

Schroder European Fund

January 2019

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1 Collectively these comprise the Manager's report.

Fund Information

Investment objective and policy

The Schroder European Fund (the 'fund') aims to provide capital growth by investing in equity and equity related securities of European companies, excluding the UK.

The Fund invests at least 80% of its assets in equity and equity related securities of large and mid sized European companies, excluding the UK. These are companies that, at the time of purchase, are considered to be in the top 90% by market capitalisation of the European equities market. As the Fund is index-unconstrained it is managed without reference to an index.

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 reducing risk or managing the Fund more efficiently.

Financial highlights

Dealing price	15.1.19	15.1.18	% change
A Income units	89.18p	107.50p	(17.04)
A Accumulation units	94.23p	112.80p	(16.46)
GBP Hedged A Income units	69.27p	82.16p	(15.69)
GBP Hedged A Accumulation units	71.07p	84.39p	(15.78)
GBP Hedged Z Income units	69.45p	82.87p	(16.19)
GBP Hedged Z Accumulation units	74.26p	87.56p	(15.19)
I Income units	1,231.00p	1,483.00p	(16.99)
I Accumulation units	1,890.00p	2,242.00p	(15.70)
L Income units	67.44p	81.22p	(16.97)
L Accumulation units	72.09p	85.59p	(15.77)
Q Euro Accumulation units	87.88¢	104.10¢	(15.58)
S Income units	66.56p	80.15p	(16.96)
Y Accumulation units	63.48p	74.98p	(15.34)
Z Income units	96.81p	116.60p	(16.97)
Z Accumulation units	104.20p	123.80p	(15.83)
	15.3.19	15.3.18	
Final distribution per I Income unit	21.8426p	21.9555p	

The performance of a hedged unit class may differ from other unit classes of the fund because the return on unhedged unit classes is based on both the performance of the fund's investments and the performance of the portfolio currencies relative to sterling whereas the return on a hedged unit class is based only on the performance of the fund's investments.

Fund Information (continued)

Fund information

Launch date	30 April 1987	
Launch price	134.30p per I Income unit	
	138.50p per I Accumulation unit	
Launch date	1 October 2010	
Launch price	50.00p per A Income unit	
	50.00p per A Accumulation unit	
Launch date	8 November 2011	
Launch price	50.00p per Z Income unit	
	50.00p per Z Accumulation unit	
Launch date	1 July 2013	
Launch price	50.00p per GBP Hedged A Income unit	
	50.00p per GBP Hedged A Accumulation unit	
	50.00p per GBP Hedged Z Income unit	
	50.00p per GBP Hedged Z Accumulation unit	
Launch date	1 October 2013	
Launch price	50.00p per L Income unit	
	50.00p per L Accumulation unit	
Launch date	31 January 2014	
Launch price	50.00p per S Income unit	
Launch date	11 March 2016	
Launch price	50.00p per Y Accumulation unit	
Launch date	1 December 2017	
Launch price	100.00€ per Q Euro Accumulation unit	
	Interim	Final
Accounting dates	15 July	15 January
Revenue allocation date		15 March

Fund Information (continued)

Ongoing charges figure

	For the year to 15.1.19	For the period from 16.1.18	For the year to 15.1.18
A Income units	1.67%	1.67%	1.67%
A Accumulation units	1.67%	1.67%	1.67%
GBP Hedged A Income units	1.77% ^{1 2}	1.67%	1.67%
GBP Hedged A Accumulation units	1.77% ^{1 2}	1.67%	1.67%
GBP Hedged Z Income units	1.02% ^{1 2}	0.92%	0.92%
GBP Hedged Z Accumulation units	1.02% ^{1 2}	0.92% ¹	0.91%
I Income units	0.77%	0.77%	0.77%
I Accumulation units	0.77%	0.77%	0.77%
L Income units	0.85%	0.85%	0.85%
L Accumulation units	0.85%	0.85%	0.85%
Q Euro Accumulation units	0.75%	0.75% ^{1 3}	0.32% ³
S Income units	0.55%	0.55%	0.55%
Y Accumulation units	0.32%	0.32%	0.32%
Z Income units	0.92%	0.92%	0.92%
Z Accumulation units	0.92%	0.92%	0.92%

1 The Ongoing charges figure was a projected figure based on the latest expenses of the unit classes.

2 The Ongoing charges figure includes the hedging programme cost of 0.10%.

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

Review of Investment Activities

From 15 January 2018 to 15 January 2019, the price of I Accumulation units on a dealing price to dealing price basis fell 15.70%. In comparison, the FTSE¹ World European ex UK Index generated a negative total return of 9.65%² in sterling terms.

European equities fell during the twelve months under review amid worries over US-China trade wars, slowing economic activity and tighter monetary policy from major central banks. The fund lagged the Index; some of the more cyclical opportunities in the portfolio were out of favour in the risk off environment that prevailed, particularly in the second half of the year. Among these was metals and metallurgy firm Eramet which declined as metals prices fell. Semiconductor group ams – a new position – was another detractor as investors worried about slower demand for Apple's new iPhone, as well as the possible negative effects of tariffs on global supply chains. We see scope for ams to expand its customer base and the application of its technology. Italian bank UniCredit was another detractor, in part due to the stand off between the Italian government and the EU over the 2019 budget.

On the positive side, holdings in the health care sector supported fund performance. These included Elekta, whose new Unity device received a CE mark. This means the device can now be used to treat patients. Lonza Group, another new holding, also made a positive contribution. We see it as a high quality stock and it has new capacity coming on stream to meet rising demand for biotechnology treatments.

2018 was a disappointing year for returns from all asset classes. The negative sentiment means many stocks have, in our view, been overly punished. Sectors such as tech hardware or those in the automotive sector have seen valuations fall to recessionary levels. If the current bearish sentiment were to improve, these are the areas of the market that could benefit the most.

Fund Manager:

Martin Skanberg



Martin joined Schroders in 2004 as an Industrials analyst, before taking on portfolio management responsibilities in 2006 and is now a fund manager for the Schroder European Fund and Schroder ISF EURO Equity

Investment career commenced in 1994 when he joined SEB Asset Management as an investment analyst for Nordic Industrials and Basic Materials. In 1999 he became Head of European Research

Also previously worked at American Express Asset Management as a senior investment analyst responsible for Industrials and Telecommunications

Masters in Financial Economics

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² 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 and reward indicator changed from 6 to 5 with effect from 19 February 2018 for GBP Hedged A Income units, GBP Hedged A Accumulation units, GBP Hedged Z Income units and GBP Hedged Z Accumulation units. At year end the risk and reward indicator for A Income units, A Accumulation units, I Income units, I Accumulation units, L Income units, L Accumulation units, Q Euro Accumulation units, S Income units, Y Accumulation units, Z Income units and Z Accumulation units remained at 5.

The risk category was calculated using historical performance data and may not be a reliable indicator of the fund's future risk profile.

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. For non-hedged unit classes exchange rates may cause the value of overseas investments and the revenue from them to rise or fall.

There is no guarantee that the hedging strategy applied in hedged unit classes will entirely eliminate the adverse effects of changes in exchange rates between the base currency and the portfolio currencies.

