Treasury 1.75% 22/07/2057 | 5,035 |
| Spain Government Bond 1.4% 30/04/2028 | 3,942 |
| Metro Bank FRN 5.5% 26/06/2028 | 3,221 |
| South Africa Government Bond 10.5% 21/12/2026 | 1,660 |
| CYBG FRN 4% 25/09/2026 | 1,481 |
| Western Power Distribution 3.5% 16/10/2026 | 1,430 |
| Banco de Sabadell 1.625% 07/03/2024 | 1,375 |
| Prudential FRN 5.625% 20/10/2051 | 1,348 |
| South Africa Government Bond 8% 31/01/2030 | 1,310 |
| Pyxus International 9.875% 15/07/2021 | 1,071 |

Largest sales

| For the six months ended 15 December 2018 | Proceeds £000's |
|---------------------------------------------------|--------------------|
| UK Treasury 1.75% 22/07/2057 | 5,001 |
| Spain Government Bond 1.45% 31/10/2027 | 3,932 |
| Spain Government Bond 1.4% 30/04/2028 | 3,904 |
| London & Quadrant Housing Trust 2.625% 28/02/2028 | 1,896 |
| South Africa Government Bond 10.5% 21/12/2026 | 1,709 |
| BAT International Finance 7.25% 12/03/2024 | 1,630 |
| Barclays 3.125% 17/01/2024 | 1,448 |
| Annington Funding 2.646% 12/07/2025 | 1,439 |
| South Africa Government Bond 8% 31/01/2030 | 1,343 |
| Tritax Big Box REIT 2.625% 14/12/2026 | 1,332 |

Statement of the Manager's Responsibilities

The Financial Conduct Authority's Collective Investment Schemes sourcebook (COLL) requires the Manager to prepare accounts for each annual and half yearly accounting period, in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the financial position of the fund and of its net revenue and the net capital losses on the property of the fund for the period. In preparing the accounts the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Management Association (IMA (now the Investment Association (IA))) in May 2014;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the fund will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements;
- make judgements and estimates that are prudent and reasonable.

The Manager is responsible for the management of the fund in accordance with its Trust Deed, the Prospectus and the COLL, and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Manager's report and accounts for the period ended 15 December 2018 were signed on 5 February 2019 on behalf of the Manager by:

J.A. Walker-Hazell
Directors

P. Middleton

Statement of Total Return (unaudited)

For the six months ended 15 December 2018

| | 15.12.18 | 15.12.17 |
|------------------------------------------------------------------------------------|----------------|--------------|
| | £000's | £000's |
| Income | | |
| Net capital (losses)/gains | (7,733) | 3,098 |
| Revenue | 2,787 | 1,899 |
| Expenses | (397) | (408) |
| Net revenue after taxation | 2,390 | 1,491 |
| Total return before distributions | (5,343) | 4,589 |
| Distributions | (2,706) | (1,818) |
| Change in net assets attributable to unitholders from investment activities | (8,049) | 2,771 |

Statement of Change in Net Assets Attributable to Unitholders (unaudited)

For the six months ended 15 December 2018

| | 15.12.18 | 15.12.17 |
|-----------------------------------------------------------------------------|----------------------|----------------------------|
| | £000's | £000's |
| Opening net assets attributable to unitholders | 146,660 ¹ | 123,811 |
| Amounts receivable on issue of units | 19,312 | 15,103 |
| Amounts payable on cancellation of units | (25,826) | (6,657) |
| | (6,514) | 8,446 |
| Dilution adjustment | 68 | 4 |
| Change in net assets attributable to unitholders from investment activities | (8,049) | 2,771 |
| Retained distribution on Accumulation units | 940 | 658 |
| Closing net assets attributable to unitholders | 133,105 | 135,690¹ |

1 The Opening net assets attributable to unitholders for the current period do not equal the Closing net assets attributable to unitholders for the comparative period as they are not consecutive periods.

Balance Sheet (unaudited)

As at 15 December 2018

| | 15.12.18 | 15.6.18 |
|-----------------------------------------------|----------------|----------------|
| | £000's | £000's |
| Assets | | |
| Investments | 130,569 | 130,187 |
| Current assets | | |
| Debtors | 2,878 | 3,303 |
| Cash and bank balances | 7,704 | 19,302 |
| Total assets | 141,151 | 152,792 |
| Liabilities | | |
| Investment liabilities | (5,202) | (2,125) |
| Creditors | | |
| Bank overdrafts | (479) | (764) |
| Distributions payable | (1,397) | (990) |
| Other creditors | (968) | (2,253) |
| Total liabilities | (8,046) | (6,132) |
| Net assets attributable to unitholders | 133,105 | 146,660 |

Notes to the Accounts (unaudited)

Basis of preparation

The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the SORP for UK Authorised Funds issued by the IMA in May 2014 and in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)).

