

Schroder European Fund

January 2020

Contents

Fund Information ¹	3
Review of Investment Activities ¹	4
Risk Profile ¹	5
Statement of the Manager's Responsibilities	6
Report of the Trustee	7
Independent Auditors' Report to the Unitholders of Schroder European Fund	8
Comparative Table ¹	10
Portfolio Statement ¹	18
Statement of Total Return	21
Statement of Change in Net Assets Attributable to Unitholders	21
Balance Sheet	22
Notes to the Accounts	23
Distribution Table	31
Remuneration	33
General Information ¹	34

¹ Collectively these comprise the Manager's report.

Fund Information

Investment objective and policy

The Schroder European Fund (the 'fund') aims to provide capital growth in excess of the FTSE World Series Europe ex UK (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of European companies, excluding the UK.

The Fund is actively managed and invests at least 80% of its assets in equity and equity related securities of large and mid sized European companies, excluding the UK. These are companies that, at the time of purchase, are considered to be in the top 90% by market capitalisation of the European equities market.

The Fund may also invest directly or indirectly in other securities (including in other asset classes), countries (including the UK), regions, industries or currencies, collective investment schemes (including Schroder funds), 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 (for more information please refer to section 6 of Appendix I of the Prospectus).

With effect from 7 August 2019 the fund's Investment objective and policy changed, previously it was:

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

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

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

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently.

Fund characteristics

The Fund's performance should be assessed against its target benchmark, being to exceed the FTSE World Series Europe ex UK (Gross Total Return) index, and compared against the Investment Association Europe ex UK sector average return. The Investment Manager invests on a discretionary basis and is not limited to investing in accordance with the composition of the benchmark. The target benchmark has been selected because it is representative of the type of investments in which the Fund is likely to invest, and it is, therefore, an appropriate target in relation to the return that the Fund aims to provide. The comparator benchmark has been selected because the Investment Manager and the Manager believe that this benchmark is a suitable comparison for performance purposes given the Fund's investment objective and policy.

Review of Investment Activities

From 15 January 2019 to 15 January 2020, the price of I Accumulation units on a dealing price to dealing price basis rose 21.48%. In the same period, the FTSE¹ World European ex UK Index generated a total return of 19.93%² in sterling terms.

Europe ex UK equities made a strong advance over the period. Worries over trade wars and slowing global growth persisted, but accommodative monetary policy from major central banks helped shares make gains. The US and China reached a phase one trade deal late in the period, which also helped to boost sentiment.

The fund outperformed the index. Stock selection in healthcare and financials supported relative returns. In technology, both our overweight allocation and stock selection added value. The top individual contributor was semiconductor equipment supplier ASM International. It is seeing strong demand for its atomic layer deposition (ALD) and epitaxy tools in producing semiconductors. Fellow semiconductor stocks STMicroelectronics and ams also supported fund performance. Within healthcare, biotech group Galapagos was a contributor. It signed a transformational deal with US pharmaceutical firm Gilead, as part of which Galapagos will receive \$3.95 billion to support its research & development programme. We have since exited the holding. Among financials, not owning Spanish bank Santander proved beneficial while our position in Italy's UniCredit was a positive contributor. UniCredit has a new business plan that looks very credible.

Networks provider Nokia was the main detractor amid disappointing earnings and a decision to pause dividend payments. Nokia has received strong demand for 5G products but this involved increased costs.

Looking ahead, the spread of Covid-19 has seen volatility in markets. Earnings are likely to fall substantially and there will be dividend cuts in many sectors, notably banks and industrials. Economically-sensitive stocks are likely to come under pressure in this environment while defensives may prove more resilient. Among the defensive sectors, we continue to see opportunities in healthcare, which offers some attractively valued growth prospects backed by a surge in new product innovation.

Fund Manager:

Martin Skanberg



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

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

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

Masters in Financial Economics

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² Source: Thomson Reuters Datastream.

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of any overseas investments to rise or fall.

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 risk and reward indicator changed from 5 to 6 with effect from 13 June 2019 for GBP Hedged A Income units, GBP Hedged A Accumulation 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.

For specific risks, including the risk and reward profile, please refer to the Key Investor Information Document available on the following website www.schroders.com.

Statement of the Manager's Responsibilities

The Financial Conduct Authority's Collective Investment Schemes sourcebook 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 for UK Authorised Funds issued by the Investment Management Association (now the Investment Association) 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 Collective Investment Schemes sourcebook, and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Manager's report and accounts for the year ended 15 January 2020 were signed on 6 May 2020 on behalf of the Manager by:

P. Chislett
Directors

S. Reedy

Report of the Trustee

Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the Schroder European Fund ('the fund') for the year ended 15 January 2020

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

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

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

The Trustee must ensure that:

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

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

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

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

J.P. Morgan Europe Limited

Trustee

Bournemouth

5 February 2020

Independent Auditors' Report to the Unitholders of Schroder European Fund

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the financial position of the fund as at 15 January 2020 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 15 January 2020; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

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 FRC's 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 where:

- 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.

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 6, 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 intend to wind up or terminate the fund, or have no realistic alternative but to do so.

