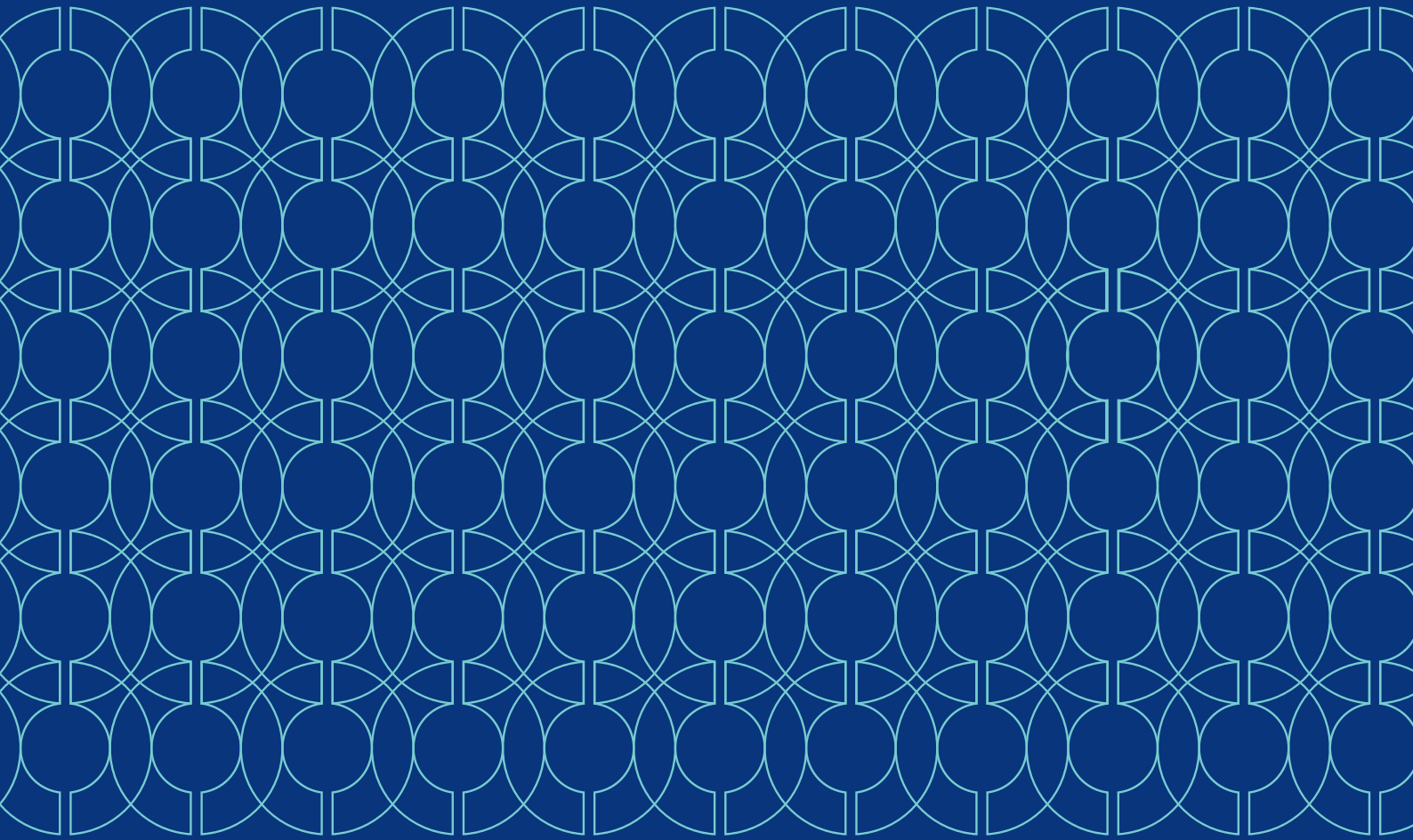


**Schroders**

**Schroder European Alpha Plus Fund**

**Final Report and Accounts**

March 2019



## Schroder European Alpha Plus Fund

March 2019

### Contents

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<b>Fund Information<sup>1</sup></b>	<b>3</b>
<b>Review of Investment Activities<sup>1</sup></b>	<b>6</b>
<b>Risk Profile<sup>1</sup></b>	<b>7</b>
<b>Statement of the Manager's Responsibilities</b>	<b>8</b>
<b>Report of the Trustee</b>	<b>9</b>
<b>Independent Auditors' Report to the Unitholders of Schroder European Alpha Plus Fund</b>	<b>10</b>
<b>Comparative Tables<sup>1</sup></b>	<b>13</b>
<b>Portfolio Statement<sup>1</sup></b>	<b>24</b>
<b>Summary of Portfolio Transactions<sup>1</sup></b>	<b>28</b>
<b>Statement of Total Return</b>	<b>29</b>
<b>Statement of Change in Net Assets Attributable to Unitholders</b>	<b>29</b>
<b>Balance Sheet</b>	<b>30</b>
<b>Notes to the Accounts</b>	<b>31</b>
<b>Remuneration</b>	<b>45</b>
<b>Distribution Table</b>	<b>46</b>
<b>General Information<sup>1</sup></b>	<b>48</b>

<sup>1</sup> Collectively these comprise the Manager's report.

# Fund Information

## Investment objective and policy

The Schroder European Alpha Plus 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 a concentrated range of equity and equity related securities of European countries, excluding the UK. The Fund typically holds 35 to 60 companies.

'Alpha' funds invest in companies in which the investment manager has a high conviction that the current share price does not reflect the future prospects for that business.

