

Schroder Global Cities Real Estate

September 2018

Contents

Fund Information¹	3	8 Debtors	30
Investment objective and policy	3	9 Other creditors	31
Financial highlights	3	10 Contingent assets	31
Fund information	4	11 Contingent liabilities	31
Ongoing charges figure	4	12 Related party transactions	31
Review of Investment Activities¹	5	13 Unit classes	32
Risk Profile¹	6	14 Derivative and other financial instruments	32
Risk and reward indicator	6	15 Direct transaction costs	37
Specific risks	6	16 Units in issue reconciliation	38
Statement of the Manager's Responsibilities	7	17 Counterparty exposure	38
Report of the Trustee	8	Remuneration	39
Independent Auditors' Report to the Unitholders of Schroder Global Cities Real Estate	9	Distribution Table	40
Comparative Tables¹	12	Final distribution for the year ended 20 September 2018	40
Portfolio Statement¹	19	Corporate unitholders (unaudited)	40
Summary of Portfolio Transactions¹	23	Equalisation	41
Largest purchases	23	General Information¹	42
Largest sales	23	Authorisation	42
Statement of Total Return	24	Other information	42
Statement of Change in Net Assets Attributable to Unitholders	24		
Balance Sheet	25		
Notes to the Accounts	26		
1 Accounting policies	26		
2 Net capital gains/(losses)	27		
3 Revenue	27		
4 Expenses	28		
5 Taxation	28		
6 Distributions	29		
7 Fair value hierarchy	30		

1 Collectively these comprise the Manager's report.

Fund Information

Investment objective and policy

The Schroder Global Cities Real Estate (the 'fund') aims to provide income and capital growth by investing in equity and equity related securities of real estate companies worldwide.

The fund invests at least 80% of its assets in equity and equity related securities of real estate companies worldwide which generate the majority of their earnings from real estate investment related activities. The fund seeks exposure to companies that invest in cities that the Manager believes will exhibit continued economic growth, supported by factors such as strong infrastructure and supportive planning regimes.

The fund may also invest in collective investment schemes that invest in equity and equity related securities of real estate companies, warrants and money market instruments, and may hold cash.

The fund may use derivatives with the aim of reducing risk and to manage the fund more efficiently.

Further Information

The fund does not currently use derivatives to achieve investment gains. If the Manager decides to use derivatives this way, this may result in a more volatile unit price and so result in a higher degree of market risk, therefore the Manager will give registered unitholders appropriate notice if it decides to do so.

Financial highlights

Dealing price	20.9.18	20.9.17	% change
A Income units	107.10p	101.30p	5.73
A Accumulation units	115.10p	108.20p	6.38
GBP Hedged Z Income units	54.75p	52.47p	4.35
L Income units	75.44p	71.22p	5.93
L Accumulation units	79.11p	73.72p	7.31
Z Income units	73.25p	69.14p	5.94
Z Accumulation units	83.45p	77.83p	7.22
	20.11.18	20.11.17	
Final distribution per Z Income unit	0.9300p	0.8414p	

Fund Information (continued)

Fund information

Launch date	9 December 2005	
Launch price	50.00p per A Income unit	
	50.00p per A Accumulation unit	
Launch date	16 April 2007	
Launch price	50.00p per Z Income unit	
	50.00p per Z Accumulation unit	
Launch date	1 October 2013	
Launch price	50.00p per L Income unit	
	50.00p per L Accumulation unit	
Launch date	23 January 2017	
Launch price	50.00p per GBP Hedged Z Income unit	
	Interim	Final
Accounting dates	20 March	20 September
Revenue allocation date		20 November

Ongoing charges figure

	For the year to 20.9.18	For the year to 20.9.17	For the year to 20.9.17
A Income units	1.67%	1.67%	1.67%
A Accumulation units	1.67%	1.67%	1.67%
GBP Hedged Z Income units	1.02% ¹	1.02% ^{2 3}	0.92% ²
L Income units	0.85%	0.84%	0.84%
L Accumulation units	0.85%	0.84%	0.84%
Z Income units	0.92%	0.92%	0.92%
Z Accumulation units	0.92%	0.92%	0.92%

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

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

3 The Ongoing charges figure includes the hedging programme cost of 0.10%. This has been disclosed for comparative purposes, previously this cost was charged to the unit class but was excluded from the Ongoing charges figure since the launch of the unit class.

Review of Investment Activities

From 20 September 2017 to 20 September 2018, the price of A Accumulation units on a dealing price to dealing price basis rose 6.38%.

The period saw market uncertainty around Brexit, escalating trade wars and interest rate rises. Together, these contributed to an environment of investor nervousness. The US Federal Reserve (Fed) seems to have settled into a quarterly tightening regime with the Fed raising interest rates four times over the period from 1.25% to 2.25%.