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

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

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
6 May 2020

Comparative Table

Financial year to 15 January	A Income units			A Accumulation units		
	2020 p per unit	2019 p per unit	2018 p per unit	2020 p per unit	2019 p per unit	2018 p per unit
Change in net asset value						
Opening net asset value	88.94	106.60	90.82	94.71	112.64	95.34
Return before operating charges*	18.92	(15.28)	18.17	20.15	(16.15)	19.07
Operating charges	(1.61)	(1.69)	(1.69)	(1.72)	(1.78)	(1.77)
Return after operating charges*	17.31	(16.97)	16.48	18.43	(17.93)	17.30
Distributions ¹	(0.70)	(0.69)	(0.70)	(0.75)	(0.74)	(0.73)
Retained distributions ¹	–	–	–	0.75	0.74	0.73
Closing net asset value	105.55	88.94	106.60	113.14	94.71	112.64
*after direct transaction costs of	(0.09)	(0.15)	(0.16)	(0.09)	(0.16)	(0.17)
Performance						
Return after charges (%)	19.46	(15.92)	18.15	19.46	(15.92)	18.15
Other information						
Closing net asset value (£000's)	1,119	1,801	2,909	26,901	39,154	37,775
Closing number of units	1,059,997	2,024,386	2,729,265	23,777,163	41,341,243	33,534,767
Operating charges (%)	1.67	1.67	1.67	1.67	1.67	1.67
Direct transaction costs (%)**	0.09	0.15	0.16	0.09	0.15	0.16
Prices						
Highest dealing price	106.50p	107.70p	107.50p	113.40p	113.80p	112.80p
Lowest dealing price	88.29p	85.95p	89.15p	94.01p	90.82p	93.59p

Comparative Table (continued)

Financial year to 15 January	GBP Hedged A Income units			GBP Hedged A Accumulation units		
	2020 p per unit	2019 p per unit	2018 p per unit	2020 p per unit	2019 p per unit	2018 p per unit
Change in net asset value						
Opening net asset value	68.55	82.04	69.21	71.43	84.26	71.06
Return before operating charges*	18.13	(11.06)	14.12	18.90	(11.44)	14.53
Operating charges	(1.50)	(1.36)	(1.29)	(1.56)	(1.39)	(1.33)
Return after operating charges*	16.63	(12.42)	12.83	17.34	(12.83)	13.20
Distributions [†]	(0.46)	(1.07)	Nil [†]	(0.48)	(1.11)	Nil [†]
Retained distributions [†]	–	–	–	0.48	1.11	Nil [†]
Closing net asset value	84.72	68.55	82.04	88.77	71.43	84.26
*after direct transaction costs of	(0.07)	(0.12)	(0.12)	(0.07)	(0.12)	(0.13)
Performance						
Return after charges (%)	24.26	(15.14)	18.54	24.28	(15.23)	18.58
Other information						
Closing net asset value (£000's)	17	14	16	23	27	22
Closing number of units	20,000	20,000	20,000	26,486	38,380	26,486
Operating charges (%)	1.82	1.77	1.67	1.82	1.77	1.67
Direct transaction costs (%)**	0.09	0.15	0.16	0.09	0.15	0.16
Prices						
Highest dealing price	85.40p	84.55p	82.16p	89.01p	86.84p	84.39p
Lowest dealing price	68.63p	65.86p	68.44p	71.52p	67.57p	70.30p

GBP Hedged A Income units

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

GBP Hedged A Accumulation units

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

Comparative Table (continued)

Financial year to 15 January	GBP Hedged Z Income units			GBP Hedged Z Accumulation units		
	2020 p per unit	2019 p per unit	2018 p per unit	2020 p per unit	2019 p per unit	2018 p per unit
Change in net asset value						
Opening net asset value	68.71	81.59	69.53	74.64	87.43	73.17
Return before operating charges*	18.28	(11.02)	13.94	19.98	(11.97)	15.03
Operating charges	(0.94)	(0.77)	(0.72)	(0.77)	(0.82)	(0.77)
Return after operating charges*	17.34	(11.79)	13.22	19.21	(12.79)	14.26
Distributions ¹	(1.05)	(1.09)	(1.16)	(1.19)	(1.17)	(1.23)
Retained distributions ¹	–	–	–	1.19	1.17	1.23
Closing net asset value	85.00	68.71	81.59	93.85	74.64	87.43
*after direct transaction costs of	(0.07)	(0.12)	(0.12)	(0.07)	(0.13)	(0.13)
Performance						
Return after charges (%)	25.24	(14.45)	19.01	25.74	(14.63)	19.49
Other information						
Closing net asset value (£000's)	6,859	5,605	7,852	3,365	21,348	41,670
Closing number of units	8,068,756	8,157,040	9,623,281	3,585,277	28,600,947	47,659,512
Operating charges (%)	1.07	1.02	0.92	0.92	1.02	0.91
Direct transaction costs (%)**	0.09	0.15	0.16	0.09	0.15	0.16
Prices						
Highest dealing price	86.28p	84.38p	82.87p	94.10p	90.27p	87.56p
Lowest dealing price	68.80p	66.02p	68.78p	74.74p	70.59p	72.39p

Comparative Table (continued)

Financial year to 15 January	I Income units			I Accumulation units		
	2020 p per unit	2019 p per unit	2018 p per unit	2020 p per unit	2019 p per unit	2018 p per unit
Change in net asset value						
Opening net asset value	1,215.84	1,458.83	1,241.91	1,899.37	2,238.82	1,877.75
Return before operating charges*	260.04	(210.44)	249.57	406.33	(323.09)	377.41
Operating charges	(10.24)	(10.71)	(10.69)	(16.01)	(16.36)	(16.34)
Return after operating charges*	249.80	(221.15)	238.88	390.32	(339.45)	361.07
Distributions ¹	(21.75)	(21.84)	(21.96)	(34.01)	(33.54)	(33.30)
Retained distributions ¹	–	–	–	34.01	33.54	33.30
Closing net asset value	1,443.89	1,215.84	1,458.83	2,289.69	1,899.37	2,238.82
*after direct transaction costs of	(1.20)	(2.08)	(2.20)	(1.87)	(3.18)	(3.36)
Performance						
Return after charges (%)	20.55	(15.16)	19.23	20.55	(15.16)	19.23
Other information						
Closing net asset value (£000's)	111,983	103,539	128,273	406,351	339,450	320,209
Closing number of units	7,755,685	8,515,804	8,792,866	17,746,932	17,871,722	14,302,611
Operating charges (%)	0.77	0.77	0.77	0.77	0.77	0.77
Direct transaction costs (%)**	0.09	0.15	0.16	0.09	0.15	0.16
Prices						
Highest dealing price	1,470.00p	1,478.00p	1,483.00p	2,296.00p	2,268.00p	2,242.00p
Lowest dealing price	1,208.00p	1,186.00p	1,220.00p	1,888.00p	1,821.00p	1,845.00p