The Fund may also invest in other equity and equity related securities including UK companies, collective investment schemes, fixed income securities, 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 <sup>1</sup>	15.3.19	15.3.18	% change
<b>A Income units</b>	168.10p	188.80p	(10.96)
<b>A Accumulation units</b>	187.60p	208.00p	(9.81)
<b>GBP Hedged A Income units</b>	68.47p	72.31p	(5.31)
<b>GBP Hedged A Accumulation units</b>	69.73p	73.63p	(5.30)
<b>GBP Hedged Z Income units</b>	72.84p	78.02p	(6.64)
<b>GBP Hedged Z Accumulation units</b>	70.94p	74.62p	(4.93)
<b>L Income units</b>	66.39p	74.60p	(11.01)
<b>L Accumulation units</b>	71.13p	78.18p	(9.02)
<b>S Income units</b>	65.40p	73.49p	(11.01)
<b>Z Income units</b>	83.19p	93.47p	(11.00)
<b>Z Accumulation units</b>	91.03p	100.10p	(9.06)
	15.5.19	15.5.18	
<b>Final distribution per Z Income unit</b>	2.3389p	1.9567p	

1 With effect from 17 September 2018, the fund changed from dual pricing to swinging single pricing.

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

<b>Launch date</b>	3 October 2003	
<b>Launch price</b>	50.00p per A Income unit	
	50.00p per A Accumulation unit	
<b>Launch date</b>	10 February 2012	
<b>Launch price</b>	50.00p per Z Income unit	
	50.00p per Z Accumulation unit	
<b>Launch date</b>	1 July 2013	
<b>Launch price</b>	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	
<b>Launch date</b>	1 October 2013	
<b>Launch price</b>	50.00p per L Income unit	
	50.00p per L Accumulation unit	
<b>Launch date</b>	31 January 2014	
<b>Launch price</b>	50.00p per S Income unit	
	Interim	Final
<b>Accounting dates</b>	15 September	15 March
<b>Revenue allocation date</b>		15 May

# Fund Information (continued)

## Ongoing charges figure

	For the year to 15.3.19	For the period from 16.3.18	For the year to 15.3.18
<b>A Income units</b>	1.68%	1.70%	1.70%
<b>A Accumulation units</b>	1.68%	1.70%	1.70%
<b>GBP Hedged A Income units</b>	1.78% <sup>1</sup>	1.80% <sup>1,2</sup>	1.78% <sup>1</sup>
<b>GBP Hedged A Accumulation units</b>	1.78% <sup>1</sup>	1.80% <sup>1,2</sup>	1.78% <sup>1</sup>
<b>GBP Hedged Z Income units</b>	1.03% <sup>1</sup>	1.05% <sup>1,2</sup>	1.05% <sup>1</sup>
<b>GBP Hedged Z Accumulation units</b>	1.03% <sup>1</sup>	1.05% <sup>1,2</sup>	1.04% <sup>1</sup>
<b>L Income units</b>	0.86%	0.87%	0.87%
<b>L Accumulation units</b>	0.86%	0.87%	0.87%
<b>S Income units</b>	0.56%	0.57%	0.57%
<b>Z Income units</b>	0.93%	0.95%	0.95%
<b>Z Accumulation units</b>	0.93%	0.95%	0.95%

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

2 The Ongoing charges figure is a projected figure based on the latest expenses of these unit classes.

# Review of Investment Activities

**From 15 March 2018 to 15 March 2019, the price of Z Accumulation units on a selling price to dealing price basis fell 9.06%. In comparison, the FTSE<sup>1</sup> World Europe ex UK Index generated a negative total return of 0.63%<sup>2</sup> in sterling terms.**

It was a volatile 12 months for equities with fears over trade wars and slowing growth dominating much of the period. These concerns receded somewhat in early 2019 as the US Federal Reserve indicated it would pause its rate hiking cycle. However, returns for the index were negative and the fund lagged in what has been a difficult period for active management.

With fears over slowing growth taking hold in late 2018, growth defensives (such as food & beverages groups) were in demand. The lack of such stocks in the portfolio detracted from relative returns. The other side of this trend is that stocks with any chink of vulnerability were shunned by the market and so our anti-consensual value holdings – such as Borr Drilling and AURELIUS Equity Opportunities – also weighed on fund performance. Danske Bank was also among the main detractors amid a money laundering investigation in its Estonian business.

The top individual contributor was Lundin Petroleum. We have owned the company since 2016 and our hypothesis around the resource base, improving financial profile and better-than-expected cash flow started to be recognised during the period under review. Our overweight allocation to telecoms, including Koninklijke KPN, helped relative performance.

The outlook for all asset markets is as uncertain as ever amid heightened geopolitical risk. Meanwhile, corporate costs are starting to rise and end demand looks weak. Against this, we should be cognisant that some share prices are down 50% or more and are already factoring in a very negative outcome. On balance we do not think this is the moment to become aggressively defensive.

## Fund Manager:

**James Sym**



James Sym joined Schroders in July 2013 following the acquisition of Cazenove Capital

James is a member of the Pan-European Equity team at Schroders

He manages the Schroder European Alpha Income Fund and the Schroder European Alpha Plus Fund

James graduated from St John's College, Cambridge with a degree in Natural Sciences and is a Chartered Financial Analyst

James has eleven years' investment experience

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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



- 1 A Income units, A Accumulation units, L Income units, L Accumulation units, S Income units, Z Income units and Z Accumulation units.
- 2 GBP Hedged A Income units, GBP Hedged A Accumulation units, GBP Hedged Z Income units and GBP Hedged Z Accumulation units.

There is a difference between unit classes caused by the technical nature of the calculation of the risk and reward indicator.

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 invests in a smaller number of stocks. This carries more risk than funds spread across a larger number of companies.

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 March 2019 were signed on 23 May 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 Alpha Plus Fund ('the fund') for the year ended 15 March 2019**

The Trustee of the Schroder European Alpha Plus 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  
8 April 2019

# Independent Auditors' Report to the Unitholders of Schroder European Alpha Plus Fund

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the financial position of the fund as at 15 March 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 March 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, 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 Alpha Plus 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

# Independent Auditors' Report to the Unitholders of Schroder European Alpha Plus 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  
23 May 2019

# Comparative Tables

## A Income units

Financial year to 15 March	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	186.23	172.96	131.66
Return before operating charges	(15.25)	19.03	45.59
Operating charges	(3.05)	(3.20)	(2.65)
<b>Return after operating charges*</b>	<b>(18.30)</b>	<b>15.83</b>	<b>42.94</b>
Distributions <sup>1</sup>	(3.41)	(2.56)	(1.64)
<b>Closing net asset value</b>	<b>164.52</b>	<b>186.23</b>	<b>172.96</b>
*after direct transaction costs of	(0.16)	(0.13)	(0.19)
<b>Performance</b>			
Return after charges (%)	(9.83)	9.15	32.61
<b>Other information</b>			
Closing net asset value (£000's)	3,100	5,744	7,129
Closing number of units	1,884,131	3,084,128	4,122,063
Operating charges (%)	1.68	1.70	1.81
Direct transaction costs (%)**	0.09	0.07	0.13
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	197.00	201.50	177.50
Lowest dealing price (p) <sup>2</sup>	156.50	163.20	127.60