In addition, it should be noted that hedging transactions will be entered into whether or not the currency of a hedged unit class is declining or increasing in value in relation to the base currency or portfolio currencies. Hedged unit classes aim to provide investors with a return correlated to the portfolio currencies performance of the fund by reducing the effect of exchange rate fluctuations between the base currency and the portfolio currencies.

As it is not possible to legally segregate unit classes' liabilities from those of other unit classes in the fund, there is a risk that, in certain limited circumstances, the hedging transactions undertaken in relation to a hedged unit class could result in liabilities which might affect the net asset value of the other unit classes in the fund.

The fund may invest in a wide range of derivatives in order to meet its investment objectives.

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

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 year. 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 year ended 15 January 2019 were signed on 11 March 2019 on behalf of the Manager by:

J.A. Walker-Hazell
Directors

P. Middleton

Report of the Trustee

Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the Schroder European Fund ('the fund') for the year ended 15 January 2019

The Trustee of the Schroder European Fund must ensure that the fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the regulations'), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the fund and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the fund in accordance with the regulations.

The Trustee must ensure that:

- the fund's cash flows are properly monitored and that cash of the fund is booked in cash accounts in accordance with the regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the regulations;
- the value of units of the fund are calculated in accordance with the regulations;
- any consideration relating to transactions in the fund's assets is remitted to the fund within the usual time limits;
- the fund's income is applied in accordance with the regulations; and
- the instructions of the Authorised Fund Manager ('the Manager'), which is the UCITS Management Company, are carried out (unless they conflict with the regulations).

The Trustee also has a duty to take reasonable care to ensure that the fund is managed in accordance with the regulations and the Scheme documents of the fund in relation to the investment and borrowing powers applicable to the fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the fund, acting through the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the fund's units and the application of the fund's income in accordance with the regulations and the Scheme documents of the fund; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the fund in accordance with the regulations and the Scheme documents of the fund.

J.P. Morgan Europe Limited
Trustee
Bournemouth
5 February 2019

Independent Auditors' Report to the Unitholders of Schroder European Fund

Report on the audit of the financial statements

Opinion

In our opinion, Schroder European Fund's financial statements:

- give a true and fair view of the financial position of the fund as at 15 January 2019 and of the net revenue and the net capital losses on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Final Report and Accounts (the 'Annual Report'), which comprise: the balance sheet as at 15 January 2019; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the notes to the financial statements, which include a description of the significant accounting policies, and the distribution tables.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the fund's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the fund's business and the wider economy.

Independent Auditors' Report to the Unitholders of Schroder European Fund (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' Report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Manager's Report

In our opinion, the information given in the Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities set out on page 8, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Independent Auditors' Report to the Unitholders of Schroder European Fund (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Edinburgh
11 March 2019

Comparative Tables

A Income units

Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	106.60	90.82	69.76
Return before operating charges	(15.28)	18.17	22.48
Operating charges	(1.69)	(1.69)	(1.32)
Return after operating charges*	(16.97)	16.48	21.16
Distributions ¹	(0.69)	(0.70)	(0.10)
Closing net asset value	88.94	106.60	90.82
*after direct transaction costs of	(0.15)	(0.16)	(0.13)
Performance			
Return after charges (%)	(15.92)	18.15	30.33
Other information			
Closing net asset value (£000's)	1,801	2,909	2,278
Closing number of units	2,024,386	2,729,265	2,508,387
Operating charges (%)	1.67	1.67	1.68
Direct transaction costs (%)	0.15	0.16	0.16
Prices			
Highest dealing price (p)	107.70	107.50	90.78
Lowest dealing price (p)	85.95	89.15	67.37

Comparative Tables (continued)

A Accumulation units			
Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	112.64	95.34	72.96
Return before operating charges	(16.15)	19.07	23.77
Operating charges	(1.78)	(1.77)	(1.39)
Return after operating charges*	(17.93)	17.30	22.38
Distributions ¹	(0.74)	(0.73)	(0.39)
Retained distributions ¹	0.74	0.73	0.39
Closing net asset value	94.71	112.64	95.34
*after direct transaction costs of	(0.16)	(0.17)	(0.13)
Performance			
Return after charges (%)	(15.92)	18.15	30.67
Other information			
Closing net asset value (£000's)	39,154	37,775	32,212
Closing number of units	41,341,243	33,534,767	33,786,735
Operating charges (%)	1.67	1.67	1.68
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	113.80	112.80	95.20
Lowest dealing price (p)	90.82	93.59	69.54

Comparative Tables (continued)

GBP Hedged A Income units			
Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	82.04	69.21	62.49
Return before operating charges	(11.06)	14.12	9.67
Operating charges	(1.36)	(1.29)	(1.10)
Return after operating charges*	(12.42)	12.83	8.57
Distributions ¹	(1.07)	Nil ²	(1.85)
Closing net asset value	68.55	82.04	69.21
*after direct transaction costs of	(0.12)	(0.12)	(0.10)
Performance			
Return after charges (%)	(15.14)	18.54	13.71
Other information			
Closing net asset value (£000's)	14	16	14
Closing number of units	20,000	20,000	20,000
Operating charges (%)	1.77	1.67	1.68
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	84.55	82.16	70.96
Lowest dealing price (p)	65.86	68.44	57.69

2 There was no distribution as the total amount distributable was below de minimis.

Comparative Tables (continued)

GBP Hedged A Accumulation units			
Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	84.26	71.06	62.49
Return before operating charges	(11.44)	14.53	9.67
Operating charges	(1.39)	(1.33)	(1.10)
Return after operating charges*	(12.83)	13.20	8.57
Distributions ¹	(1.11)	Nil ²	(1.85)
Retained distributions ¹	1.11	Nil ²	1.85
Closing net asset value	71.43	84.26	71.06
*after direct transaction costs of	(0.12)	(0.13)	(0.10)
Performance			
Return after charges (%)	(15.23)	18.58	13.71
Other information			
Closing net asset value (£000's)	27	22	14
Closing number of units	38,380	26,486	20,000
Operating charges (%)	1.77	1.67	1.68
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	86.84	84.39	70.96
Lowest dealing price (p)	67.57	70.30	57.69

2 There was no distribution as the total amount distributable was below de minimis.

Comparative Tables (continued)

GBP Hedged Z Income units			
Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	81.59	69.53	61.47
Return before operating charges	(11.02)	13.94	9.44
Operating charges	(0.77)	(0.72)	(0.59)
Return after operating charges*	(11.79)	13.22	8.85
Distributions ¹	(1.09)	(1.16)	(0.79)
Closing net asset value	68.71	81.59	69.53
*after direct transaction costs of	(0.12)	(0.12)	(0.10)
Performance			
Return after charges (%)	(14.45)	19.01	14.40
Other information			
Closing net asset value (£000's)	5,605	7,852	4,169
Closing number of units	8,157,040	9,623,281	5,995,198
Operating charges (%)	1.02	0.92	0.93
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	84.38	82.87	70.21
Lowest dealing price (p)	66.02	68.78	57.50

Comparative Tables (continued)