Accounting policies

The accounting policies applied are consistent with those of the annual accounts for the year ended 15 June 2018 and are described in those annual accounts.

Distribution Table (unaudited)

Quarterly distribution for the three months ended 15 September 2018

Group 1 Units purchased prior to 16 June 2018
Group 2 Units purchased on or after 16 June 2018

| | Gross revenue 2018 p per unit | Equalisation 2018 p per unit | Distribution paid 15.11.18 p per unit | <i>Distribution paid 15.11.17 p per unit</i> |
|-----------------------------------|----------------------------------------|------------------------------------|------------------------------------------------|----------------------------------------------------------|
| X Income (Quarterly) units | | | | |
| Group 1 | 0.5788 | – | 0.5788 | 0.4268 |
| Group 2 | 0.2685 | 0.3103 | 0.5788 | 0.4268 |

Interim distribution for the three months ended 15 December 2018

Group 1 Units purchased prior to 16 September 2018
Group 2 Units purchased on or after 16 September 2018

| | Gross revenue 2018 p per unit | Equalisation 2018 p per unit | Distribution payable 15.2.19 p per unit | <i>Distribution paid 15.2.18 p per unit</i> |
|-----------------------------------|----------------------------------------|------------------------------------|--------------------------------------------------|---------------------------------------------------------|
| X Income (Quarterly) units | | | | |
| Group 1 | 0.5336 | – | 0.5336 | 0.4029 |
| Group 2 | 0.2551 | 0.2785 | 0.5336 | 0.4029 |

Distribution Table (unaudited) (continued)

Interim distribution for the six months ended 15 December 2018

Group 1 Units purchased prior to 16 June 2018

Group 2 Units purchased on or after 16 June 2018

| | Gross revenue 2018 p per unit | Equalisation 2018 p per unit | Distribution payable 15.2.19 p per unit | Distribution paid 15.2.18 p per unit |
|-----------------------------|----------------------------------------|------------------------------------|--------------------------------------------------|-----------------------------------------------|
| A Income units | | | | |
| Group 1 | 0.9748 | – | 0.9748 | 0.7251 |
| Group 2 | 0.2481 | 0.7267 | 0.9748 | 0.7251 |
| A Accumulation units | | | | |
| Group 1 | 1.1898 | – | 1.1898 | 0.8622 |
| Group 2 | 0.5904 | 0.5994 | 1.1898 | 0.8622 |
| L Income units | | | | |
| Group 1 | 1.0523 | – | 1.0523 | 0.7841 |
| Group 2 | 0.6208 | 0.4315 | 1.0523 | 0.7841 |
| L Accumulation units | | | | |
| Group 1 | 1.2893 | – | 1.2893 | 0.9354 |
| Group 2 | 0.5227 | 0.7666 | 1.2893 | 0.9354 |
| Z Income units | | | | |
| Group 1 | 1.0177 | – | 1.0177 | 0.7521 |
| Group 2 | 0.5585 | 0.4592 | 1.0177 | 0.7521 |
| Z Accumulation units | | | | |
| Group 1 | 1.2389 | – | 1.2389 | 0.8920 |
| Group 2 | 0.6688 | 0.5701 | 1.2389 | 0.8920 |

Equalisation

Equalisation applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of Group 2 units and is refunded to the holders of these units as a return of capital.

Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

General Information

Manager¹

Schroder Unit Trusts Limited
1 London Wall Place
London EC2Y 5AU

Authorised and regulated by the Financial Conduct Authority

Investment Adviser¹

Schroder Investment Management Limited
1 London Wall Place
London EC2Y 5AU

Authorised and regulated by the Financial Conduct Authority

Trustee

J.P. Morgan Europe Limited
Chaseside
Bournemouth BH7 7DA

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

Registrar¹

Schroder Unit Trusts Limited
1 London Wall Place
London EC2Y 5AU

Authorised and regulated by the Financial Conduct Authority

Administration Details

Schroders
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Dealing 0800 718 788
Fax 0870 043 4080

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

¹ With effect from 4 September 2018, Schroder Unit Trusts Limited and Schroder Investment Management Limited changed address, previously it was 31 Gresham Street, London EC2V 7QA.