# Comparative Tables (continued)

## A Accumulation units

Financial year to 15 March	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	207.91	190.49	143.50
Return before operating charges	(17.05)	20.94	49.73
Operating charges	(3.37)	(3.52)	(2.74)
<b>Return after operating charges*</b>	<b>(20.42)</b>	<b>17.42</b>	<b>46.99</b>
Distributions <sup>1</sup>	(3.81)	(2.82)	(1.94)
Retained distributions <sup>1</sup>	3.81	2.82	1.94
<b>Closing net asset value</b>	<b>187.49</b>	<b>207.91</b>	<b>190.49</b>
*after direct transaction costs of	(0.18)	(0.14)	(0.21)
<b>Performance</b>			
Return after charges (%)	(9.82)	9.14	32.75
<b>Other information</b>			
Closing net asset value (£000's)	57,711	71,200	106,174
Closing number of units	30,780,975	34,245,315	55,737,061
Operating charges (%)	1.68	1.70	1.70
Direct transaction costs (%)**	0.09	0.07	0.13
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	220.00	221.90	193.60
Lowest dealing price (p) <sup>2</sup>	174.80	179.70	139.10

# Comparative Tables (continued)

GBP Hedged A Income units			
Financial year to 15 March	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	72.29	66.44	56.85
Return before operating charges	(1.35)	7.14	12.13
Operating charges	(2.53)	(1.29)	(1.01)
<b>Return after operating charges*</b>	<b>(3.88)</b>	<b>5.85</b>	<b>11.12</b>
Distributions <sup>1</sup>	(2.30)	Nil <sup>3</sup>	(1.53)
<b>Closing net asset value</b>	<b>66.11</b>	<b>72.29</b>	<b>66.44</b>
*after direct transaction costs of	(0.06)	(0.05)	(0.08)
<b>Performance</b>			
Return after charges (%)	(5.37)	8.80	19.56
<b>Other information</b>			
Closing net asset value (£000's)	13	15	13
Closing number of units	20,000	20,000	20,000
Operating charges (%)	1.78	1.78	1.69
Direct transaction costs (%)**	0.09	0.07	0.13
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	77.31	77.63	68.90
Lowest dealing price (p) <sup>2</sup>	60.37	65.28	52.61

3 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 March	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	73.61	67.72	56.63
Return before operating charges	(2.67)	7.21	12.08
Operating charges	(1.26)	(1.32)	(0.99)
<b>Return after operating charges*</b>	<b>(3.93)</b>	<b>5.89</b>	<b>11.09</b>
Distributions <sup>1</sup>	(1.31)	(1.03)	(0.80)
Retained distributions <sup>1</sup>	1.31	1.03	0.80
<b>Closing net asset value</b>	<b>69.68</b>	<b>73.61</b>	<b>67.72</b>
*after direct transaction costs of	(0.06)	(0.05)	(0.08)
<b>Performance</b>			
Return after charges (%)	(5.34)	8.70	19.58
<b>Other information</b>			
Closing net asset value (£000's)	36	34	23
Closing number of units	51,735	46,474	34,258
Operating charges (%)	1.78	1.78	1.68
Direct transaction costs (%)**	0.09	0.07	0.13
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	78.72	79.02	68.66
Lowest dealing price (p) <sup>2</sup>	61.48	66.53	52.40



# Comparative Tables (continued)

## GBP Hedged Z Income units

Financial year to 15 March	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	76.33	71.19	60.26
Return before operating charges	(2.82)	7.61	12.86
Operating charges	(0.72)	(0.81)	(0.59)
<b>Return after operating charges*</b>	<b>(3.54)</b>	<b>6.80</b>	<b>12.27</b>
Distributions <sup>1</sup>	(1.92)	(1.66)	(1.34)
<b>Closing net asset value</b>	<b>70.87</b>	<b>76.33</b>	<b>71.19</b>
*after direct transaction costs of	(0.07)	(0.05)	(0.08)
<b>Performance</b>			
Return after charges (%)	(4.64)	9.55	20.36
<b>Other information</b>			
Closing net asset value (£000's)	463	666	732
Closing number of units	653,833	872,505	1,028,412
Operating charges (%)	1.03	1.05	0.94
Direct transaction costs (%)**	0.09	0.07	0.13
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	81.72	83.68	73.52
Lowest dealing price (p) <sup>2</sup>	64.12	69.99	55.85

# Comparative Tables (continued)

## GBP Hedged Z Accumulation units

Financial year to 15 March	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	74.60	68.21	56.65
Return before operating charges	(2.97)	7.17	12.12
Operating charges	(0.75)	(0.78)	(0.56)
<b>Return after operating charges*</b>	<b>(3.72)</b>	<b>6.39</b>	<b>11.56</b>
Distributions <sup>1</sup>	(1.85)	(1.59)	(1.26)
Retained distributions <sup>1</sup>	1.85	1.59	1.26
<b>Closing net asset value</b>	<b>70.88</b>	<b>74.60</b>	<b>68.21</b>
*after direct transaction costs of	(0.07)	(0.05)	(0.08)
<b>Performance</b>			
Return after charges (%)	(4.99)	9.37	20.41
<b>Other information</b>			
Closing net asset value (£000's)	4,086	12,127	1,563
Closing number of units	5,764,860	16,256,683	2,291,161
Operating charges (%)	1.03	1.05	0.93
Direct transaction costs (%)**	0.09	0.07	0.13
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	79.84	80.02	69.15
Lowest dealing price (p) <sup>2</sup>	62.46	66.97	52.54

# Comparative Tables (continued)

Financial year to 15 March	L Income units		
	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	72.96	67.75	51.50
Return before operating charges	(6.01)	7.48	17.93
Operating charges	(0.61)	(0.65)	(0.49)
<b>Return after operating charges*</b>	<b>(6.62)</b>	<b>6.83</b>	<b>17.44</b>
Distributions <sup>1</sup>	(1.92)	(1.62)	(1.19)
<b>Closing net asset value</b>	<b>64.42</b>	<b>72.96</b>	<b>67.75</b>
*after direct transaction costs of	(0.06)	(0.05)	(0.07)
<b>Performance</b>			
Return after charges (%)	(9.07)	10.08	33.86
<b>Other information</b>			
Closing net asset value (£000's)	13,593	27,420	32,090
Closing number of units	21,100,684	37,580,437	47,361,579
Operating charges (%)	0.86	0.87	0.86
Direct transaction costs (%)**	0.09	0.07	0.13
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	77.29	79.50	70.07
Lowest dealing price (p) <sup>2</sup>	61.73	63.98	50.01