GBP Hedged Z Accumulation units			
Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	87.43	73.17	63.90
Return before operating charges	(11.97)	15.03	9.89
Operating charges	(0.82)	(0.77)	(0.62)
Return after operating charges*	(12.79)	14.26	9.27
Distributions ¹	(1.17)	(1.23)	(0.91)
Retained distributions ¹	1.17	1.23	0.91
Closing net asset value	74.64	87.43	73.17
*after direct transaction costs of	(0.13)	(0.13)	(0.11)
Performance			
Return after charges (%)	(14.63)	19.49	14.51
Other information			
Closing net asset value (£000's)	21,348	41,670	1,520
Closing number of units	28,600,947	47,659,512	2,076,733
Operating charges (%)	1.02	0.91	0.93
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	90.27	87.56	73.06
Lowest dealing price (p)	70.59	72.39	59.01

Comparative Tables (continued)

I Income units

Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	1,458.83	1,241.91	952.74
Return before operating charges	(210.44)	249.57	312.89
Operating charges	(10.71)	(10.69)	(8.45)
Return after operating charges*	(221.15)	238.88	304.44
Distributions ¹	(21.84)	(21.96)	(15.27)
Closing net asset value	1,215.84	1,458.83	1,241.91
*after direct transaction costs of	(2.08)	(2.20)	(1.74)
Performance			
Return after charges (%)	(15.16)	19.23	31.95
Other information			
Closing net asset value (£000's)	103,539	128,273	152,116
Closing number of units	8,515,804	8,792,866	12,248,546
Operating charges (%)	0.77	0.77	0.78
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	1,478.00	1,483.00	1,255.00
Lowest dealing price (p)	1,186.00	1,220.00	920.80

Comparative Tables (continued)

I Accumulation units

Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	2,238.82	1,877.75	1,424.31
Return before operating charges	(323.09)	377.41	466.11
Operating charges	(16.36)	(16.34)	(12.67)
Return after operating charges*	(339.45)	361.07	453.44
Distributions ¹	(33.54)	(33.30)	(30.74)
Retained distributions ¹	33.54	33.30	30.74
Closing net asset value	1,899.37	2,238.82	1,877.75
*after direct transaction costs of	(3.18)	(3.36)	(2.61)
Performance			
Return after charges (%)	(15.16)	19.23	31.84
Other information			
Closing net asset value (£000's)	339,450	320,209	156,658
Closing number of units	17,871,722	14,302,611	8,342,840
Operating charges (%)	0.77	0.77	0.78
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	2,268.00	2,242.00	1,875.00
Lowest dealing price (p)	1,821.00	1,845.00	1,358.00

Comparative Tables (continued)

L Income units			
Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	79.96	68.07	52.23
Return before operating charges	(11.53)	13.67	17.14
Operating charges	(0.64)	(0.64)	(0.51)
Return after operating charges*	(12.17)	13.03	16.63
Distributions ¹	(1.14)	(1.14)	(0.79)
Closing net asset value	66.65	79.96	68.07
*after direct transaction costs of	(0.11)	(0.12)	(0.10)
Performance			
Return after charges (%)	(15.22)	19.14	31.84
Other information			
Closing net asset value (£000's)	147,452	173,410	153,937
Closing number of units	221,249,497	216,874,298	226,134,993
Operating charges (%)	0.85	0.85	0.85
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	81.00	81.22	68.76
Lowest dealing price (p)	64.98	66.89	50.47

Comparative Tables (continued)

L Accumulation units			
Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	85.47	71.74	54.45
Return before operating charges	(12.34)	14.42	17.82
Operating charges	(0.68)	(0.69)	(0.53)
Return after operating charges*	(13.02)	13.73	17.29
Distributions ¹	(1.22)	(1.22)	(0.86)
Retained distributions ¹	1.22	1.22	0.86
Closing net asset value	72.45	85.47	71.74
*after direct transaction costs of	(0.12)	(0.13)	(0.10)
Performance			
Return after charges (%)	(15.23)	19.14	31.75
Other information			
Closing net asset value (£000's)	130,537	88,238	14,945
Closing number of units	180,166,353	103,244,570	20,833,714
Operating charges (%)	0.85	0.85	0.85
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	86.58	85.59	71.63
Lowest dealing price (p)	69.45	70.49	51.92

Comparative Tables (continued)

Q Euro Accumulation units		
Financial year to 15 January	2019 € per unit	2018 € per unit
Change in net asset value		
Opening net asset value	103.94	100.00
Return before operating charges	(14.88)	3.98
Operating charges	(0.74)	(0.04)
Return after operating charges*	(15.62)	3.94
Distributions ¹	(1.60)	Nil
Retained distributions ¹	1.60	Nil
Closing net asset value	88.32	103.94
*after direct transaction costs of	(0.15)	(0.16)
Performance		
Return after charges (%)	(15.03)	3.94
Other information		
Closing net asset value (£000's)	46,688	1
Closing number of units	59,472,979	1,000
Operating charges (%)	0.75	0.06
Direct transaction costs (%)**	0.15	0.16
Prices		
Highest dealing price (€)	106.80	104.10
Lowest dealing price (€)	83.45	100.00

The unit class was launched on 1 December 2017.

Comparative Tables (continued)

S Income units			
Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	78.67	66.97	51.37
Return before operating charges	(11.36)	13.48	16.86
Operating charges	(0.41)	(0.42)	(0.32)
Return after operating charges*	(11.77)	13.06	16.54
Distributions ¹	(1.35)	(1.36)	(0.94)
Closing net asset value	65.55	78.67	66.97
*after direct transaction costs of	(0.11)	(0.12)	(0.09)
Performance			
Return after charges (%)	(14.96)	19.50	32.20
Other information			
Closing net asset value (£000's)	13,937	18,718	5,698
Closing number of units	21,260,888	23,793,164	8,507,861
Operating charges (%)	0.55	0.55	0.55
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	79.78	80.15	67.81
Lowest dealing price (p)	64.11	65.82	49.65

Comparative Tables (continued)

Financial year to 15 January	Y Accumulation units		
	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	74.87	62.52	50.00
Return before operating charges	(10.83)	12.58	12.67
Operating charges	(0.23)	(0.23)	(0.15)
Return after operating charges*	(11.06)	12.35	12.52
Distributions ¹	(1.44)	(1.42)	(0.99)
Retained distributions ¹	1.44	1.42	0.99
Closing net asset value	63.81	74.87	62.52
*after direct transaction costs of	(0.11)	(0.11)	(0.09)
Performance			
Return after charges (%)	(14.77)	19.75	25.04
Other information			
Closing net asset value (£000's)	419,140	538,053	510,465
Closing number of units	656,889,008	718,621,960	816,539,468
Operating charges (%)	0.32	0.32	0.27
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	75.98	74.98	62.42
Lowest dealing price (p)	61.15	61.46	49.00

The unit class was launched on 11 March 2016.