Comparative Table (continued)

Financial year to 15 January	L Income units			L Accumulation units		
	2020 p per unit	2019 p per unit	2018 p per unit	2020 p per unit	2019 p per unit	2018 p per unit
Change in net asset value						
Opening net asset value	66.65	79.96	68.07	72.45	85.47	71.74
Return before operating charges*	14.25	(11.53)	13.67	15.50	(12.34)	14.42
Operating charges	(0.62)	(0.64)	(0.64)	(0.67)	(0.68)	(0.69)
Return after operating charges*	13.63	(12.17)	13.03	14.83	(13.02)	13.73
Distributions ¹	(1.14)	(1.14)	(1.14)	(1.24)	(1.22)	(1.22)
Retained distributions ¹	–	–	–	1.24	1.22	1.22
Closing net asset value	79.14	66.65	79.96	87.28	72.45	85.47
*after direct transaction costs of	(0.07)	(0.11)	(0.12)	(0.07)	(0.12)	(0.13)
Performance						
Return after charges (%)	20.45	(15.22)	19.14	20.47	(15.23)	19.14
Other information						
Closing net asset value (£000's)	151,658	147,452	173,410	131,198	130,537	88,238
Closing number of units	191,631,506	221,249,497	216,874,298	150,323,265	180,166,353	103,244,570
Operating charges (%)	0.84	0.85	0.85	0.84	0.85	0.85
Direct transaction costs (%)**	0.09	0.15	0.16	0.09	0.15	0.16
Prices						
Highest dealing price	80.49p	81.00p	81.22p	87.51p	86.58p	85.59p
Lowest dealing price	66.23p	64.98p	66.89p	72.00p	69.45p	70.49p

Comparative Table (continued)

Financial year to 15 January	Q Euro Accumulation units			S Income units		
	2020 ¢ per unit [§]	2019 ¢ per unit [§]	2018 ¢ per unit [§]	2020 p per unit	2019 p per unit	2018 p per unit
Change in net asset value						
Opening net asset value	88.32	103.94	100.00	65.55	78.67	66.97
Return before operating charges*	22.92	(14.88)	3.98	14.04	(11.36)	13.48
Operating charges	(0.73)	(0.74)	(0.04)	(0.39)	(0.41)	(0.42)
Return after operating charges*	22.19	(15.62)	3.94	13.65	(11.77)	13.06
Distributions [†]	(1.66)	(1.60)	Nil [†]	(1.34)	(1.35)	(1.36)
Retained distributions [†]	1.66	1.60	Nil [†]	–	–	–
Closing net asset value	110.51	88.32	103.94	77.86	65.55	78.67
*after direct transaction costs of	(0.09)	(0.15)	(0.16)	(0.06)	(0.11)	(0.12)
Performance						
Return after charges (%)	25.12	(15.03)	3.94	20.82	(14.96)	19.50
Other information						
Closing net asset value (£000's)	54,534 [§]	46,688 [§]	1 [§]	15,162	13,937	18,718
Closing number of units	57,611,244	59,472,979	1,000	19,473,462	21,260,888	23,793,164
Operating charges (%)	0.74	0.75	0.06	0.54	0.55	0.55
Direct transaction costs (%)**	0.09	0.15	0.16	0.09	0.15	0.16
Prices						
Highest dealing price	110.80¢	106.80¢	104.10¢	79.41p	79.78p	80.15p
Lowest dealing price	88.46¢	83.45¢	100.00¢	65.17p	64.11p	65.82p

Q Euro Accumulation units

The unit class was launched on 1 December 2017.

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

§ The Change in net asset value is shown in cents as this is the reporting currency of the unit class, however, the Closing net asset value is shown in sterling as this is the reporting currency of the fund.

Comparative Table (continued)

Financial year to 15 January	Y Accumulation units			Z Income units		
	2020 p per unit	2019 p per unit	2018 p per unit	2020 p per unit	2019 p per unit	2018 p per unit
Change in net asset value						
Opening net asset value	63.81	74.87	62.52	95.74	114.86	97.80
Return before operating charges*	13.68	(10.83)	12.58	20.47	(16.56)	19.63
Operating charges	(0.22)	(0.23)	(0.23)	(0.96)	(1.00)	(1.01)
Return after operating charges*	13.46	(11.06)	12.35	19.51	(17.56)	18.62
Distributions ¹	(1.46)	(1.44)	(1.42)	(1.56)	(1.56)	(1.56)
Retained distributions ¹	1.46	1.44	1.42	–	–	–
Closing net asset value	77.27	63.81	74.87	113.69	95.74	114.86
*after direct transaction costs of	(0.06)	(0.11)	(0.11)	(0.09)	(0.16)	(0.17)
Performance						
Return after charges (%)	21.09	(14.77)	19.75	20.38	(15.29)	19.04
Other information						
Closing net asset value (£000's)	488,710	419,140	538,053	17,446	13,567	5,632
Closing number of units	632,502,676	656,889,008	718,621,960	15,346,199	14,169,795	4,903,254
Operating charges (%)	0.32	0.32	0.32	0.92	0.92	0.92
Direct transaction costs (%)**	0.09	0.15	0.16	0.09	0.15	0.16
Prices						
Highest dealing price	77.47p	75.98p	74.98p	115.60p	116.30p	116.60p
Lowest dealing price	63.46p	61.15p	61.46p	95.14p	93.27p	96.09p