# Comparative Tables (continued)

## L Accumulation units

Financial year to 15 March	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	78.16	71.02	53.05
Return before operating charges	(6.44)	7.82	18.48
Operating charges	(0.65)	(0.68)	(0.51)
<b>Return after operating charges*</b>	<b>(7.09)</b>	<b>7.14</b>	<b>17.97</b>
Distributions <sup>1</sup>	(2.05)	(1.70)	(1.23)
Retained distributions <sup>1</sup>	2.05	1.70	1.23
<b>Closing net asset value</b>	<b>71.07</b>	<b>78.16</b>	<b>71.02</b>
*after direct transaction costs of	(0.07)	(0.05)	(0.08)
<b>Performance</b>			
Return after charges (%)	(9.07)	10.05	33.87
<b>Other information</b>			
Closing net asset value (£000's)	20,360	35,500	23,533
Closing number of units	28,648,478	45,417,899	33,137,054
Operating charges (%)	0.86	0.87	0.86
Direct transaction costs (%)**	0.09	0.07	0.13
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	82.80	83.32	72.17
Lowest dealing price (p) <sup>2</sup>	66.13	67.06	51.51

# Comparative Tables (continued)

## S Income units

Financial year to 15 March	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	71.66	66.54	50.56
Return before operating charges	(5.92)	7.35	17.64
Operating charges	(0.39)	(0.42)	(0.33)
<b>Return after operating charges*</b>	<b>(6.31)</b>	<b>6.93</b>	<b>17.31</b>
Distributions <sup>1</sup>	(2.09)	(1.81)	(1.33)
<b>Closing net asset value</b>	<b>63.26</b>	<b>71.66</b>	<b>66.54</b>
*after direct transaction costs of	(0.06)	(0.05)	(0.07)
<b>Performance</b>			
Return after charges (%)	(8.81)	10.41	34.24
<b>Other information</b>			
Closing net asset value (£000's)	7,816	10,307	4,410
Closing number of units	12,355,267	14,383,901	6,627,448
Operating charges (%)	0.56	0.57	0.57
Direct transaction costs (%)**	0.09	0.07	0.13
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	75.95	78.28	68.98
Lowest dealing price (p) <sup>2</sup>	60.77	62.86	49.12

# Comparative Tables (continued)

## Z Income units

Financial year to 15 March	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	91.48	84.96	64.58
Return before operating charges	(7.53)	9.36	22.50
Operating charges	(0.83)	(0.88)	(0.69)
<b>Return after operating charges*</b>	<b>(8.36)</b>	<b>8.48</b>	<b>21.81</b>
Distributions <sup>1</sup>	(2.34)	(1.96)	(1.43)
<b>Closing net asset value</b>	<b>80.78</b>	<b>91.48</b>	<b>84.96</b>
*after direct transaction costs of	(0.08)	(0.07)	(0.10)
<b>Performance</b>			
Return after charges (%)	(9.14)	9.98	33.77
<b>Other information</b>			
Closing net asset value (£000's)	39,554	56,703	57,378
Closing number of units	48,966,116	61,981,623	67,539,127
Operating charges (%)	0.93	0.95	0.94
Direct transaction costs (%)**	0.09	0.07	0.13
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	96.90	99.62	87.80
Lowest dealing price (p) <sup>2</sup>	77.35	80.22	62.70

# Comparative Tables (continued)

## Z Accumulation units

Financial year to 15 March	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	100.11	91.03	68.05
Return before operating charges	(8.25)	10.03	23.70
Operating charges	(0.90)	(0.95)	(0.72)
<b>Return after operating charges*</b>	<b>(9.15)</b>	<b>9.08</b>	<b>22.98</b>
Distributions <sup>1</sup>	(2.56)	(2.10)	(1.51)
Retained distributions <sup>1</sup>	2.56	2.10	1.51
<b>Closing net asset value</b>	<b>90.96</b>	<b>100.11</b>	<b>91.03</b>
*after direct transaction costs of	(0.09)	(0.07)	(0.10)
<b>Performance</b>			
Return after charges (%)	(9.14)	9.97	33.77
<b>Other information</b>			
Closing net asset value (£000's)	139,238	176,523	118,919
Closing number of units	153,081,292	176,327,041	130,640,246
Operating charges (%)	0.93	0.95	0.93
Direct transaction costs (%)**	0.09	0.07	0.13
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	106.00	106.70	92.51
Lowest dealing price (p) <sup>2</sup>	84.65	85.95	66.06

1 These figures have been rounded to 2 decimal places.

2 Prior to 17 September 2018, the price was highest buying and lowest selling.

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

**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 15.3.19	Market Value £000's	% of net assets
<b>Equities 97.71% (91.59%)</b>			
<b>Austria 2.28% (2.49%)</b>			
UBM Development	209,428	6,521	2.28
		<b>6,521</b>	<b>2.28</b>
<b>Belgium 3.34% (5.69%)</b>			
KBC Group	179,891	9,548	3.34
		<b>9,548</b>	<b>3.34</b>
<b>Bermuda 3.68% (1.51%)</b>			
Borr Drilling	2,998,492	6,664	2.33
Odfjell Drilling	1,750,778	3,852	1.35
		<b>10,516</b>	<b>3.68</b>
<b>Denmark 4.69% (7.51%)</b>			
Novo Nordisk B	351,012	13,411	4.69
		<b>13,411</b>	<b>4.69</b>
<b>Finland 2.49% (2.91%)</b>			
Cargotec B	241,642	7,124	2.49
		<b>7,124</b>	<b>2.49</b>
<b>France 17.73% (15.49%)</b>			
AXA	679,557	13,209	4.62
Lagardere	415,381	8,536	2.98
Orange	720,093	8,671	3.03
Sanofi	145,516	9,844	3.44
Sopra Steria Group	55,730	5,049	1.77
Teleperformance	39,750	5,402	1.89
		<b>50,711</b>	<b>17.73</b>
<b>Germany 12.21% (18.04%)</b>			
Allianz	37,242	6,389	2.23