Comparative Tables (continued)

Z Income units			
Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	114.86	97.80	75.03
Return before operating charges	(16.56)	19.63	24.71
Operating charges	(1.00)	(1.01)	(0.79)
Return after operating charges*	(17.56)	18.62	23.92
Distributions ¹	(1.56)	(1.56)	(1.15)
Closing net asset value	95.74	114.86	97.80
*after direct transaction costs of	(0.16)	(0.17)	(0.14)
Performance			
Return after charges (%)	(15.29)	19.04	31.88
Other information			
Closing net asset value (£000's)	13,567	5,632	4,446
Closing number of units	14,169,795	4,903,254	4,546,133
Operating charges (%)	0.92	0.92	0.93
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	116.30	116.60	98.80
Lowest dealing price (p)	93.27	96.09	72.50

Comparative Tables (continued)

Z Accumulation units			
Financial year to 15 January	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	123.65	103.88	78.91
Return before operating charges	(17.82)	20.86	25.79
Operating charges	(1.08)	(1.09)	(0.82)
Return after operating charges*	(18.90)	19.77	24.97
Distributions ¹	(1.68)	(1.67)	(0.94)
Retained distributions ¹	1.68	1.67	0.94
Closing net asset value	104.75	123.65	103.88
*after direct transaction costs of	(0.18)	(0.19)	(0.14)
Performance			
Return after charges (%)	(15.29)	19.03	31.64
Other information			
Closing net asset value (£000's)	113,562	90,186	21,898
Closing number of units	108,414,002	72,934,258	21,081,110
Operating charges (%)	0.92	0.92	0.93
Direct transaction costs (%)**	0.15	0.16	0.16
Prices			
Highest dealing price (p)	125.20	123.80	103.70
Lowest dealing price (p)	100.40	102.10	75.24

¹ These figures have been rounded to 2 decimal places.

** Direct transaction costs have been stated after deducting the proportion of the amounts collected from dilution adjustments.

The Operating charges are calculated on an ex-post basis and as such may differ from the Ongoing charges figure where the Ongoing charges figure has been annualised for a unit class that has not been in existence for a full year.

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 15.1.19	Market Value £000's	% of net assets
Equities 98.86% (99.27%)			
Austria 2.85% (1.24%)			
ams	724,670	13,048	0.94
Erste Group Bank	1,008,464	26,692	1.91
		39,740	2.85
Belgium 2.81% (4.96%)			
Galapagos	494,417	39,241	2.81
		39,241	2.81
Denmark 1.39% (6.32%)			
Vestas Wind Systems	320,015	19,389	1.39
		19,389	1.39
Finland 6.94% (4.92%)			
Nokia	10,688,482	50,092	3.59
Nordea Bank	5,457,906	38,077	2.73
Sampo A	245,907	8,722	0.62
		96,891	6.94
France 25.15% (16.87%)			
Accor	546,782	18,299	1.31
Atos	350,332	21,754	1.56
AXA	2,011,549	35,410	2.54
Bureau Veritas	1,410,553	23,030	1.65
Carrefour	2,557,614	36,313	2.60
Cie de Saint-Gobain	1,151,327	29,610	2.12
Danone	963,386	53,543	3.84
Elis	906,740	10,968	0.78
Eramet	416,339	23,043	1.65
Iliad	297,924	28,257	2.02
Lagardere	640,787	12,756	0.91
Publicis Groupe	321,326	15,036	1.08

Portfolio Statement (continued)

	Holding at 15.1.19	Market Value £000's	% of net assets
France (continued)			
Sanofi	650,914	43,079	3.09
		351,098	25.15
Germany 17.70% (23.91%)			
BASF	445,098	25,024	1.79
Beiersdorf	408,794	32,106	2.30
Continental	181,723	21,316	1.53
E.ON	2,967,370	24,094	1.73
GEA Group	883,812	18,225	1.31
Knorr-Bremse	149,969	11,055	0.79
Krones	260,862	17,034	1.22
OSRAM Licht	397,913	12,617	0.90
Porsche Automobil Holding Preference	889,901	44,041	3.16
SAP	133,648	10,653	0.76
Symrise	57,579	3,613	0.26
thyssenkrupp	1,898,394	27,258	1.95
		247,036	17.70
Greece 2.25% (1.95%)			
Hellenic Telecommunications Organization	3,269,994	31,409	2.25
		31,409	2.25
Ireland 1.91% (2.06%)			
Ryanair Holdings	2,970,077	26,699	1.91
		26,699	1.91
Italy 3.87% (5.91%)			
Leonardo	3,810,089	25,407	1.82
UniCredit	3,192,886	28,673	2.05
		54,080	3.87

Portfolio Statement (continued)

	Holding at 15.1.19	Market Value £000's	% of net assets
Luxembourg 1.67% (2.07%)			
Tenaris	2,548,430	23,238	1.67
		23,238	1.67
Netherlands 4.30% (7.01%)			
Akzo Nobel	561,988	35,388	2.54
ASM International	741,558	24,559	1.76
		59,947	4.30
Norway 1.36% (1.54%)			
DNB	1,378,859	18,986	1.36
		18,986	1.36
Spain 1.80% (0.00%)			
Metrovacesa	1,216,248	11,509	0.83
Repsol	1,040,040	13,587	0.97
		25,096	1.80
Sweden 10.82% (12.53%)			
BillerudKorsnas	4,843,720	46,647	3.34
Elektro B	2,745,468	26,632	1.91
Essity B	339,315	6,583	0.47
Fastighets AB Balder B	1,750,207	40,935	2.93
Munters Group	3,446,931	10,694	0.77
Trelleborg B	1,533,562	19,560	1.40
		151,051	10.82
Switzerland 13.05% (7.98%)			
Adecco Group	713,906	27,839	1.99
Julius Baer Group	956,171	29,310	2.10
Lonza Group	213,828	46,574	3.34
Roche Holding	121,139	24,641	1.77
Sonova Holding	176,125	24,590	1.76

Portfolio Statement (continued)

	Holding at 15.1.19	Market Value £000's	% of net assets
Switzerland (continued)			
Swatch Group	123,756	29,208	2.09
		182,162	13.05
United States of America 0.99% (0.00%)			
Veoneer SDR	597,506	13,834	0.99
		13,834	0.99
Equities total		1,379,897	98.86
Forward Foreign Currency Contracts 0.02% ((0.01)%)			
Buy CHF 226,696 Sell GBP 181,758 31/01/2019	CHF 226,696	(3)	0.00
Buy DKK 5,292,814 Sell GBP 638,834 31/01/2019	DKK 5,292,814	(8)	0.00
Buy EUR 1,028,102 Sell GBP 926,474 31/01/2019	EUR 1,028,102	(12)	0.00
Buy SEK 4,821,096 Sell GBP 422,113 31/01/2019	SEK 4,821,096	(3)	0.00
Sell CHF 4,891,484 Buy GBP 3,902,095 31/01/2019	CHF (4,891,484)	43	0.00
Sell DKK 5,292,814 Buy GBP 640,040 31/01/2019	DKK (5,292,814)	9	0.00
Sell EUR 21,398,094 Buy GBP 19,319,504 31/01/2019	EUR (21,398,094)	291	0.02
Sell SEK 48,721,294 Buy GBP 4,259,194 31/01/2019	SEK (48,721,294)	30	0.00
Forward Foreign Currency Contracts total		347	0.02
Portfolio of investments		1,380,244	98.88
Net other assets		15,577	1.12
Net assets attributable to unitholders		1,395,821	100.00

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

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

Summary of Portfolio Transactions

Largest purchases

For the year ended 15 January 2019	Cost £000's
Sanofi	53,155
Lonza Group	48,819
TOTAL	41,827
Repsol	41,803
AXA	40,508
Nordea Bank	40,430
Iliad	39,153
Danone	39,027
Galapagos	38,216
Fastighets AB Balder B	38,200