Portfolio returns over the period were positive. As the companies in the portfolio reported their earnings, the market was reminded of the growth that is possible from owning well located assets in the most economically active Global Cities. The team have positioned the portfolio towards sectors benefitting from structural change namely, data centres and industrial and reduced exposure to those mature sectors experiencing disruption such as retail and offices.

Schroder Global Cities Real Estate invests for the long term in a small number of companies, which we regard as especially strong, located in cities that drive global growth. Our investment philosophy and unique research process ensure that we focus on a select group of companies that operate with real pricing power. Our team, located in the markets in which we invest, analyse each company using proprietary databases that identify the pillars of a solid investment: rental growth, low leverage and good management. This provides investors with exposure to irreplaceable real estate assets that should provide long term compound returns.

Co-Fund Manager:

Tom Walker



Tom joined Schroders in July 2014 and has over 19 years of real estate experience

Tom had previously spent nine years at AMP Capital where he was Deputy Head of Global Listed Real Estate. He began his career in real estate at Jones Lang LaSalle

Tom holds a BA Hons in Politics from the University of Newcastle Upon Tyne and a Graduate Diploma in Real Estate from London South Bank University

Tom is also a Member of the Royal Institution of Chartered Surveyors (MRICS)

Co-Fund Manager:

Hugo Machin



Hugo joined Schroders in July 2014 and has over 19 years of real estate experience

Hugo had previously spent eight years at AMP Capital where he was Head of European Listed Real Estate. Prior to his time at AMP Capital, Hugo had held positions with both ING and the Welcome Trust where he gained experience in both indirect and direct property investment

Hugo holds a BA Hons in English Literature from Durham University, MSc in Real Estate Finance and Investment from Reading University and a Diploma in Cross Border Valuation from Oxford Said Business School

He is also a member of the EPRA Report and Accounts Committee

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

Risk Profile

Risk and reward indicator



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

The fund focuses on specific sectors. This carries more risk than funds spread across a number of different industry sectors.

The fund invests in smaller companies which may be less liquid than larger companies and price swings may therefore be greater than in larger company funds.

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 gains 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 20 September 2018 were signed on 27 November 2018 on behalf of the Manager by:

J.A. Walker-Hazell
Directors

J. Rainbow

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 Global Cities Real Estate ('the fund') for the year ended 20 September 2018

The Trustee of the Schroder Global Cities Real Estate 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
11 October 2018

Independent Auditors' Report to the Unitholders of Schroder Global Cities Real Estate

Report on the audit of the financial statements

Opinion

In our opinion, Schroder Global Cities Real Estate's financial statements:

- give a true and fair view of the financial position of the fund as at 20 September 2018 and of the net revenue and the net capital gains 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 20 September 2018; 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

We have nothing to report in respect of the following matters in relation to which 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.

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.

Independent Auditors' Report to the Unitholders of Schroder Global Cities Real Estate (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 7, 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 Global Cities Real Estate (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
27 November 2018

Comparative Tables

A Income units

Financial year to 20 September	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	100.37	101.41	79.56
Return before operating charges	8.67	1.12	23.79
Operating charges	(1.72)	(1.71)	(1.49)
Return after operating charges*	6.95	(0.59)	22.30
Distributions ¹	(0.51)	(0.45)	(0.45)
Closing net asset value	106.81	100.37	101.41
*after direct transaction costs of	(0.07)	(0.11)	(0.12)
Performance			
Return after charges (%)	6.92	(0.58)	28.03
Other information			
Closing net asset value (£000's)	3,248	17,645	20,788
Closing number of units	3,041,396	17,579,249	20,498,157
Operating charges (%)	1.67	1.67	1.68
Direct transaction costs (%)**	0.07	0.11	0.13
Prices			
Highest dealing price (p)	112.50	107.60	105.60
Lowest dealing price (p)	93.20	96.05	78.38

Comparative Tables (continued)

A Accumulation units

Financial year to 20 September	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	107.70	108.33	84.62
Return before operating charges	9.48	1.20	25.30
Operating charges	(1.86)	(1.83)	(1.59)
Return after operating charges*	7.62	(0.63)	23.71
Distributions ¹	(0.72)	(0.48)	(0.48)
Retained distributions ¹	0.72	0.48	0.48
Closing net asset value	115.32	107.70	108.33
*after direct transaction costs of	(0.08)	(0.12)	(0.12)
Performance			
Return after charges (%)	7.08	(0.58)	28.02
Other information			
Closing net asset value (£000's)	190,495	210,751	244,651
Closing number of units	165,189,857	195,678,099	225,828,521
Operating charges (%)	1.67	1.67	1.68
Direct transaction costs (%)**	0.07	0.11	0.13
Prices			
Highest dealing price (p)	120.80	114.90	112.30
Lowest dealing price (p)	100.00	102.60	83.36

Comparative Tables (continued)