Authorisation

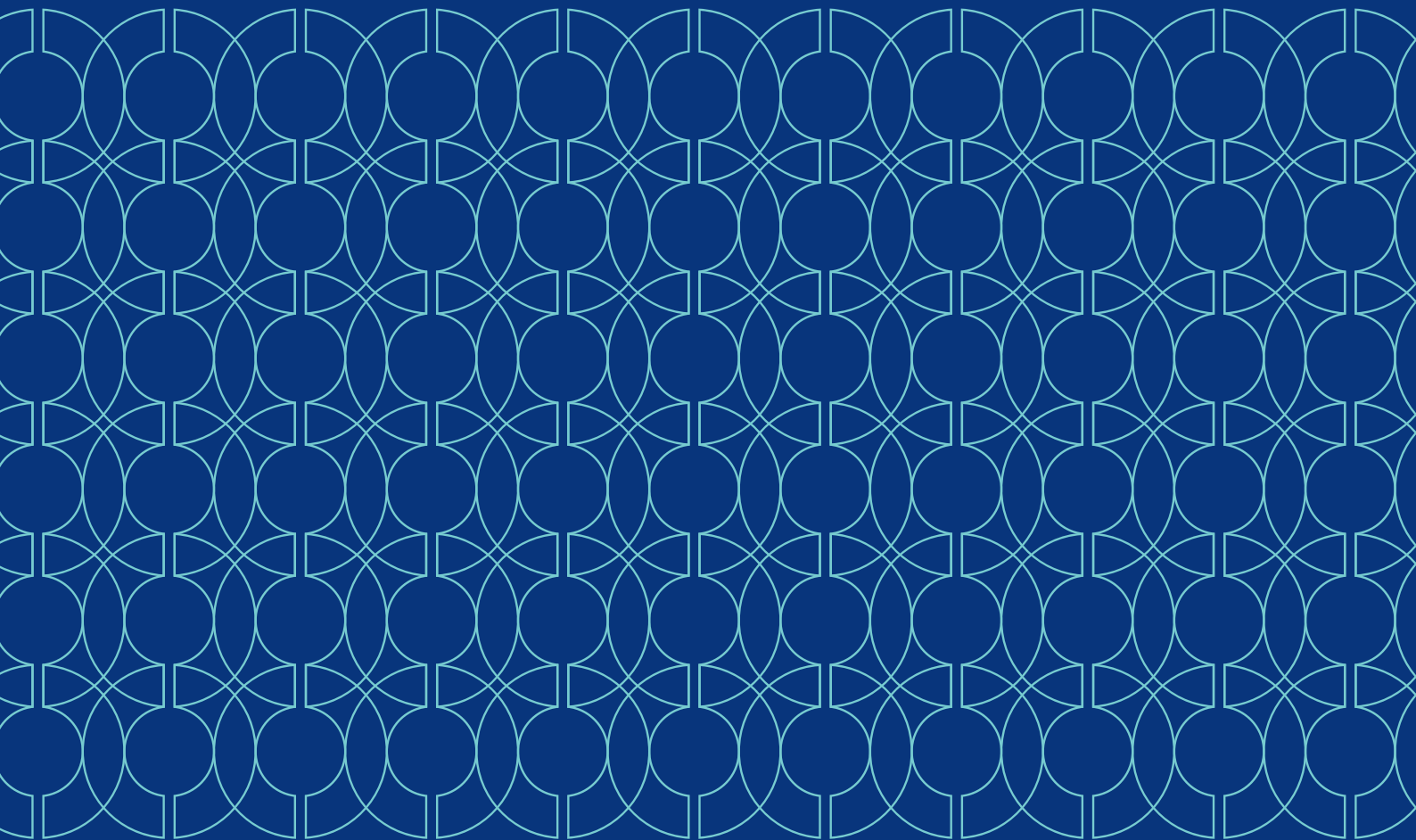
The fund is an authorised unit trust and is constituted pursuant to the COLL and is structured as a trust. The fund is a UCITS scheme for the purpose of the categorisation of the COLL.

Initial management charge

The issue price of X Income (Quarterly) units reflects an initial management charge of 10% of the dealing price. This is retained by the Manager.

Other information

The Prospectus, the Key Investor Information Document and details of investment charges and costs are available on request or can be downloaded from our website www.schroders.co.uk.



EST. 1804

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For further literature please contact Schroder Investor Services on 0800 718 777 or at investorservices@schroders.com, or visit our website at www.schroders.co.uk.

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