Largest sales

For the year ended 15 January 2019	Proceeds £000's
SAP	57,050
Novo Nordisk B	53,183
Koninklijke Ahold Delhaize	51,134
Siemens	49,861
Bayer	48,307
TOTAL	46,740
Roche Holding	45,111
BNP Paribas	43,515
Autoliv SDR	38,462
Svenska Cellulosa B	36,144

Statement of Total Return

For the year ended 15 January 2019

		2019		2018	
	Notes	£000's	£000's	£000's	£000's
Income					
Net capital (losses)/gains	2		(267,550)		187,435
Revenue	3	37,246		29,806	
Expenses	4	(10,567)		(7,818)	
Net revenue before taxation		26,679		21,988	
Taxation	5	(1,498)		(2,190)	
Net revenue after taxation			25,181		19,798
Total return before distributions			(242,369)		207,233
Distributions	6		(25,222)		(19,725)
Change in net assets attributable to unitholders from investment activities			(267,591)		187,508

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 15 January 2019

		2019		2018	
		£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders			1,452,964		1,060,370
Amounts receivable on issue of units		377,115		398,123	
Amounts payable on cancellation of units		(187,843)		(211,617)	
			189,272		186,506
Dilution adjustment			205		281
Change in net assets attributable to unitholders from investment activities			(267,591)		187,508
Retained distribution on Accumulation units			20,971		18,299
Closing net assets attributable to unitholders			1,395,821		1,452,964

Balance Sheet

As at 15 January 2019

		2019	2018
	Notes	£000's	£000's
Assets			
Investments		1,380,270	1,442,448
Current assets			
Debtors	8	20,409	4,277
Cash and bank balances		16,560	16,258
Total assets		1,417,239	1,462,983
Liabilities			
Investment liabilities		(26)	(176)
Creditors			
Distributions payable		(4,997)	(4,930)
Other creditors	9	(16,395)	(4,913)
Total liabilities		(21,418)	(10,019)
Net assets attributable to unitholders			
		1,395,821	1,452,964

Notes to the Accounts

1 Accounting policies

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)).

Revenue

Dividends receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend. The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the fund. Any enhancement above the cash dividend is treated as capital. Interest receivable from bank balances is accounted for on an accruals basis.

Special dividends

Special dividends are treated as revenue or capital depending on the facts of each particular case.

Expenses

Expenses of the fund are charged against revenue except for costs associated with the purchase and sale of investments which are allocated to the capital of the fund. All expenses are accounted for on an accruals basis.

The costs of establishing and maintaining the hedging programme for the hedged unit classes, the liabilities, expenses and charges directly attributable to a hedged unit class will be allocated to the capital of that specific hedged unit class.

Taxation

Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses. The tax effect of different items of revenue or expenses is allocated between revenue and capital using the marginal basis.

Deferred taxation is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred taxation is provided for at the average rate of taxation expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Distributions

The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. The revenue is distributed annually on 15 March to Income unitholders. For Accumulation units this revenue is not distributed but automatically reinvested in the fund and is reflected in the value of these units. The ordinary element of scrip dividends is treated as revenue but does not form part of the distribution. The distribution is in accordance with the COLL.

Dilution adjustment

In certain circumstances the Manager may apply a dilution adjustment on subscriptions and redemptions of units. If applied, the dilution adjustment is paid to the fund. See Prospectus for further details.

Valuation

Listed investments of the fund have been valued at market value at 18:00 on the balance sheet date. Market value is defined by the SORP as fair value which generally is the bid value of each security and the offer value for short positions.

Notes to the Accounts (continued)

Forward foreign currency contracts

Open forward foreign currency contracts are shown in the Portfolio Statement at market value and the net gains are reflected under Net capital (losses)/gains in the Notes to the Accounts and relate to the GBP hedged unit classes only.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate prevailing on the date of the transaction. Assets and liabilities valued in foreign currencies have been translated into sterling at the exchange rates prevailing at the balance sheet date and the net losses are reflected under Net capital (losses)/gains in the Notes to the Accounts.

GBP hedged unit classes

Hedged unit classes allow the Manager to use currency hedging transactions to seek to minimise the effect of exchange rate fluctuations between the base currency and the portfolio currencies of the fund. Currency hedging transactions include entering into over the counter currency forward contracts and foreign exchange agreements.

Where undertaken, the effect of hedging will be reflected in the net asset value and therefore, in the performance of the relevant hedged unit class. Any benefits or losses of the hedging transactions will accrue to unitholders in that hedged unit class only.

The Manager will aim to hedge the capital currency exposure of the net asset value attributable to a hedged unit class, however, the hedge may not always be at 100%. This is to avoid the transaction costs of making small and frequent adjusting transactions. The Manager will review the relevant hedging positions daily and, if appropriate, adjust the hedge to reflect any change in currency exposure and the flow of unitholder issue and cancellation of units.

2 Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	2019 £000's	2018 £000's
Non-derivative securities	(267,719)	187,362
Forward foreign currency contracts ¹	832	1,776
Foreign currency losses	(637)	(1,659)
Transaction costs	(26)	(44)
Net capital (losses)/gains	(267,550)	187,435

1 The forward foreign currency contracts are only entered into by the GBP hedged unit classes.

Notes to the Accounts (continued)

3 Revenue

	2019 £000's	2018 £000's
Overseas dividends	37,018	29,622
Interest on prior years tax reclaim	0	7
Scrip dividends	0	135
Bank interest	228	42
Total revenue	37,246	29,806

4 Expenses

	2019 £000's	2018 £000's
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	9,234	6,983
Administration charge	868	489
	10,102	7,472
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	90	87
Safe custody fees	158	123
Interest payable	115	86
	363	296
Other expenses:		
Audit fee	12	13
Hedging programme cost	19	0
Professional fee	71 ¹	37 ¹
	102	50
Total expenses	10,567	7,818

1 Professional fee includes £30,527 (2018 – £30,527) which were paid to PricewaterhouseCoopers LLP in relation to tax reclaims.

Notes to the Accounts (continued)

5 Taxation

(a) Analysis of the tax charge for the year

	2019 £000's	2018 £000's
Overseas withholding tax	1,498	2,221
Prior years tax reclaim	0	(31)
Total current tax (Note 5(b))	1,498	2,190

Corporation tax has not been provided for as expenses exceed the revenue liable to corporation tax.

(b) Factors affecting the current tax charge for the year

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for authorised unit trusts of 20% (2018 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2019 £000's	2018 £000's
Net revenue before taxation	26,679	21,988
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	5,336	4,398
Effects of:		
Revenue not subject to corporation tax	(7,404)	(5,951)
Expenses not deductible for tax purposes	4	0
Movement in excess management expenses	2,064	1,546
Irrecoverable overseas withholding tax	1,498	2,221
Prior years tax reclaim	0	(31)
Loan relationship deficit	0	7
Current tax charge for the year (Note 5(a))	1,498	2,190

(c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £7,318,915 (2018 – £5,254,992) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

Notes to the Accounts (continued)

6 Distributions

Distributions

The distribution takes account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprises:

	2019 £000's	2018 £000's
Final Dividend distribution	25,968	23,229
Add: Revenue deducted on cancellation of units	2,520	2,339
Deduct: Revenue received on issue of units	(3,266)	(5,843)
Distributions	25,222	19,725
Net revenue after taxation	25,181	19,798
Scrip dividends not distributed	0	(135)
Expenses taken to capital	40	37
Equalisation on conversions	1	25
Distributions	25,222	19,725

Details of the distribution per unit are set out in the Distribution Table on pages 49 and 50.