GBP Hedged Z Income units		
Financial year to 20 September	2018 p per unit	2017 p per unit
Change in net asset value		
Opening net asset value	51.94	50.00
Return before operating charges	3.42	2.56
Operating charges	(0.51)	(0.31)
Return after operating charges*	2.91	2.25
Distributions ¹	(0.70)	(0.31)
Closing net asset value	54.15	51.94
*after direct transaction costs of	(0.04)	(0.06)
Performance		
Return after charges (%)	5.60	4.50
Other information		
Closing net asset value (£000's)	16,850	8,347
Closing number of units	31,117,460	16,070,102
Operating charges (%)	1.02	0.61
Direct transaction costs (%)**	0.07	0.11
Prices		
Highest dealing price (p)	56.09	53.33
Lowest dealing price (p)	49.49	49.34

The unit class was launched on 23 January 2017.

Comparative Tables (continued)

L Income units			
Financial year to 20 September	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	70.08	70.81	55.50
Return before operating charges	6.11	0.73	16.67
Operating charges	(0.61)	(0.60)	(0.54)
Return after operating charges*	5.50	0.13	16.13
Distributions ¹	(1.00)	(0.86)	(0.82)
Closing net asset value	74.58	70.08	70.81
*after direct transaction costs of	(0.05)	(0.08)	(0.08)
Performance			
Return after charges (%)	7.85	0.18	29.06
Other information			
Closing net asset value (£000's)	74,233	57,343	9,938
Closing number of units	99,532,580	81,829,059	14,034,853
Operating charges (%)	0.85	0.84	0.85
Direct transaction costs (%)**	0.07	0.11	0.13
Prices			
Highest dealing price (p)	79.15	75.49	74.24
Lowest dealing price (p)	65.30	67.14	54.87

Comparative Tables (continued)

Financial year to 20 September	L Accumulation units		
	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	73.49	73.31	56.80
Return before operating charges	6.40	0.81	17.06
Operating charges	(0.64)	(0.63)	(0.55)
Return after operating charges*	5.76	0.18	16.51
Distributions ¹	(1.05)	(0.94)	(0.85)
Retained distributions ¹	1.05	0.94	0.85
Closing net asset value	79.25	73.49	73.31
*after direct transaction costs of	(0.05)	(0.08)	(0.08)
Performance			
Return after charges (%)	7.84	0.25	29.07
Other information			
Closing net asset value (£000's)	81,072	87,984	88,322
Closing number of units	102,295,745	119,724,925	120,474,555
Operating charges (%)	0.85	0.84	0.85
Direct transaction costs (%)**	0.07	0.11	0.13
Prices			
Highest dealing price (p)	82.99	78.16	75.98
Lowest dealing price (p)	68.48	69.51	56.14

Comparative Tables (continued)

Z Income units

Financial year to 20 September	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	68.08	68.79	53.97
Return before operating charges	5.95	0.77	16.14
Operating charges	(0.65)	(0.64)	(0.56)
Return after operating charges*	5.30	0.13	15.58
Distributions ¹	(0.93)	(0.84)	(0.76)
Closing net asset value	72.45	68.08	68.79
*after direct transaction costs of	(0.05)	(0.08)	(0.08)
Performance			
Return after charges (%)	7.78	0.19	28.87
Other information			
Closing net asset value (£000's)	109,051	82,669	92,312
Closing number of units	150,514,677	121,433,766	134,192,191
Operating charges (%)	0.92	0.92	0.92
Direct transaction costs (%)**	0.07	0.11	0.13
Prices			
Highest dealing price (p)	76.84	73.31	72.08
Lowest dealing price (p)	63.42	65.22	53.29

Comparative Tables (continued)

Z Accumulation units			
Financial year to 20 September	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	77.57	77.44	60.03
Return before operating charges	6.78	0.85	18.04
Operating charges	(0.74)	(0.72)	(0.63)
Return after operating charges*	6.04	0.13	17.41
Distributions ¹	(1.06)	(0.93)	(0.85)
Retained distributions ¹	1.06	0.93	0.85
Closing net asset value	83.61	77.57	77.44
*after direct transaction costs of	(0.06)	(0.09)	(0.09)
Performance			
Return after charges (%)	7.79	0.17	29.00
Other information			
Closing net asset value (£000's)	173,657	156,673	155,994
Closing number of units	207,707,280	201,976,988	201,437,965
Operating charges (%)	0.92	0.92	0.92
Direct transaction costs (%)**	0.07	0.11	0.13
Prices			
Highest dealing price (p)	87.55	82.52	80.25
Lowest dealing price (p)	72.26	73.42	59.33