Comparative Table (continued)

Financial year to 15 January	Z Accumulation units		
	2020 p per unit	2019 p per unit	2018 p per unit
Change in net asset value			
Opening net asset value	104.75	123.65	103.88
Return before operating charges*	22.40	(17.82)	20.86
Operating charges	(1.06)	(1.08)	(1.09)
Return after operating charges*	21.34	(18.90)	19.77
Distributions ¹	(1.70)	(1.68)	(1.67)
Retained distributions ¹	1.70	1.68	1.67
Closing net asset value	126.09	104.75	123.65
*after direct transaction costs of	(0.10)	(0.18)	(0.19)
Performance			
Return after charges (%)	20.37	(15.29)	19.03
Other information			
Closing net asset value (£000's)	142,352	113,562	90,186
Closing number of units	112,900,652	108,414,002	72,934,258
Operating charges (%)	0.92	0.92	0.92
Direct transaction costs (%)**	0.09	0.15	0.16
Prices			
Highest dealing price	126.40p	125.20p	123.80p
Lowest dealing price	104.10p	100.40p	102.10p

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 represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial year's expenses and may vary from year to year. It includes charges such as the fund's Annual management charge, Registrar fees, Safe custody fees, Trustee's fees and Audit fee but ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are units of another fund). Where published, the Key Investor Information Document (KIID) contains the current OCF. For a more detailed breakdown please visit www.schroders.com.

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of any overseas investments to rise or fall.

Portfolio Statement

	Holding at 15.1.20	Market Value £000's	% of net assets
Equities 98.73% (98.86%)			
Austria 3.85% (2.85%)			
ams	790,310	27,986	1.80
Erste Group Bank	1,109,670	31,927	2.05
		59,913	3.85
Belgium 1.35% (2.81%)			
Umicore	558,975	21,043	1.35
		21,043	1.35
Denmark 0.00% (1.39%)			
Finland 9.50% (6.94%)			
Neste	1,575,120	46,128	2.96
Nokia	9,196,897	28,753	1.85
Nordea Bank	3,013,254	18,408	1.18
Sampo A	1,001,862	33,674	2.16
Stora Enso R	1,690,707	17,088	1.10
Wartsila OYJ	434,357	3,895	0.25
		147,946	9.50
France 19.75% (25.15%)			
Accor	697,581	24,247	1.56
AXA	1,002,300	20,755	1.33
Carrefour	3,715,161	47,813	3.07
Cie de Saint-Gobain	536,764	16,285	1.05
Danone	759,837	47,120	3.02
Elis	908,270	14,533	0.93
Iliad	113,797	11,633	0.75
Lagardere	971,438	15,743	1.01
Publicis Groupe	307,331	11,330	0.73
Sanofi	662,681	52,045	3.34
Thales	220,727	18,210	1.17
Worldline	498,946	27,865	1.79
		307,579	19.75

	Holding at 15.1.20	Market Value £000's	% of net assets
Germany 22.19% (17.70%)			
Beiersdorf	321,832	29,482	1.89
Deutsche Wohnen	1,815,196	56,501	3.63
Fresenius SE	897,682	37,154	2.39
GEA Group	489,423	12,065	0.77
HOCHTIEF	229,696	22,094	1.42
Krones	220,947	12,879	0.83
Merck	185,824	18,511	1.19
Porsche Automobil Holding Preference	512,897	29,962	1.92
RWE	1,768,213	44,664	2.87
SAP	562,789	59,100	3.79
thyssenkrupp	2,269,708	23,184	1.49
		345,596	22.19
Greece 1.72% (2.25%)			
Hellenic Telecommunications Organization	2,290,416	26,877	1.72
		26,877	1.72
Ireland 0.50% (1.91%)			
Ryanair Holdings	581,878	7,755	0.50
		7,755	0.50
Italy 4.39% (3.87%)			
Leonardo	3,283,365	31,091	2.00
UniCredit	3,327,961	37,262	2.39
		68,353	4.39
Luxembourg 2.35% (1.67%)			
Subsea 7	3,949,527	36,629	2.35
		36,629	2.35
Netherlands 7.92% (4.30%)			
ASM International	428,308	42,850	2.75
Koninklijke KPN	9,209,924	21,165	1.36
Prosus	602,452	36,499	2.34

Portfolio Statement (continued)