7 Fair value hierarchy

Instruments held at the year end are presented in line with amendments to FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland Fair value hierarchy disclosures.

Basis of valuation	2019		2018	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	1,379,897	0	1,442,430	0
Level 2: Observable market data	373	(26)	18	(176)
Level 3: Unobservable data	0	0	0	0
Total	1,380,270	(26)	1,442,448	(176)

Level 1: Unadjusted quoted price in an active market for an identical instrument.

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

Level 3: Valuation techniques using unobservable inputs.

Notes to the Accounts (continued)

Unobservable data

Unobservable data has been used only where relevant observable market data is not available. Where there was no reputable price source for an investment, the Manager has assessed information available from internal and external sources in order to arrive at an estimated fair value. The fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. The Manager of the fund also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions used are under continuous review by the Manager with particular attention paid to the carrying value of the investments.

8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of units	834	2,346
Sales awaiting settlement	16,558	0
Overseas withholding tax recoverable	3,017	1,931
Total debtors	20,409	4,277

9 Other creditors

	2019		2018	
	£000's	£000's	£000's	£000's
Amounts payable for cancellation of units		1,112		603
Purchases awaiting settlement		13,958		3,866
Accrued expenses				
Manager and Agents				
Annual management charge	1,084		346	
Administration charge	102		28	
		1,186		374
Trustee and Agents				
Trustee's fees	11		19	
Safe custody fees	85		27	
Transaction costs	18		11	
Interest payable	2		0	
		116		57
Other accrued expenses		23		13
Total other creditors		16,395		4,913

Notes to the Accounts (continued)

10 Contingent assets

As a result of a 2012 European Court of Justice ruling that French dividend withholding tax should not have been applied to portfolio dividends paid to foreign investment funds, the Manager has lodged claims with the French tax authorities for repayment of tax on dividends that was withheld between 2007 and 2009. Notwithstanding the judgement in favour of foreign funds, the Manager believes that due to political and economic uncertainty there is insufficient evidence to recognise the reclaim as an asset under accounting regulations and accordingly has treated the reclaim as a contingent asset. The value of the reclaim is Nil (2018 – £978,717).

For the purposes of daily pricing, to ensure the interests of incoming, ongoing and exiting investors is appropriately balanced, the Manager has made a proportionate adjustment to the value of units to reflect this asset.

11 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2018 – Nil).

12 Related party transactions

The Manager exercises control over the fund and is therefore a related party by virtue of its controlling influence.

Amounts paid during the year or due to the Manager at the balance sheet date are disclosed under Expenses and Other creditors in the Notes to the Accounts.

The Manager acts as principal on all transactions of units in the fund. The aggregate monies received through the issue and cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Distributions in the Notes to the Accounts. Amounts due from or to the Manager in respect of unit transactions at the balance sheet date are disclosed under Debtors and Other creditors in the Notes to the Accounts.

Units held or managed by the Manager or associates of the Manager as a percentage of the fund's net asset value at the balance sheet date were 16.61% (2018 – 19.18%).

13 Unit classes

The fund currently has fifteen unit classes: A Income units, A Accumulation units, GBP Hedged A Income units, GBP Hedged A Accumulation units, GBP Hedged Z Income units, GBP Hedged Z Accumulation units, I Income units, I Accumulation units, L Income units, L Accumulation units, Q Euro Accumulation units, S Income units, Y Accumulation units, Z Income units and Z Accumulation units. The Annual management charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Manager, the Investment Adviser and their overhead expenses and for each unit class is as follows:

A Income units	1.50%
A Accumulation units	1.50%
GBP Hedged A Income units	1.50%
GBP Hedged A Accumulation units	1.50%
GBP Hedged Z Income units	0.75%
GBP Hedged Z Accumulation units	0.75%
I Income units	0.75%
I Accumulation units	0.75%
L Income units	0.675%
L Accumulation units	0.675%
Q Euro Accumulation units	0.575%
S Income units	0.375%
Y Accumulation units	0.30%
Z Income units	0.75%
Z Accumulation units	0.75%

Notes to the Accounts (continued)

The closing net asset value of each unit class, the closing net asset value per unit and the closing number of units in issue are given in the Comparative Tables on pages 13 to 27. The distribution per unit class is given in the Distribution Table on page 49 and 50. All classes have the same rights on winding up except for any realised gains or losses on forward foreign currency contracts which would remain in the GBP hedged unit classes.

14 Derivative and other financial instruments

In accordance with the investment objective, the fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policy;
- cash and short term debtors and creditors arising directly from operations.

Under normal circumstances, the Manager would expect substantially all of the assets of the fund to be invested in securities appropriate to the fund's investment objective. Cash and near cash may only be held in order to assist in the redemption of units, the efficient management of the fund or purposes regarded as ancillary to the fund.

The fund has little exposure to credit risk. The main risks arising from the fund's financial instruments are market price, foreign currency, liquidity and interest rate risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year and the prior year.

Market price risk

The fund's investment portfolio is exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objective and policy. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

Foreign currency risk

The fund invests in overseas securities and the balance sheet can be significantly affected by movements in foreign exchange rates. For GBP hedged unit classes, the Manager seeks to manage exposure to currency movements by using forward foreign exchange contracts. The other unit classes have not hedged the sterling value of investments that are priced in other currencies.

Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Currency risk profile

The currency risk profile of the fund's net assets and liabilities at the balance sheet date was as follows:

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
Danish krone			
2019	563	19,389	19,952
2018	(2,781)	91,879	89,098
Euro			
2019	(8,215)	943,350	935,135
2018	(31,782)	1,030,094	998,312

Notes to the Accounts (continued)

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
Norwegian krone			
2019	441	18,986	19,427
2018	279	22,412	22,691
Sterling			
2019	28,922	0	28,922
2018	54,916	0	54,916
Swedish krona			
2019	(2,116)	202,962	200,846
2018	(6,131)	182,064	175,933
Swiss franc			
2019	(3,680)	195,210	191,530
2018	(3,976)	115,981	112,005
US dollar			
2019	9	0	9
2018	9	0	9

Liquidity risk

The primary source of this risk to the fund is the liability to unitholders for any cancellation of units. This risk is minimised by holding cash, readily realisable securities and access to overdraft facilities up to the amount prescribed by the COLL.

Interest rate risk

Interest receivable on bank balances will be affected by fluctuations in interest rates.