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 20.9.18	Market Value £000's	% of net assets
Equities 99.16% (98.14%)			
Australia 5.09% (6.67%)			
Goodman Group REIT	2,562,577	14,516	2.24
Mirvac Group REIT	5,631,951	7,450	1.15
Transurban Group	1,808,276	11,027	1.70
		32,993	5.09
Canada 2.04% (2.63%)			
Allied Properties REIT	266,681	6,869	1.06
Canadian Pacific Railway	23,030	3,613	0.55
IBI Group	1,031,116	2,785	0.43
		13,267	2.04
Cayman Islands 2.36% (0.00%)			
21Vianet Group ADR	980,911	7,046	1.09
GDS Holdings ADR	326,036	8,271	1.27
		15,317	2.36
China 0.73% (0.00%)			
A-Living Services H	3,934,000	4,724	0.73
		4,724	0.73
France 2.84% (3.12%)			
Gecina REIT	143,290	18,398	2.84
		18,398	2.84
Germany 2.45% (2.03%)			
Deutsche Wohnen	425,268	15,883	2.45
		15,883	2.45
Hong Kong 8.62% (8.36%)			
Galaxy Entertainment Group	2,315,000	11,782	1.82
Hang Lung Properties	4,729,000	6,889	1.06

Portfolio Statement (continued)

	Holding at 20.9.18	Market Value £000's	% of net assets
Hong Kong (continued)			
Link REIT	1,785,307	12,994	2.00
Sun Hung Kai Properties	1,289,929	14,433	2.23
Swire Properties	3,454,083	9,820	1.51
		55,918	8.62
Japan 8.72% (8.76%)			
GLP J-Reit	10,295	7,668	1.18
Japan Real Estate Investment REIT	568	2,218	0.34
Mitsubishi Estate	1,207,419	15,682	2.42
Mitsui Fudosan	845,250	15,240	2.35
Nippon Prologis REIT	5,756	8,463	1.31
Nomura Real Estate Master Fund REIT	7,103	7,293	1.12
		56,564	8.72
Mexico 0.54% (0.57%)			
Concentradora Fibra Danhos REIT	2,835,392	3,535	0.54
		3,535	0.54
Netherlands 2.18% (2.66%)			
InterXion Holding	276,171	14,155	2.18
		14,155	2.18
Norway 1.45% (1.10%)			
Entra	850,386	9,419	1.45
		9,419	1.45
Spain 2.91% (2.28%)			
Inmobiliaria Colonial Socimi REIT	2,315,609	18,859	2.91
		18,859	2.91

Portfolio Statement (continued)

	Holding at 20.9.18	Market Value £000's	% of net assets
Sweden 1.14% (1.49%)			
Fabege	693,670	7,367	1.14
		7,367	1.14
United Kingdom 5.42% (5.58%)			
Big Yellow Group REIT	1,653,994	15,961	2.46
UNITE Group REIT	1,207,284	10,914	1.68
Workspace Group REIT	799,167	8,255	1.28
		35,130	5.42
United States of America 52.67% (52.89%)			
Alexandria Real Estate Equities REIT	357,832	33,917	5.23
Apartment Investment & Management REIT A	411,360	13,701	2.11
CubeSmart REIT	354,656	7,854	1.21
DiamondRock Hospitality REIT	1,509,615	13,521	2.09
Duke Realty REIT	825,381	17,824	2.75
Empire State Realty Trust REIT A	1,195,413	14,982	2.31
Equinix REIT	19,631	6,580	1.01
Equity LifeStyle Properties REIT	308,856	22,484	3.47
Federal Realty Investment Trust REIT	83,217	7,995	1.23
Five Point Holdings A	478,485	3,657	0.56
HCP REIT	399,444	7,912	1.22
Healthcare Realty Trust REIT	802,994	17,874	2.76
Howard Hughes	193,428	18,399	2.84
Hudson Pacific Properties REIT	431,638	10,272	1.58
Invitation Homes REIT	874,701	15,490	2.39
Pebblebrook Hotel Trust REIT	109,924	3,011	0.46
QTS Realty Trust REIT A	526,311	17,887	2.76
Rexford Industrial Realty REIT	1,011,517	24,233	3.74
Sun Communities REIT	245,442	18,812	2.90
Terreno Realty REIT	722,156	20,363	3.14
Tier REIT	706,049	12,306	1.90
UDR REIT	528,776	16,091	2.48

Portfolio Statement (continued)