	Holding at 15.1.20	Market Value £000's	% of net assets
STMicroelectronics	1,086,443	22,939	1.47
		123,453	7.92
Norway 0.79% (1.36%)			
DNB	876,338	12,271	0.79
		12,271	0.79
Spain 2.44% (1.80%)			
Industria de Diseno Textil	1,059,529	28,469	1.83
Metrovacesa	1,203,133	9,615	0.61
		38,084	2.44
Sweden 7.00% (10.82%)			
BillerudKorsnas	4,442,180	40,086	2.57
Getinge B	1,787,665	25,953	1.67
Munters Group	3,172,520	12,625	0.81
Saab B	1,110,006	30,329	1.95
		108,993	7.00
Switzerland 14.59% (13.05%)			
Alcon	618,173	29,106	1.87
Cie Financiere Richemont	465,142	28,895	1.85
Idorsia	956,776	23,674	1.52
Julius Baer Group	745,560	29,332	1.88
Lonza Group	86,084	24,567	1.58
Partners Group Holding	42,079	30,820	1.98
Roche Holding	167,783	42,763	2.74
Sonova Holding	30,259	5,455	0.35
Swatch Group	58,981	12,717	0.82
		227,329	14.59
United States of America 0.39% (0.99%)			
Veoneer SDR	572,053	6,026	0.39
		6,026	0.39
Equities total			
		1,537,847	98.73

	Holding at 15.1.20	Market Value £000's	% of net assets
Forward Foreign Currency Contracts (0.01)% (0.02%)			
Buy CHF 344,080 Sell GBP 271,079 31/01/2020	CHF 344,080	3	0.00
Buy EUR 390,690 Sell GBP 334,238 31/01/2020	EUR 390,690	1	0.00
Buy EUR 4,656 Sell GBP 3,994 31/01/2020	EUR 4,656	0	0.00
Buy NOK 292,024 Sell GBP 25,148 31/01/2020	NOK 292,024	0	0.00
Buy NOK 169,844 Sell GBP 14,711 31/01/2020	NOK 169,844	0	0.00
Buy SEK 693,604 Sell GBP 56,432 31/01/2020	SEK 693,604	0	0.00
Buy SEK 400,663 Sell GBP 32,365 31/01/2020	SEK 400,663	0	0.00
Sell CHF 2,434,634 Buy GBP 1,909,530 31/01/2020	CHF (2,434,634)	(28)	0.00
Sell EUR 13 Buy GBP 11 31/01/2020	EUR (13)	0	0.00
Sell EUR 9,092,606 Buy GBP 7,760,539 31/01/2020	EUR (9,092,606)	(31)	(0.01)
Sell NOK 18,233 Buy GBP 1,580 31/01/2020	NOK (18,233)	0	0.00
Sell NOK 4,290,692 Buy GBP 367,230 31/01/2020	NOK (4,290,692)	(5)	0.00
Sell SEK 11,705,693 Buy GBP 956,361 31/01/2020	SEK (11,705,693)	6	0.00
Sell SEK 344,341 Buy GBP 27,760 31/01/2020	SEK (344,341)	0	0.00
Forward Foreign Currency Contracts total		(54)	(0.01)

Portfolio Statement (continued)

	Market Value £000's	% of net assets
Portfolio of investments	1,537,793	98.72
Net other assets	19,885	1.28
Net assets attributable to unitholders	1,557,678	100.00

The comparative percentage figures in brackets are as at 15 January 2019.

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

Statement of Total Return

For the year ended 15 January 2020

		2020	2019
	Notes	£000's	£000's
Income			
Net capital gains/(losses)	2	253,108	(267,550)
Revenue	3	38,996	37,246
Expenses	4	(10,086)	(10,567)
Net revenue before taxation		28,910	26,679
Taxation	5	(2,686)	(1,498)
Net revenue after taxation		26,224	25,181
Total return before distributions		279,332	(242,369)
Distributions	6	(26,303)	(25,222)
Change in net assets attributable to unitholders from investment activities		253,029	(267,591)

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 15 January 2020

	2020	2019
	£000's	£000's
Opening net assets attributable to unitholders	1,395,821	1,452,964
Amounts receivable on issue of units	104,945	377,115
Amounts payable on cancellation of units	(216,277)	(187,843)
	(111,332)	189,272
Dilution adjustment	72	205
Change in net assets attributable to unitholders from investment activities	253,029	(267,591)
Retained distribution on Accumulation units	20,088	20,971
Closing net assets attributable to unitholders	1,557,678	1,395,821

Balance Sheet

As at 15 January 2020

		2020	2019
	Notes	£000's	£000's
Assets			
Investments		1,537,857	1,380,270
Current assets			
Debtors	8	13,598	20,409
Cash and bank balances		28,157	16,560
Total assets		1,579,612	1,417,239
Liabilities			
Investment liabilities		(64)	(26)
Creditors			
Distributions payable		(4,457)	(4,997)
Other creditors	9	(17,413)	(16,395)
Total liabilities		(21,934)	(21,418)
Net assets attributable to unitholders		1,557,678	1,395,821

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 Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014 and in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)).

Revenue

Dividends receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend. Interest receivable from bank balances is accounted for on an accruals basis.

Special dividends

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

Expenses

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

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. For Accumulation units this revenue is not distributed but automatically reinvested in the fund and is reflected in the value of these units.

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

All investments held by the Fund have been valued at market value at 18:00 on the last working day of the accounting period. Market value is defined by the Statement of Recommended Practice as fair value which generally is the bid value of each security and the offer value for short positions. All investments are valued net of any accrued interest which is included in the balance sheet as a revenue related item.

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.

Sterling 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.

Notes to the Accounts (continued)

2 Net capital gains/(losses)

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

	2020 £000's	2019 £000's
Non-derivative securities	253,722	(267,719)
Forward foreign currency contracts	148	832
Foreign currency losses	(719)	(637)
Transaction costs	(43)	(26)
Net capital gains/(losses)	253,108	(267,550)

3 Revenue

	2020 £000's	2019 £000's
Overseas dividends	38,964	37,018
Bank interest	32	228
Total revenue	38,996	37,246

4 Expenses

	2020 £000's	2019 £000's
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	8,978	9,234
Administration charge	809	868
	9,787	10,102
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	90	90
Safe custody fees	66	158
	156	248
Other expenses:		
Audit fee	7	12
Professional fee ¹	61	71
Interest payable	66	115
Hedging programme cost	9	19
	143	217
Total expenses	10,086	10,567

1 Professional fee includes Nil (2019 – £30,527) which were paid to PricewaterhouseCoopers LLP in relation to tax reclaims.