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of financial assets and liabilities at the balance sheet date was as follows:

Currency	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
Danish krone			
2019	0	20,583	20,583
2018	0	92,735	92,735
Euro			
2019	8,379	959,745	968,124
2018	4,915	1,031,701	1,036,616

Notes to the Accounts (continued)

Currency	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
Norwegian krone			
2019	0	19,427	19,427
2018	0	22,691	22,691
Sterling			
2019	9,568	28,955	38,523
2018	11,343	50,453	61,796
Swedish krona			
2019	0	206,462	206,462
2018	0	182,120	182,120
Swiss franc			
2019	0	195,389	195,389
2018	0	116,016	116,016
US dollar			
2019	0	9	9
2018	0	9	9

Currency	Floating rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
Danish krone			
2019	0	631	631
2018	0	3,637	3,637
Euro			
2019	0	32,989	32,989
2018	0	38,304	38,304
Sterling			
2019	0	9,601	9,601
2018	0	6,880	6,880
Swedish krona			
2019	1,387	4,229	5,616
2018	0	6,187	6,187

Notes to the Accounts (continued)

Currency	Floating rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
Swiss franc			
2019	0	3,859	3,859
2018	0	4,011	4,011

There are no material amounts of non-interest bearing financial assets, other than equities, which do not have a maturity date.

Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average rate. Foreign currency bank balances bear interest at rates based on the London Interbank Offer Rate or its international equivalent.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Global risk exposure

Commitment approach

When using derivatives, the Manager uses a risk management process that enables it to monitor the risk of a fund's derivative positions. The global risk exposure of a fund is calculated daily either by means of the commitment approach or the Value-at-Risk (VaR) approach.

Under the commitment approach, the global risk exposure is defined as the underlying market value of derivatives, after netting and hedging as permitted by the regulation, not exceeding the Net Asset Value of a fund. This is typically used on funds where derivative usage is low or funds which limit their derivatives commitment to 100% or less of their Net Asset Value.

The global risk exposure of the fund is calculated using the commitment approach. During the year ended 15 January 2019 the global risk exposure of the fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the fund as at the balance sheet date was as follows:

Leverage

	Lowest	Highest	Average	Leverage at 15 January
2019	0.00%	1.55%	0.21%	0.00%
2018	0.00%	3.40%	0.21%	0.00%

Notes to the Accounts (continued)

15 Direct transaction costs

In the case of shares, broker commissions and transfer taxes/stamp duty are paid by the fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

2019	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Equities	1,307,763	632	1,248	1,309,643	0.05	0.10
Sales						
Equities	1,105,037	(579)	0	1,104,458	(0.05)	0.00
Total cost of the fund's average net asset value (%)						
		0.08	0.08			

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Purchases ¹ :						
Equities	1,191,465	608	1,018	1,193,091	0.05	0.09
Corporate actions purchases:						
Equities	2,644	0	0	2,644	0.00	0.00
	1,194,109	608	1,018	1,195,735		
Sales						
Equities	997,638	(547)	(1)	997,090	(0.05)	(0.00)
Total cost of the fund's average net asset value (%)						
		0.10	0.08			

1 Excluding corporate actions.

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.15% (2018 – 0.09%).

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Notes to the Accounts (continued)

16 Units in issue reconciliation

	Number of units in issue as at 15.1.18	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue as at 15.1.19
A Income units	2,729,265	97,054	(799,773)	(2,160)	2,024,386
A Accumulation units	33,534,767	12,704,473	(4,732,205)	(165,792)	41,341,243
GBP Hedged A Income units	20,000	0	0	0	20,000
GBP Hedged A Accumulation units	26,486	11,894	0	0	38,380
GBP Hedged Z Income units	9,623,281	1,903,892	(3,370,133)	0	8,157,040
GBP Hedged Z Accumulation units	47,659,512	5,337,377	(24,395,942)	0	28,600,947
I Income units	8,792,866	714,692	(993,958)	2,204	8,515,804
I Accumulation units	14,302,611	4,161,099	(594,280)	2,292	17,871,722
L Income units	216,874,298	79,134,892	(74,641,117)	(118,576)	221,249,497
L Accumulation units	103,244,570	86,293,818	(9,370,238)	(1,797)	180,166,353
Q Euro Accumulation units	1,000	60,574,379	(1,102,400)	0	59,472,979
S Income units	23,793,164	7,500	(2,399,912)	(139,864)	21,260,888
Y Accumulation units	718,621,960	625,963	(62,358,915)	0	656,889,008
Z Income units	4,903,254	9,777,452	(717,207)	206,296	14,169,795
Z Accumulation units	72,934,258	52,970,201	(17,550,597)	60,140	108,414,002

17 Counterparty exposure

The types of derivatives held at the balance sheet date were forward foreign currency contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

Counterparty	Forward foreign currency contracts £000's	Total £000's
JPMorgan Chase		
2019	347	347
2018	(158)	(158)

At the balance sheet date no collateral was held or pledged by the fund or on behalf of the counterparties in respect of the above.

UCITS remuneration disclosures for Schroder Unit Trusts Limited ('SUTL') for the year to 31 December 2017

These disclosures form part of the non-audited section of this annual report and accounts and should be read in conjunction with the Schroders plc Remuneration Report on pages 62 to 90 of the 2017 Annual Report & Accounts (available on the Group's website – www.schroders.com/ir), which provides more information on the activities of our Remuneration Committee and our remuneration principles and policies.

The UCITS Material Risk Takers ('UCITS MRTs') of SUTL are individuals whose roles within the Schroders Group can materially affect the risk of SUTL or any UCITS fund that it manages. These roles are identified in line with the requirements of the UCITS Directive and guidance issued by the European Securities and Markets Authority.

The Remuneration Committee of Schroders plc has established a remuneration policy to ensure the requirements of the UCITS Directive are met for all UCITS MRTs. The Remuneration Committee and the Board of Schroders plc review remuneration strategy at least annually. The directors of SUTL are responsible for the adoption of the remuneration policy, for reviewing its general principles at least annually, for overseeing its implementation and for ensuring compliance with relevant local legislation and regulation. During 2017 the Remuneration Policy was reviewed and changes were made to ensure compliance with the UCITS/AIFMD remuneration requirements.

The implementation of the remuneration policy is, at least annually, subject to independent internal review for compliance with the policies and procedures for remuneration adopted by the Board of SUTL and the Remuneration Committee. The most recent review found no fundamental issues but resulted in a range of more minor recommendations, principally improvements to process and policy documentation.

The total spend on remuneration is determined based on a profit share ratio, measuring variable remuneration charge against pre-bonus profit, and from a total compensation ratio, measuring total remuneration expense against net income. This ensures that the interests of employees are aligned with Schroders financial performance. In determining the remuneration spend each year, the underlying strength and sustainability of the business is taken into account, along with reports on risk, legal and compliance matters from the heads of those areas.

The remuneration data that follows reflects amounts paid in respect of performance during 2017.

- The total amount of remuneration paid by SUTL to its staff was nil as SUTL has no employees. SUTL has an independent Non Executive Director who receives fees in respect of his role on the Board of SUTL¹. Employees of other Schroders Group entities who serve as Directors of SUTL receive no additional fees in respect of their role on the Board of SUTL.
- The following disclosures relate to UCITS MRTs of SUTL. Most of those UCITS MRTs were employed by and provided services to other Schroders group companies and clients. As a result, only a portion of remuneration for those individuals is included in the aggregate remuneration figures that follow, based on an objective apportionment to reflect the balance of each role using relevant regulated AUM as a proportion of the total AUM within the scope of each role. The aggregate total remuneration paid to the 135 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2017, and attributed to SUTL or the UCITS funds that it manages, is £11.8 million, of which £1.8 million was paid to senior management, £8.9 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and £1.1 million was paid to other UCITS MRTs.