# Portfolio Statement (continued)

	Holding at 15.3.19	Market Value £000's	% of net assets
<b>Germany (continued)</b>			
AURELIUS Equity Opportunities	315,960	10,938	3.82
Jungheinrich Preference	145,183	3,265	1.14
Knorr-Bremse	94,758	6,998	2.45
LANXESS	174,296	7,335	2.57
		<b>34,925</b>	<b>12.21</b>
<b>Italy 4.50% (1.43%)</b>			
Eni	698,128	9,303	3.25
Intesa Sanpaolo	1,903,825	3,557	1.25
		<b>12,860</b>	<b>4.50</b>
<b>Luxembourg 1.35% (2.82%)</b>			
Subsea 7	401,061	3,864	1.35
		<b>3,864</b>	<b>1.35</b>
<b>Netherlands 7.83% (8.37%)</b>			
ASML Holding	21,435	3,100	1.09
Koninklijke DSM	72,453	6,016	2.10
Koninklijke KPN	5,550,723	13,273	4.64
		<b>22,389</b>	<b>7.83</b>
<b>Norway 2.14% (2.58%)</b>			
Equinor	360,355	6,111	2.14
		<b>6,111</b>	<b>2.14</b>
<b>Portugal 2.08% (0.00%)</b>			
Galp Energia	487,099	5,946	2.08
		<b>5,946</b>	<b>2.08</b>
<b>Spain 9.79% (9.85%)</b>			
Amadeus IT Group	95,838	5,519	1.93
Bankinter	1,555,025	9,291	3.25

# Portfolio Statement (continued)

	Holding at 15.3.19	Market Value £000's	% of net assets
<b>Spain (continued)</b>			
Grifols Preference	193,720	2,826	0.99
Grupo Catalana Occidente	378,085	10,353	3.62
		<b>27,989</b>	<b>9.79</b>
<b>Sweden 4.17% (4.54%)</b>			
Lundin Petroleum	351,869	8,936	3.12
Svenska Handelsbanken A	351,428	2,989	1.05
		<b>11,925</b>	<b>4.17</b>
<b>Switzerland 16.81% (6.95%)</b>			
Clariant	199,205	3,281	1.14
Roche Holding	95,295	19,444	6.80
Swiss Re	117,591	8,837	3.09
Zurich Insurance Group	65,184	16,529	5.78
		<b>48,091</b>	<b>16.81</b>
<b>United Kingdom 2.62% (1.41%)</b>			
IQE <sup>#</sup>	5,423,727	4,860	1.70
Next	50,401	2,627	0.92
		<b>7,487</b>	<b>2.62</b>
<b>Equities total</b>		<b>279,418</b>	<b>97.71</b>
<b>Forward Foreign Currency Contracts 0.01% ((0.03)%)</b>			
Buy CHF 2,005 Sell GBP 1,506 29/03/2019	CHF 2,005	0	0.00
Buy CHF 2,290 Sell GBP 1,736 29/03/2019	CHF 2,290	0	0.00
Buy DKK 7,161 Sell GBP 823 29/03/2019	DKK 7,161	0	0.00
Buy DKK 488 Sell GBP 56 29/03/2019	DKK 488	0	0.00
Buy EUR 885 Sell GBP 754 29/03/2019	EUR 885	0	0.00
Buy EUR 13,643 Sell GBP 11,700 29/03/2019	EUR 13,643	0	0.00

# Portfolio Statement (continued)

	Holding at 15.3.19	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts (continued)</b>			
Buy NOK 529,853 Sell GBP 46,503 29/03/2019	NOK 529,853	0	0.00
Buy SEK 1,734 Sell GBP 142 29/03/2019	SEK 1,734	0	0.00
Buy SEK 8,056 Sell GBP 654 29/03/2019	SEK 8,056	0	0.00
Sell CHF 1,011,055 Buy GBP 765,472 29/03/2019	CHF (1,011,055)	6	0.00
Sell DKK 1,815,346 Buy GBP 209,416 29/03/2019	DKK (1,815,346)	2	0.00
Sell EUR 3,431,440 Buy GBP 2,953,086 29/03/2019	EUR (3,431,440)	24	0.01
Sell NOK 4,239 Buy GBP 375 29/03/2019	NOK (4,239)	0	0.00
Sell NOK 4,247,623 Buy GBP 373,269 29/03/2019	NOK (4,247,623)	(1)	0.00
Sell SEK 8,400 Buy GBP 686 29/03/2019	SEK (8,400)	0	0.00
Sell SEK 2,298,491 Buy GBP 186,748 29/03/2019	SEK (2,298,491)	(1)	0.00
<b>Forward Foreign Currency Contracts total</b>		<b>30</b>	<b>0.01</b>
Portfolio of investments		<b>279,448</b>	<b>97.72</b>
Net other assets		6,522	2.28
<b>Net assets attributable to unitholders</b>		<b>285,970</b>	<b>100.00</b>

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

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

# Security traded on another regulated market.

# Summary of Portfolio Transactions

## Largest purchases

For the year ended 15 March 2019		Cost £000's
Roche Holding		13,286
BNP Paribas		12,143
Eni		10,442
Sanofi		9,917
Galp Energia		9,495
Subsea 7		8,534
KBC Group		8,255
ING Groep		7,198
Knorr-Bremse		6,711
AXA		6,573

## Largest sales

For the year ended 15 March 2019		Proceeds £000's
Bayer		19,091
Telefonica		17,374
ING Groep		17,309
Lundin Petroleum		15,052
KBC Group		12,921
Orange		11,193
Grand City Properties		10,180
BNP Paribas		9,674
Continental		9,553
Renault		9,516

# Statement of Total Return

For the year ended 15 March 2019

	Notes	2019		2018	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital (losses)/gains	2		(41,131)		27,401
Revenue	3	13,388		11,873	
Expenses	4	(3,830)		(4,562)	
Net revenue before taxation		<b>9,558</b>		<b>7,311</b>	
Taxation	5	(522)		539	
Net revenue after taxation			<b>9,036</b>		<b>7,850</b>
<b>Total return before distributions</b>					
			<b>(32,095)</b>		<b>35,251</b>
Distributions	6		(9,068)		(7,552)
<b>Change in net assets attributable to unitholders from investment activities</b>					
			<b>(41,163)</b>		<b>27,699</b>