Notes to the Accounts (continued)

5 Taxation

(a) Analysis of the tax charge for the year

	2020 £000's	2019 £000's
Overseas withholding tax	2,686	1,498
Total current tax (Note 5(b))	2,686	1,498

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

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for authorised unit trusts of 20% (2019 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2020 £000's	2019 £000's
Net revenue before taxation	28,910	26,679
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	5,782	5,336
Effects of:		
Revenue not subject to corporation tax	(7,786)	(7,404)
Expenses not deductible for tax purposes	0	4
Movement in excess management expenses	2,004	2,064
Irrecoverable overseas withholding tax	2,686	1,498
Current tax charge for the year (Note 5(a))	2,686	1,498

(c) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £9,323,047 (2019 – £7,318,915) 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.

6 Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	2020 £000's	2019 £000's
Final Dividend distribution	24,545	25,968
Add: Revenue deducted on cancellation of units	2,945	2,520
Deduct: Revenue received on issue of units	(1,187)	(3,266)
Distributions	26,303	25,222
Net revenue after taxation	26,224	25,181
Expenses taken to capital	12	40
Equalisation on conversions	67	1
Distributions	26,303	25,222

Details of the distributions per unit are set out in the Distribution Table on pages 31 and 32.

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	2020		2019	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	1,537,847	0	1,379,897	0
Level 2: Observable market data	10	(64)	373	(26)
Level 3: Unobservable data	0	0	0	0
Total	1,537,857	(64)	1,380,270	(26)

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

	2020 £000's	2019 £000's
Amounts receivable for issue of units	953	834
Sales awaiting settlement	9,985	16,558
Overseas withholding tax recoverable	2,660	3,017
Total debtors	13,598	20,409

9 Other creditors

	2020 £000's	2019 £000's
Amounts payable for cancellation of units	2,448	1,112
Purchases awaiting settlement	13,676	13,958
Accrued expenses	1,285	1,323
Interest payable	4	2
Total other creditors	17,413	16,395

10 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2019 – Nil).

11 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 paid 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 included 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 15.92% (2019 – 16.61%).

12 Unit classes

The fund currently has fifteen unit classes. The Annual Management charge is based on the average value of the fund, calculated on a daily basis, and covers the remuneration of the Manager, the Investment Adviser and their overhead expenses and for each unit class is as follows:

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

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 Table on pages 10 to 17. The distributions per unit class are given in the Distribution Table on pages 31 and 32. All classes have the same rights on winding up except for any realised gains/(losses) on forward foreign currency contracts which would remain in the GBP hedged unit classes.

13 Derivative and other financial instruments

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 Collective Investment Schemes sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

Foreign currency risk

Where a portion of the net assets of the fund are denominated in currencies other than sterling the balance sheet and total return can be affected by currency movements. Therefore the Manager may decide that a proportion of the investments that are not priced in sterling, may be covered by forward currency contracts, so that the fund's exposure to currency risk is reduced.

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 at the balance sheet date was as follows:

Currency	2020 £000's	2019 £000's
Danish krone	542	19,952
Euro	1,110,769	935,135
Norwegian krone	48,724	19,427
Sterling	11,948	28,922
Swedish krona	133,010	200,846
Swiss franc	252,682	191,530
US dollar	3	9

Notes to the Accounts (continued)

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 Collective Investment Schemes sourcebook.

Interest rate risk

Interest rate risk is the risk that the value of the fund's investment holdings will fluctuate as a result of changes in interest rates.

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

At the year end date 1.81% (2019 – 1.19%) of the net assets of the fund were interest bearing and as such the interest rate risk is not considered significant.

Floating rate financial assets and financial liabilities

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

Fair value of financial assets and financial liabilities

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

Global risk exposure

Commitment approach

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

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

The global risk exposure of the fund is calculated using the commitment approach. During the year ended 15 January 2020 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

2020				2019			
Lowest	Highest	Average	Leverage 15 January	Lowest	Highest	Average	Leverage 15 January
0.00%	1.09%	0.14%	0.13%	0.00%	1.55%	0.21%	0.00%

14 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.

2020	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
Purchases						
Equities	1,044,953	449	436	1,045,838	0.04	0.04
Sales						
Equities	1,142,144	(529)	(5)	1,141,610	(0.05)	0.00
Total cost of the fund's average net asset value (%)		0.07	0.03			

Notes to the Accounts (continued)

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

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.07% (2019 – 0.15%).

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.