	Holding at 20.9.18	Market Value £000's	% of net assets
United States of America (continued)			
Urban Edge Properties REIT	987,853	16,436	2.53
		341,601	52.67
Equities total			
		643,130	99.16
Forward Foreign Currency Contracts 0.06% (0.05%)			
Buy AUD 766 Sell GBP 423 28/09/2018	AUD 766	0	0.00
Buy EUR 753 Sell GBP 668 28/09/2018	EUR 753	0	0.00
Buy HKD 885,774 Sell GBP 87,228 28/09/2018	HKD 885,774	(2)	0.00
Buy JPY 104,394 Sell GBP 708 28/09/2018	JPY 104,394	0	0.00
Buy USD 6,254 Sell GBP 4,754 28/09/2018	USD 6,254	0	0.00
Sell AUD 1,400,051 Buy GBP 792,733 28/09/2018	AUD (1,400,051)	23	0.00
Sell AUD 120,355 Buy GBP 65,884 28/09/2018	AUD (120,355)	0	0.00
Sell EUR 1,571,352 Buy GBP 1,421,346 28/09/2018	EUR (1,571,352)	30	0.00
Sell HKD 16,803,821 Buy GBP 1,658,800 28/09/2018	HKD (16,803,821)	40	0.01
Sell JPY 211,123,479 Buy GBP 1,472,198 28/09/2018	JPY (211,123,479)	50	0.01
Sell USD 12,945,416 Buy GBP 10,024,947 28/09/2018	USD (12,945,416)	246	0.04
Forward Foreign Currency Contracts total		387	0.06
Portfolio of investments		643,517	99.22
Net other assets		5,089	0.78
Net assets attributable to unitholders		648,606	100.00

The comparative percentage figures in brackets are as at 20 September 2017.

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

Summary of Portfolio Transactions

Largest purchases

For the year ended 20 September 2018	Cost £000's
Transurban Group	14,906
Alexandria Real Estate Equities REIT	14,800
Equity LifeStyle Properties REIT	13,984
DiamondRock Hospitality REIT	13,953
Galaxy Entertainment Group	13,467
Apartment Investment & Management REIT A	12,117
Healthcare Realty Trust REIT	11,987
Tier REIT	11,666
Inmobiliaria Colonial Socimi REIT	11,119
QTS Realty Trust REIT A	10,091

Largest sales

For the year ended 20 September 2018	Proceeds £000's
Healthcare Trust of America REIT	18,631
Great Portland Estates REIT	17,141
Westfield REIT	16,772
Link REIT	11,874
Retail Opportunity Investments REIT	11,842
Simon Property Group REIT	10,536
Extra Space Storage REIT	10,512
InterXion Holding	9,813
Camden Property Trust REIT	9,699
Vornado Realty Trust REIT	9,410

Statement of Total Return

For the year ended 20 September 2018

		2018		2017	
	Notes	£000's	£000's	£000's	£000's
Income					
Net capital gains/(losses)	2		39,190		(5,975)
Revenue	3	16,794		14,157	
Expenses	4	(7,467)		(7,423)	
Net revenue before taxation		9,327		6,734	
Taxation	5	(1,463)		(1,102)	
Net revenue after taxation			7,864		5,632
Total return before distributions			47,054		(343)
Distributions	6		(7,266)		(5,401)
Change in net assets attributable to unitholders from investment activities			39,788		(5,744)

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 20 September 2018

		2018		2017	
		£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders			621,412		612,005
Amounts receivable on issue of units		65,067		114,555	
Amounts payable on cancellation of units		(82,116)		(103,382)	
			(17,049)		11,173
Dilution adjustment			1		36
Change in net assets attributable to unitholders from investment activities			39,788		(5,744)
Retained distribution on Accumulation units			4,454		3,942
Closing net assets attributable to unitholders			648,606		621,412

Balance Sheet

As at 20 September 2018

		2018	2017
	Notes	£000's	£000's
Assets			
Investments		643,519	610,180
Current assets			
Debtors	8	7,093	12,076
Cash and bank balances		2,158	17,764
Total assets		652,770	640,020
Liabilities			
Investment liabilities		(2)	(5)
Creditors			
Distributions payable		(2,629)	(1,853)
Other creditors	9	(1,533)	(16,750)
Total liabilities		(4,164)	(18,608)
Net assets attributable to unitholders			
		648,606	621,412

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 and real estate income distributions receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend. Dividends from US Real Estate Investment Trusts are initially accounted for at an estimated 70% revenue and 30% capital split when the security goes ex-dividend. Following the end of the calendar year, US REIT companies publish the split between revenue and capital of the dividends they have previously declared. When this information is received the initial estimated allocation is adjusted to reflect the published split between revenue and capital. 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 are accounted for on an accruals basis.

Taxation

Corporation tax is provided for on the revenue liable to corporation tax less deductible expenses.

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 20 November 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.

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 gains/(losses) in the Notes to the Accounts and relate to the GBP hedged unit classes only.

Notes to the Accounts (continued)

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 gains/(losses) 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 gains/(losses)

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

	2018 £000's	2017 £000's
Non-derivative securities	39,484	(6,096)
Forward foreign currency contracts	(80)	330
Foreign currency losses	(187)	(199)
Transaction costs	(27)	(10)
Net capital gains/(losses)	39,190	(5,975)

3 Revenue

	2018 £000's	2017 £000's
UK dividends	95	141
Overseas dividends	3,707	1,724
Real estate income distributions	12,298	11,991
Scrip dividends	671	271
Bank interest	23	30
Total revenue	16,794	14,157

Notes to the Accounts (continued)

4 Expenses

	2018 £000's	2017 £000's
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	6,386	6,400
Administration charge	972	920
	7,358	7,320
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	63	61
Safe custody fees	25	21
Interest payable	0	1
	88	83
Other expenses:		
Audit fee	14	13
Professional fee	4	7 ¹
Hedging programme cost	3	0
	21	20
Total expenses	7,467	7,423

1 Professional fee includes Nil (2017 – £4,964) which were paid to PricewaterhouseCoopers LLP in relation to tax reclaims.