For additional qualitative information on remuneration policies and practices see www.schroders.com/rem-disclosures.

1 The fee is not disclosed due to confidentiality and data protection considerations. The amount is not material to SUTL.

Distribution Table

Final distribution for the year ended 15 January 2019

Group 1 Units purchased prior to 16 January 2018

Group 2 Units purchased on or after 16 January 2018

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution payable 15.3.19 p per unit	<i>Distribution paid 15.3.18 p per unit</i>
A Income units				
Group 1	0.6866	–	0.6866	0.6963
Group 2	0.2545	0.4321	0.6866	0.6963
A Accumulation units				
Group 1	0.7429	–	0.7429	0.7311
Group 2	0.5341	0.2088	0.7429	0.7311
GBP Hedged A Income units				
Group 1	1.0736	–	1.0736	0.0000 ¹
Group 2	1.0736	0.0000	1.0736	0.0000 ¹
GBP Hedged A Accumulation units				
Group 1	1.1117	–	1.1117	0.0000 ¹
Group 2	0.0000	1.1117	1.1117	0.0000 ¹
GBP Hedged Z Income units				
Group 1	1.0933	–	1.0933	1.1583
Group 2	0.5796	0.5137	1.0933	1.1583
GBP Hedged Z Accumulation units				
Group 1	1.1677	–	1.1677	1.2297
Group 2	0.5571	0.6106	1.1677	1.2297
I Income units				
Group 1	21.8426	–	21.8426	21.9555
Group 2	19.2806	2.5620	21.8426	21.9555
I Accumulation units				
Group 1	33.5386	–	33.5386	33.2972
Group 2	0.6354	32.9032	33.5386	33.2972
L Income units				
Group 1	1.1419	–	1.1419	1.1388
Group 2	0.3797	0.7622	1.1419	1.1388
L Accumulation units				
Group 1	1.2207	–	1.2207	1.2215
Group 2	0.3694	0.8513	1.2207	1.2215

Distribution Table (continued)

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution payable 15.3.19 p per unit	Distribution paid 15.3.18 p per unit
Q Euro Accumulation units				
Group 1	1.5959	–	1.5959	0.0000 ¹
Group 2	1.5644	0.0315	1.5959	0.0000 ¹
S Income units				
Group 1	1.3459	–	1.3459	1.3557
Group 2	0.0000	1.3459	1.3459	1.3557
Y Accumulation units				
Group 1	1.4422	–	1.4422	1.4227
Group 2	0.2871	1.1551	1.4422	1.4227
Z Income units				
Group 1	1.5601	–	1.5601	1.5649
Group 2	0.6861	0.8740	1.5601	1.5649
Z Accumulation units				
Group 1	1.6777	–	1.6777	1.6734
Group 2	0.6206	1.0571	1.6777	1.6734

1 There was no distribution for GBP Hedged A Income units, GBP Hedged A Accumulation units and Q Euro Accumulation units as the total amount distributable was below de minimis.

Corporate unitholders (unaudited)

Corporate unitholders receive the dividend distribution payments as detailed below:

100.00% of the total distribution is received as franked investment income.

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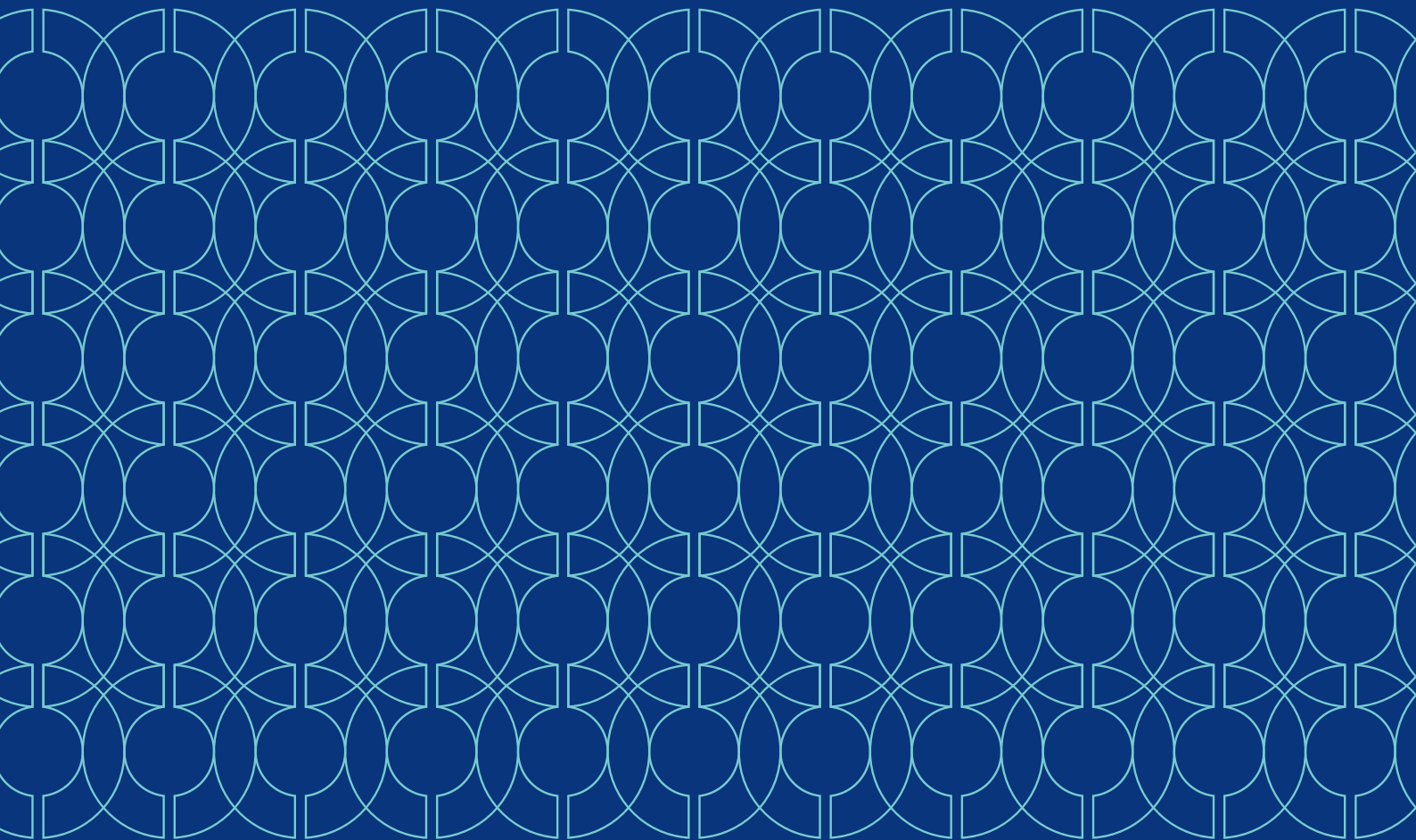
- 1 With effect from 4 September 2018, Schroder Unit Trusts Limited and Schroder Investment Management Limited changed address, previously it was 31 Gresham Street, London EC2V 7QA.

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.

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.



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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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