15 Units in issue reconciliation

	Number of units in issue 15.1.19	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue 15.1.20
A Income units	2,024,386	104,950	(178,413)	(890,926)	1,059,997
A Accumulation units	41,341,243	996,133	(5,565,092)	(12,995,121)	23,777,163
GBP Hedged A Income units	20,000	0	0	0	20,000
GBP Hedged A Accumulation units	38,380	0	0	(11,894)	26,486
GBP Hedged Z Income units	8,157,040	1,650,292	(1,738,576)	0	8,068,756
GBP Hedged Z Accumulation units	28,600,947	950,227	(25,977,164)	11,267	3,585,277
I Income units	8,515,804	73,648	(840,883)	7,116	7,755,685
I Accumulation units	17,871,722	1,699,711	(1,839,412)	14,911	17,746,932
L Income units	221,249,497	18,534,518	(48,147,807)	(4,702)	191,631,506
L Accumulation units	180,166,353	10,140,412	(40,594,279)	610,779	150,323,265
Q Euro Accumulation units	59,472,979	94,910	(1,956,645)	0	57,611,244
S Income units	21,260,888	0	(1,807,204)	19,778	19,473,462
Y Accumulation units	656,889,008	29,509,720	(53,896,052)	0	632,502,676
Z Income units	14,169,795	3,037,933	(2,855,215)	993,686	15,346,199
Z Accumulation units	108,414,002	19,424,802	(25,687,846)	10,749,694	112,900,652

Notes to the Accounts (continued)

16 Counterparty exposure

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

Counterparty	Forward foreign currency contracts £000's	Total £000's
HSBC		
2020	(54)	(54)
2019	0	0
JPMorgan Chase		
2020	0	0
2019	347	347

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.

17 Non-adjusting post balance sheet events

As a result of market movements and foreign exchange rates, since the balance sheet date on 15 January 2020, the number and price of each unit class has changed as follows:

	Number of units in issue 15.01.20	Number of units in issue 01.05.20	% change	Dealing price p 15.01.20	Dealing price p 01.05.20	% change
A Income units	1,059,997	1,004,228	(5.26%)	106.50	88.80	(16.62%)
A Accumulation units	23,777,163	23,178,324	(2.52%)	113.40	95.19	(16.06%)
GBP Hedged A Income units	20,000	20,000	0.00%	85.40	69.09	(19.10%)
GBP Hedged A Accumulation units	26,486	26,486	0.00%	89.01	72.39	(18.67%)
GBP Hedged Z Income units	8,068,756	7,497,997	(7.07%)	86.28	69.45	(19.51%)
GBP Hedged Z Accumulation units	3,585,277	1,546,077	(56.88%)	94.10	76.34	(18.87%)
I Income units	7,755,685	7,448,558	(3.96%)	1,470.00	1,218.00	(17.14%)
I Accumulation units	17,746,932	10,243,940	(42.28%)	2,296.00	1,932.00	(15.85%)
L Income units	191,631,506	183,966,045	(4.00%)	80.49	66.75	(17.07%)
L Accumulation units	150,323,265	129,209,039	(14.05%)	87.51	73.61	(15.88%)
Q Euro Accumulation units ¹	57,611,244	57,580,079	(0.05%)	110.80	91.29	(17.61%)
S Income units	19,473,462	19,361,139	(0.58%)	79.41	65.73	(17.23%)
Y Accumulation units	632,502,676	628,787,035	(0.59%)	77.47	65.27	(15.75%)
Z Income units	15,346,199	14,050,889	(8.44%)	115.60	95.86	(17.08%)
Z Accumulation units	112,900,652	105,858,588	(6.24%)	126.40	106.30	(15.90%)

A high level of uncertainty remains on the ultimate scenario for COVID-19, or the likelihood of any particular outcome, with a number of varying projections being publicised. During this period of uncertainty the funds are exposed to a higher liquidity risk resulting from the funds liability to unitholders for any cancellation of units. While the fund may have experienced a higher than average cancellation of units the liquidity measures within the fund remain within normal range and there is no immediate or material uncertainty about the viability of the fund as a going concern.

1 Prices shown in cents.

Distribution Table

Final distribution for the year ended 15 January 2020

Group 1 Units purchased prior to 16 January 2019

Group 2 Units purchased on or after 16 January 2019

	Net revenue 2020 per unit	Equalisation 2020 per unit	Distribution payable 15.3.20 per unit	Distribution paid 15.3.19 per unit
A Income units				
Group 1	0.7014p	–	0.7014p	0.6866p
Group 2	0.0000p	0.7014p	0.7014p	0.6866p
A Accumulation units				
Group 1	0.7484p	–	0.7484p	0.7429p
Group 2	0.0000p	0.7484p	0.7484p	0.7429p
GBP Hedged A Income units				
Group 1	0.4568p	–	0.4568p	1.0736p
Group 2	0.4568p	0.0000p	0.4568p	1.0736p
GBP Hedged A Accumulation units				
Group 1	0.4817p	–	0.4817p	1.1117p
Group 2	0.4817p	0.0000p	0.4817p	1.1117p
GBP Hedged Z Income units				
Group 1	1.0450p	–	1.0450p	1.0933p
Group 2	0.5998p	0.4452p	1.0450p	1.0933p
GBP Hedged Z Accumulation units				
Group 1	1.1929p	–	1.1929p	1.1677p
Group 2	0.0000p	1.1929p	1.1929p	1.1677p
I Income units				
Group 1	21.7535p	–	21.7535p	21.8426p
Group 2	15.4560p	6.2975p	21.7535p	21.8426p
I Accumulation units				
Group 1	34.0078p	–	34.0078p	33.5386p
Group 2	15.2439p	18.7639p	34.0078p	33.5386p
L Income units				
Group 1	1.1372p	–	1.1372p	1.1419p
Group 2	0.3464p	0.7908p	1.1372p	1.1419p
L Accumulation units				
Group 1	1.2365p	–	1.2365p	1.2207p
Group 2	0.4137p	0.8228p	1.2365p	1.2207p
Q Euro Accumulation units				
Group 1	1.6646¢	–	1.6646¢	1.5959¢
Group 2	0.0000¢	1.6646¢	1.6646¢	1.5959¢

Distribution Table (continued)

	Net revenue 2020 per unit	Equalisation 2020 per unit	Distribution payable 15.3.20 per unit	Distribution paid 15.3.19 per unit
S Income units				
Group 1	1.3353p	–	1.3353p	1.3459p
Group 2	1.3353p	0.0000p	1.3353p	1.3459p
Y Accumulation units				
Group 1	1.4592p	–	1.4592p	1.4422p
Group 2	0.1791p	1.2801p	1.4592p	1.4422p
Z Income units				
Group 1	1.5571p	–	1.5571p	1.5601p
Group 2	0.5444p	1.0127p	1.5571p	1.5601p
Z Accumulation units				
Group 1	1.7028p	–	1.7028p	1.6777p
Group 2	0.4171p	1.2857p	1.7028p	1.6777p

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.