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

	2018 £000's	2017 £000's
Overseas withholding tax	1,463	1,107
Prior year adjustment	0	(5)
Total current tax (Note 5(b))	1,463	1,102

Notes to the Accounts (continued)

(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% (2017 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2018 £000's	2017 £000's
Net revenue before taxation	9,327	6,734
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	1,865	1,347
Effects of:		
Revenue not subject to corporation tax	(845)	(373)
Expenses not deductible for tax purposes	1	0
Irrecoverable overseas withholding tax	1,463	1,107
Expensed withholding tax incurred	(989)	(948)
Movement in revenue taxable in different periods	(32)	(26)
Prior year adjustment	0	(5)
Current tax charge for the year (Note 5(a))	1,463	1,102

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:

	2018 £000's	2017 £000's
Final Dividend distribution	7,083	5,795
Add: Revenue deducted on cancellation of units	589	520
Deduct: Revenue received on issue of units	(406)	(914)
Distributions	7,266	5,401
Net revenue after taxation	7,864	5,632
Scrip dividends not distributed	(671)	(271)
Expenses taken to capital	0	5
Tax on capital items	0	(1)
Equalisation on conversions	73	36
Distributions	7,266	5,401

Details of the distribution per unit are set out in the Distribution Table on page 40.

Notes to the Accounts (continued)

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	2018		2017	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	643,130	0	609,842	0
Level 2: Observable market data	389	(2)	338	(5)
Level 3: Unobservable data	0	0	0	0
Total	643,519	(2)	610,180	(5)

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.

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

	2018 £000's	2017 £000's
Amounts receivable for issue of units	1,477	2,381
Sales awaiting settlement	4,448	8,883
Accrued UK dividends	115	0
Accrued overseas dividends	169	102
Accrued real estate income distributions	788	616
Accrued bank interest	2	1
Overseas withholding tax recoverable	87	81
Income tax recoverable	7	12
Total debtors	7,093	12,076

Notes to the Accounts (continued)

9 Other creditors

	2018		2017	
	£000's	£000's	£000's	£000's
Amounts payable for cancellation of units		1,082		993
Purchases awaiting settlement		0		14,677
Accrued expenses				
Manager and Agents				
Annual management charge	351		908	
Administration charge	55		134	
		406		1,042
Trustee and Agents				
Trustee's fees	14		14	
Safe custody fees	6		7	
Transaction costs	9		4	
		29		25
Other accrued expenses		16		13
Total other creditors		1,533		16,750

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 and in 2012. 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 £158,372 (2017 – £158,637).

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 (2017 – 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.

Notes to the Accounts (continued)

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 0.09% (2017 – 0.14%).

13 Unit classes

The fund currently has seven unit classes: A Income units, A Accumulation units, GBP Hedged Z Income units, L Income units, L 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 Z Income units	0.75%
L Income units	0.675%
L Accumulation units	0.675%
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 12 to 18. The distribution per unit class is given in the Distribution Table on page 40. 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 Z Income unit class.

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. 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.

Notes to the Accounts (continued)

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 class, 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
Australian dollar			
2018	(774)	32,993	32,219
2017	(473)	41,437	40,964
Canadian dollar			
2018	0	13,267	13,267
2017	(556)	16,364	15,808
Euro			
2018	(1,273)	53,140	51,867
2017	6,072	46,161	52,233
Hong Kong dollar			
2018	(1,364)	60,642	59,278
2017	(569)	51,970	51,401
Japanese yen			
2018	(1,143)	56,564	55,421
2017	(506)	54,426	53,920
Mexican peso			
2018	37	3,535	3,572
2017	(74)	3,526	3,452
Norwegian krone			
2018	39	9,419	9,458
2017	(146)	6,846	6,700
Sterling			
2018	14,134	35,130	49,264
2017	19,697	34,665	54,362

Notes to the Accounts (continued)

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
Swedish krona			
2018	0	7,367	7,367
2017	(190)	9,270	9,080
US dollar			
2018	(4,180)	371,073	366,893
2017	(11,685)	345,177	333,492

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
Australian dollar			
2018	61	32,994	33,055
2017	65	41,438	41,503
Canadian dollar			
2018	0	13,267	13,267
2017	0	16,365	16,365
Euro			
2018	71	53,188	53,259
2017	71	55,089	55,160
Hong Kong dollar			
2018	1	60,895	60,896
2017	0	52,073	52,073
Japanese yen			
2018	1	56,842	56,843
2017	0	54,711	54,711