# Statement of Change in Net Assets Attributable to Unitholders

For the year ended 15 March 2019

	2019		2018		
	£000's	£000's	£000's	£000's	
Opening net assets attributable to unitholders		396,239		351,964	
Amounts receivable on issue of units	38,543		109,972		
Amounts payable on cancellation of units	(113,592)		(99,513)		
		<b>(75,049)</b>		<b>10,459</b>	
Dilution adjustment		160		424	
Change in net assets attributable to unitholders from investment activities		(41,163)		27,699	
Retained distribution on Accumulation units		5,783		5,693	
<b>Closing net assets attributable to unitholders</b>					
		<b>285,970</b>		<b>396,239</b>	

# Balance Sheet

As at 15 March 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		279,450	362,923
<b>Current assets</b>			
Debtors	8	2,438	9,252
Cash and bank balances	9	7,430	30,038
<b>Total assets</b>		<b>289,318</b>	<b>402,213</b>
<b>Liabilities</b>			
Investment liabilities		(2)	(118)
<b>Creditors</b>			
Bank overdrafts	10	(6)	(2)
Distributions payable		(1,885)	(2,173)
Other creditors	11	(1,455)	(3,681)
<b>Total liabilities</b>		<b>(3,348)</b>	<b>(5,974)</b>
<b>Net assets attributable to unitholders</b>			
		<b>285,970</b>	<b>396,239</b>

# 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 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 and futures clearing houses and brokers 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 except for professional fee 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. This revenue is distributed annually on 15 May 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. Prior to 17 September 2018, dilution adjustments included an estimate of dealing costs and the spread on underlying investments. See Prospectus for further details.

The transactional revenue earned from the spread (the difference between the creation price and the cancellation price), to the extent that in respect of any Dealing Day subscriptions are netted off against redemptions has been paid by the Manager into the fund and is included within the dilution adjustment in the Statement of Change in Net Assets Attributable to Unitholders.

# Notes to the Accounts (continued)

## 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.

## 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.

## 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.

## Futures contracts

Open futures contracts are shown in the Portfolio Statement at market value and the net losses are reflected within Derivative contracts 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	(39,389)	27,313
Derivative contracts	(611)	(119)
Forward foreign currency contracts <sup>1</sup>	82	478
Foreign currency losses	(1,200)	(259)
Transaction costs	(13)	(12)
<b>Net capital (losses)/gains</b>	<b>(41,131)</b>	<b>27,401</b>

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	13,287	11,288
Scrip dividends	0	315
Bank interest	101	270
<b>Total revenue</b>	<b>13,388</b>	<b>11,873</b>

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Annual management charge	3,016	3,698
Administration charge	515	601
	<b>3,531</b>	<b>4,299</b>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Trustee's fees	37	43
Safe custody fees	24	36
Interest payable	195	81
	<b>256</b>	<b>160</b>
<b>Other expenses:</b>		
Audit fee	11	14
Hedging programme cost	7	0
Professional fee <sup>1</sup>	25	89
	<b>43</b>	<b>103</b>
<b>Total expenses</b>	<b>3,830</b>	<b>4,562</b>

1 Professional fee includes Nil (2018 – £747) which were paid to PricewaterhouseCoopers LLP in relation to tax reclaims.

# Notes to the Accounts (continued)

## 5 Taxation

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

### (a) Analysis of the tax charge for the year

	2019 £000's	2018 £000's
Overseas withholding tax	522	(539)
<b>Total current tax (Note 5(b))</b>	<b>522</b>	<b>(539)</b>

### (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
<b>Net revenue before taxation</b>	<b>9,558</b>	<b>7,311</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	1,912	1,462
<b>Effects of:</b>		
Revenue not subject to corporation tax	(2,597)	(2,320)
Movement in excess management expenses	675	858
Loan relationship debits	19	0
Irrecoverable overseas withholding tax	522	(539)
Expensed withholding tax incurred	(9)	0
<b>Current tax charge for the year (Note 5(a))</b>	<b>522</b>	<b>(539)</b>

### (c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £14,522,991 (2018 – £13,847,791) 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	7,668	7,866
Add: Revenue deducted on cancellation of units	2,251	(8,354)
Deduct: Revenue received on issue of units	(851)	8,040
<b>Distributions</b>	<b>9,068</b>	<b>7,552</b>
Net revenue after taxation	9,036	7,850
Scrip dividends not distributed	0	(315)
Expenses taken to capital	25	37
Equalisation on conversions	7	(20)
<b>Distributions</b>	<b>9,068</b>	<b>7,552</b>

Details of the distribution per unit are set out in the Distribution Table on pages 46 and 47.

## 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	279,418	0	362,919	(16)
Level 2: Observable market data	32	(2)	4	(102)
Level 3: Unobservable data	0	0	0	0
<b>Total</b>	<b>279,450</b>	<b>(2)</b>	<b>362,923</b>	<b>(118)</b>

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	288	292
Sales awaiting settlement	356	7,484
Accrued revenue	0	235
Overseas withholding tax recoverable	1,794	1,241
<b>Total debtors</b>	<b>2,438</b>	<b>9,252</b>

## 9 Cash and bank balances

	2019 £000's	2018 £000's
Cash and bank balances	7,424	29,707
Amounts held at futures clearing houses and brokers	6	331
<b>Total cash and bank balances</b>	<b>7,430</b>	<b>30,038</b>

## 10 Bank overdrafts

	2019 £000's	2018 £000's
Amounts overdrawn at futures clearing houses and brokers	6	2
<b>Total bank overdrafts</b>	<b>6</b>	<b>2</b>

# Notes to the Accounts (continued)

## 11 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of units	1,064	891
Purchases awaiting settlement	0	2,269
Accrued expenses	391	521
<b>Total other creditors</b>	<b>1,455</b>	<b>3,681</b>

## 12 Contingent liabilities

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

## 13 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 3.58% (2018 – 3.26%).

## 14 Unit classes

The fund currently has eleven 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, L Income units, L Accumulation units, S Income 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%
L Income units	0.675%
L Accumulation units	0.675%
S Income units	0.375%
Z Income units	0.75%
Z Accumulation units	0.75%

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 23. The distribution per unit class is given in the Distribution Table on pages 46 and 47. 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.

# Notes to the Accounts (continued)

## 15 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. The fund may invest in deposits without limitation, only with an approved bank and which are repayable on demand or has the right to withdraw and maturing in no more than twelve months. 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 may cause the balance sheet to 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 currency 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.