Remuneration

UCITS remuneration disclosures for Schroder Unit Trusts Limited ('SUTL') for the year to 31 December 2019

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 72 to 108 of the 2019 Annual Report & Accounts (available on the Group's website – www.schroders.com/annualreport2019), 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 2019 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 2019.

- 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 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 176 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2019, and attributed to SUTL or the UCITS funds that it manages, is £17.10 million, of which £3.29 million was paid to senior management, and £13.81 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and Control Function MRTs.

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

Value Assessment

A statement on the Assessment of Value is published on the Global Fund Centre in the Fund Literature section at www.Schroders.com within 4 months of the annual 'reference date' 31 December.

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

General Information

Manager

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

Authorised and regulated by the Financial Conduct Authority

Investment Adviser

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

Schroder Unit Trust 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

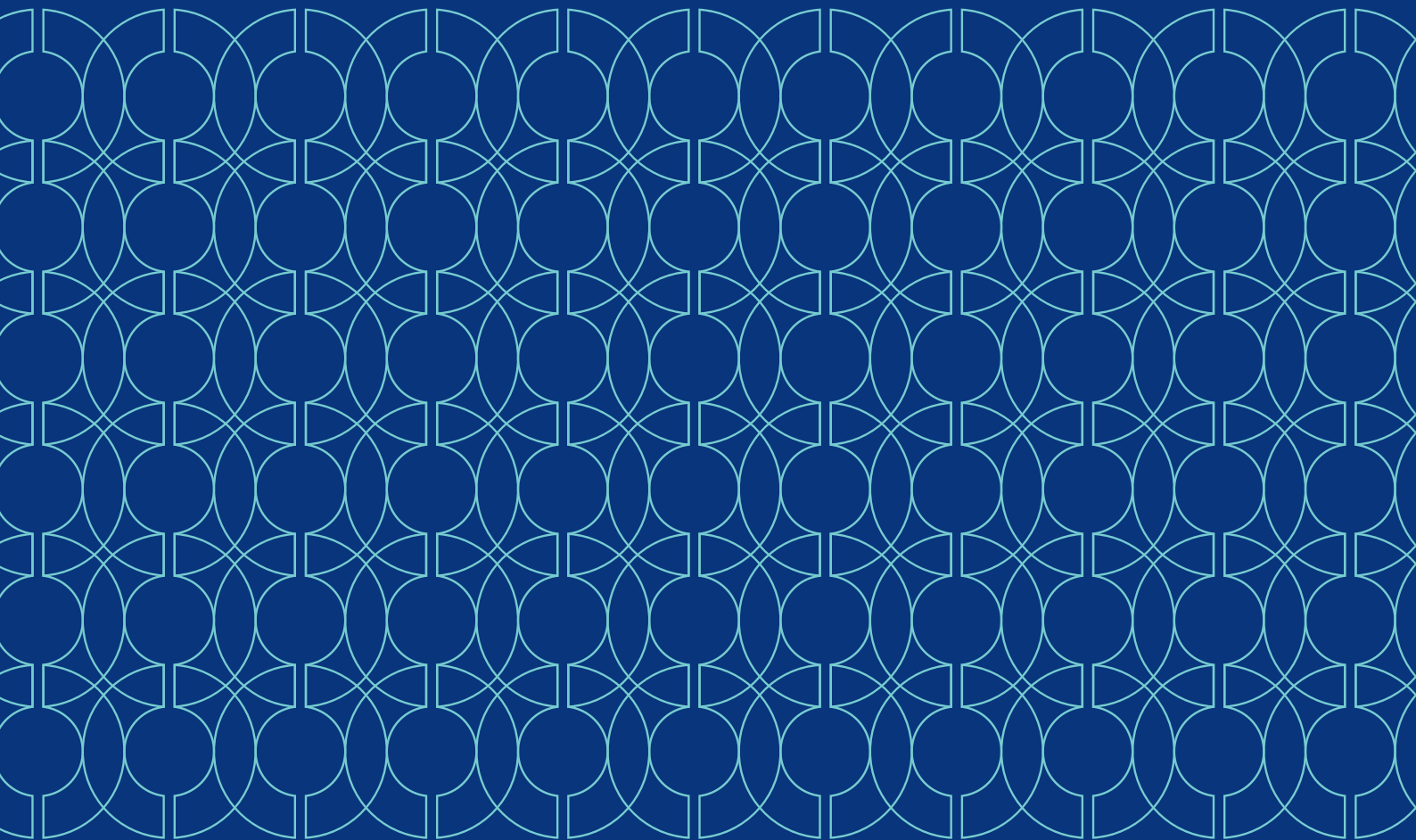
Authorisation

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

Other information

With effect from 23 October 2019 for Z Income units and Z Accumulation units the minimum initial investment decreased from £1,000,000 to £50,000, the minimum subsequent investment decreased from £100,000 to £10,000 and the minimum holding decreased from £1,000,000 to £50,000.

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.com.



EST. 1804

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

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