Notes to the Accounts (continued)

Currency	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
Mexican peso			
2018	37	3,535	3,572
2017	0	3,526	3,526
Norwegian krone			
2018	0	9,458	9,458
2017	0	6,846	6,846
Sterling			
2018	1,367	52,152	53,519
2017	14,416	44,723	59,139
Swedish krona			
2018	0	7,367	7,367
2017	0	9,277	9,277
US dollar			
2018	641	376,031	376,672
2017	3,212	345,643	348,855

Currency	Floating rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
Australian dollar			
2018	1	835	836
2017	0	539	539
Canadian dollar			
2018	0	0	0
2017	0	557	557
Euro			
2018	2	1,390	1,392
2017	0	2,927	2,927
Hong Kong dollar			
2018	1	1,617	1,618
2017	0	672	672

Notes to the Accounts (continued)

Currency	Floating rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
Japanese yen			
2018	1	1,421	1,422
2017	0	791	791
Mexican peso			
2018	0	0	0
2017	0	74	74
Norwegian krone			
2018	0	0	0
2017	0	146	146
Sterling			
2018	7	4,248	4,255
2017	0	4,777	4,777
Swedish krona			
2018	0	0	0
2017	0	197	197
US dollar			
2018	9	9,770	9,779
2017	0	15,363	15,363

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.

Derivatives

Although the fund may enter into derivative contracts for specific investment purposes in addition to being used for efficient management it is not the current intention to use derivatives for specific investment purposes.

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.

Notes to the Accounts (continued)

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 20 September 2018 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 20 September
2018	0.00%	2.03%	0.11%	0.00%
2017	0.00%	2.39%	0.22%	0.00%

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.

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Equities	299,434	150	113	299,697	0.05	0.04
Sales						
Equities	306,591	(159)	(28)	306,404	(0.05)	(0.01)
Total cost of the fund's average net asset value (%)		0.05	0.02			

2017	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Equities	393,593	292	156	394,041	0.07	0.04
Sales						
Equities	377,238	(223)	(31)	376,984	(0.06)	(0.01)
Total cost of the fund's average net asset value (%)		0.08	0.03			

Notes to the Accounts (continued)

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.11% (2017 – 0.11%).

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.

16 Units in issue reconciliation

	Number of units in issue as at 20.9.17	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue as at 20.9.18
A Income units	17,579,249	561,511	(2,775,481)	(12,323,883)	3,041,396
A Accumulation units	195,678,099	1,806,014	(30,272,707)	(2,021,549)	165,189,857
GBP Hedged Z Income units	16,070,102	15,302,334	(254,976)	0	31,117,460
L Income units	81,829,059	20,226,390	(2,554,399)	31,530	99,532,580
L Accumulation units	119,724,925	7,973,759	(28,194,243)	2,791,304	102,295,745
Z Income units	121,433,766	38,600,442	(9,539,793)	20,262	150,514,677
Z Accumulation units	201,976,988	8,845,979	(19,090,799)	15,975,112	207,707,280

17 Counterparty exposure

The types of derivatives held at the balance sheet date were forward foreign exchange 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		
2018	387	387
2017	333	333

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 20 September 2018

Group 1 Units purchased prior to 21 September 2017

Group 2 Units purchased on or after 21 September 2017

	Net revenue 2018 p per unit	Equalisation 2018 p per unit	Distribution payable 20.11.18 p per unit	Distribution paid 20.11.17 p per unit
A Income units				
Group 1	0.5126	–	0.5126	0.4481
Group 2	0.1008	0.4118	0.5126	0.4481
A Accumulation units				
Group 1	0.7172	–	0.7172	0.4792
Group 2	0.1924	0.5248	0.7172	0.4792
GBP Hedged Z Income units				
Group 1	0.6979	–	0.6979	0.3095
Group 2	0.2001	0.4978	0.6979	0.3095
L Income units				
Group 1	1.0006	–	1.0006	0.8586
Group 2	0.4679	0.5327	1.0006	0.8586
L Accumulation units				
Group 1	1.0481	–	1.0481	0.9371
Group 2	0.6026	0.4455	1.0481	0.9371
Z Income units				
Group 1	0.9300	–	0.9300	0.8414
Group 2	0.4899	0.4401	0.9300	0.8414
Z Accumulation units				
Group 1	1.0578	–	1.0578	0.9322
Group 2	0.4951	0.5627	1.0578	0.9322

Corporate unitholders (unaudited)

Corporate unitholders receive the dividend distribution payments as detailed below:

43.36%	of the total distribution is received as franked investment income.
33.87%	of the distribution is deemed to be an annual payment (non-foreign element) received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.
22.77%	of the distribution is deemed to be an annual payment (foreign payment) received after deduction of income tax at the lower rate and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor, who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Distribution Table (continued)