# Notes to the Accounts (continued)

## 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
<b>Danish krone</b>			
2019	(34)	13,411	13,377
2018	(854)	29,743	28,889
<b>Euro</b>			
2019	4,153	178,013	182,166
2018	12,040	263,364	275,404
<b>Norwegian krone</b>			
2019	(236)	20,491	20,255
2018	168	18,685	18,853
<b>Sterling</b>			
2019	3,593	7,487	11,080
2018	23,360	5,584	28,944
<b>Swedish krona</b>			
2019	(170)	11,925	11,755
2018	(600)	17,994	17,394
<b>Swiss franc</b>			
2019	(756)	48,091	47,335
2018	(782)	27,533	26,751
<b>US dollar</b>			
2019	2	0	2
2018	4	0	4

## 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 and amounts held or overdrawn at futures clearing houses and brokers will be affected by fluctuations in interest rates.

# Notes to the Accounts (continued)

## 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
<b>Danish krone</b>			
2019	0	13,585	13,585
2018	0	29,908	29,908
<b>Euro</b>			
2019	5,203	179,893	185,096
2018	15,410	271,371	286,781
<b>Norwegian krone</b>			
2019	0	20,630	20,630
2018	647	18,810	19,457
<b>Sterling</b>			
2019	2,227	12,263	14,490
2018	13,981	19,734	33,715
<b>Swedish krona</b>			
2019	0	11,942	11,942
2018	0	18,059	18,059
<b>Swiss franc</b>			
2019	0	48,095	48,095
2018	0	27,668	27,668
<b>US dollar</b>			
2019	0	2	2
2018	0	4	4



# Notes to the Accounts (continued)

Currency	Floating rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
<b>Danish krone</b>			
2019	0	208	208
2018	0	1,019	1,019
<b>Euro</b>			
2019	0	2,930	2,930
2018	0	11,377	11,377
<b>Norwegian krone</b>			
2019	0	375	375
2018	0	604	604
<b>Sterling</b>			
2019	6	3,404	3,410
2018	2	4,769	4,771
<b>Swedish krona</b>			
2019	0	187	187
2018	0	665	665
<b>Swiss franc</b>			
2019	0	760	760
2018	0	917	917

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 and bank overdrafts bear interest at rates based on the Sterling Overnight Index Average rate. Foreign currency bank balances and amounts held or overdrawn at futures clearing houses and brokers 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.

# Notes to the Accounts (continued)

## 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 March 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 March
<b>2019</b>	0.00%	6.55%	2.85%	0.00%
<b>2018</b>	0.00%	4.75%	0.44%	0.98%

## 16 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.

<b>2019</b>	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Purchases <sup>1</sup> :						
Equities	205,377	92	152	205,621	0.04	0.07
Corporate actions purchases:						
Equities	1,452	0	0	1,452	0.00	0.00
	<b>206,829</b>	<b>92</b>	<b>152</b>	<b>207,073</b>		
<b>Sales</b>						
Equities	251,315	(130)	0	251,185	(0.05)	0.00
Total cost of the fund's average net asset value (%)		<b>0.07</b>	<b>0.04</b>			

1 Excluding corporate actions.

# Notes to the Accounts (continued)

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	287,729	211	73	288,013	0.07	0.03
<b>Sales</b>						
Equities	293,344	(218)	0	293,126	(0.07)	0.00
Total cost of the fund's average net asset value (%)		<b>0.11</b>	<b>0.02</b>			

## Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.22% (2018 – 0.13%).

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.

## 17 Units in issue reconciliation

	Number of units in issue as at 15.3.18	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue as at 15.3.19
A Income units	3,084,128	65,262	(315,381)	(949,878)	1,884,131
A Accumulation units	34,245,315	2,542,916	(5,850,768)	(156,488)	30,780,975
GBP Hedged A Income units	20,000	0	0	0	20,000
GBP Hedged A Accumulation units	46,474	5,261	0	0	51,735
GBP Hedged Z Income units	872,505	56,893	(275,565)	0	653,833
GBP Hedged Z Accumulation units	16,256,683	2,469,740	(12,961,563)	0	5,764,860
L Income units	37,580,437	2,095,414	(19,207,931)	632,764	21,100,684
L Accumulation units	45,417,899	1,341,065	(18,901,347)	790,861	28,648,478
S Income units	14,383,901	301,894	(2,293,202)	(37,326)	12,355,267
Z Income units	61,981,623	3,639,389	(16,299,794)	(355,102)	48,966,116
Z Accumulation units	176,327,041	26,754,822	(51,358,130)	1,357,559	153,081,292

# Notes to the Accounts (continued)

## 18 Counterparty exposure

The types of derivatives held at the balance sheet date were forward foreign currency contracts and futures 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	Futures contracts £000's	Total £000's
<b>JPMorgan Chase</b>			
2019	30	0	30
2018	(98)	0	(98)
<b>UBS</b>			
2019	0	0	0
2018	0	(16)	(16)

# Remuneration

## UCITS remuneration disclosures for Schroder Unit Trusts Limited ('SUTL') for the year to 31 December 2018

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 68 to 90 of the 2018 Annual Report & Accounts (available on the Group's website – [www.schroders.com/ir](http://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 2018 the Remuneration Policy was reviewed to ensure compliance with the UCITS/AIFMD remuneration requirements and no significant changes were made.

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, compliance and internal audit matters from the heads of those areas.

The remuneration data that follows reflects amounts paid in respect of performance during 2018.

- The total amount of remuneration paid by SUTL to its staff was nil as SUTL has no employees. SUTL has two independent Non Executive Directors who receive fees in respect of their role on the Board of SUTL<sup>1</sup>. 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 142 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2018, and attributed to SUTL or the UCITS funds that it manages, is £12.6 million, of which £4.8 million was paid to senior management, £7.3 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and £0.5 million was paid to Control Function MRTs.

For additional qualitative information on remuneration policies and practices see [www.schroders.com/rem-disclosures](http://www.schroders.com/rem-disclosures).