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 Real Estate 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 the Prudential Regulation Authority

Registrar¹

Schroder Unit Trusts Limited
1 London Wall Place
London EC2Y 5AU
Authorised and regulated by the Financial Conduct Authority

Administration Details

Schroders
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

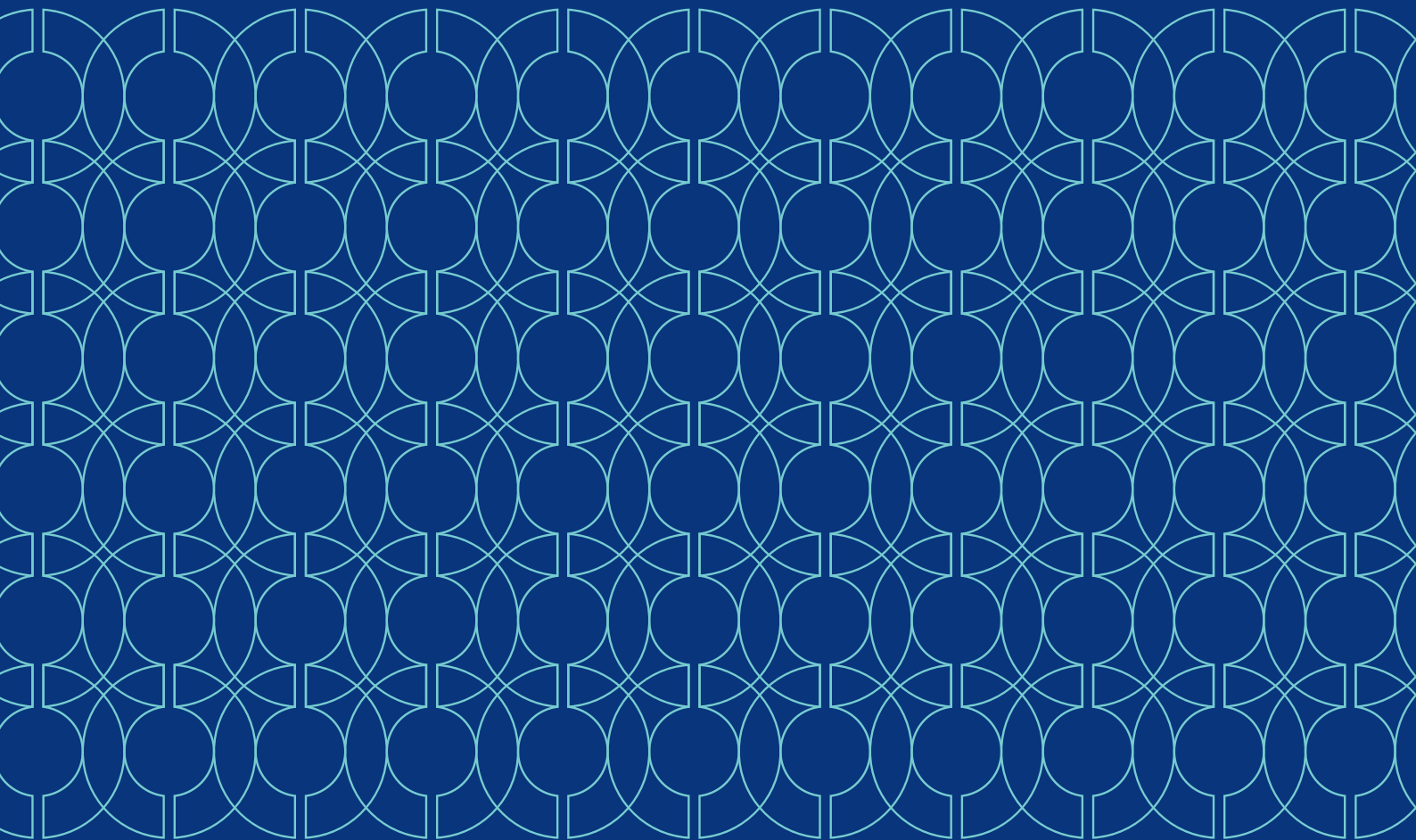
- 1 With effect from 4 September 2018, Schroder Unit Trusts Limited and Schroder Real Estate Investment Management Limited changed address, previously it was 31 Gresham Street, London EC2 7QA.

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.



EST. 1804

 **[schroders.com](https://www.schroders.com)**

 **[@schroders](https://twitter.com/schroders)**

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.

Issued in November 2018 by Schroder Unit Trusts Limited, 1 London Wall Place, London EC2Y 5AU. Registered Number 4191730 England. Schroder Unit Trusts Limited is an authorised corporate director, authorised unit trust manager and an ISA plan manager, and is authorised and regulated by the Financial Conduct Authority. For your security, communications may be taped and monitored.