1 The fees are 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 March 2019

**Group 1** Units purchased prior to 16 March 2018

**Group 2** Units purchased on or after 16 March 2018

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution payable 15.5.19 p per unit	Distribution paid 15.5.18 p per unit
<b>A Income units</b>				
Group 1	3.4071	–	3.4071	2.5585
Group 2	2.2355	1.1716	3.4071	2.5585
<b>A Accumulation units</b>				
Group 1	3.8063	–	3.8063	2.8157
Group 2	0.1876	3.6187	3.8063	2.8157
<b>GBP Hedged A Income units</b>				
Group 1	2.3019	–	2.3019	0.0000 <sup>1</sup>
Group 2	2.3019	0.0000	2.3019	0.0000 <sup>1</sup>
<b>GBP Hedged A Accumulation units</b>				
Group 1	1.3097	–	1.3097	1.0327
Group 2	0.1484	1.1613	1.3097	1.0327
<b>GBP Hedged Z Income units</b>				
Group 1	1.9169	–	1.9169	1.6603
Group 2	0.3034	1.6135	1.9169	1.6603
<b>GBP Hedged Z Accumulation units</b>				
Group 1	1.8472	–	1.8472	1.5949
Group 2	0.6820	1.1652	1.8472	1.5949
<b>L Income units</b>				
Group 1	1.9178	–	1.9178	1.6160
Group 2	0.6190	1.2988	1.9178	1.6160
<b>L Accumulation units</b>				
Group 1	2.0530	–	2.0530	1.6952
Group 2	0.6561	1.3969	2.0530	1.6952
<b>S Income units</b>				
Group 1	2.0937	–	2.0937	1.8089
Group 2	0.4557	1.6380	2.0937	1.8089
<b>Z Income units</b>				
Group 1	2.3389	–	2.3389	1.9567
Group 2	0.5600	1.7789	2.3389	1.9567

# Distribution Table (continued)

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution payable 15.5.19 p per unit	Distribution paid 15.5.18 p per unit
<b>Z Accumulation units</b>				
Group 1	2.5579	–	2.5579	2.0976
Group 2	0.4433	2.1146	2.5579	2.0976

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

## Corporate unitholders (unaudited)

Corporate unitholders receive the dividend distribution payment/s 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

## Manager<sup>1</sup>

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

Authorised and regulated by the Financial Conduct Authority

## Investment Adviser<sup>1</sup>

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

## Registrar<sup>1</sup>

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

Authorised and regulated by the Financial Conduct Authority

## Administration Details

Schroders  
FREEPOST  
RLTZ-CHSY-HBUT  
PO Box 1102  
Chelmsford  
Essex CM99 2XX

Investor Services  
0800 718 777  
investorservices@schroders.com  
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.

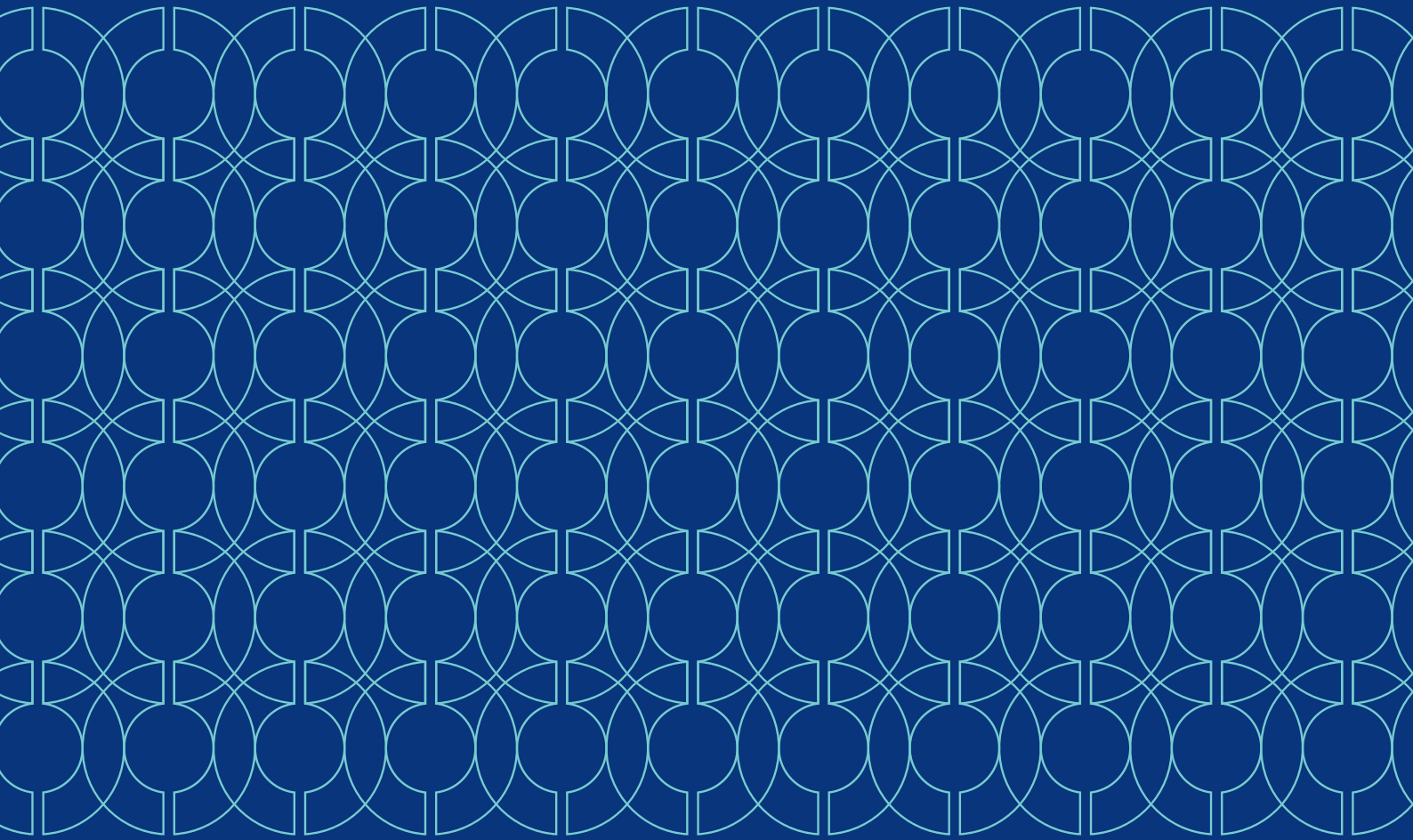
## Authorisation

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.

## 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](http://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](mailto:investorservices@schroders.com), or visit our website at [www.schroders.co.uk](http://www.schroders.co.uk).

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