



SARASIN

Annual report and audited accounts

31 December 2018

Sarasin Funds ICVC

FCA Authorised UK OEIC Umbrella Funds

Sarasin Thematic Global Equity
Sarasin Thematic Global Equity (Sterling Hedged)
Sarasin Global Equity Real Return
Sarasin UK Equity
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Sarasin Responsible Global Equity (Sterling Hedged)
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For the year 1 January 2018 to 31 December 2018

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**Management and Professional Service
Providers' Details**

The Company

Sarasin Funds ICVC
Juxon House
100 St Paul's Churchyard
London EC4M 8BU
Tel: 020 7038 7000
Fax: 020 7038 6851

Authorised Corporate Director

Sarasin Investment Funds Limited
Juxon House
100 St Paul's Churchyard
London EC4M 8BU
Tel: 020 7038 7000
Fax: 020 7038 6851
(Authorised and regulated by the
Financial Conduct Authority)

Directors of the Authorised Corporate Director

G.V. Matthews
S.A.M. Jeffries
C. Bell
J. Lake

Depository

NatWest Trustee and Depository Services Limited
Drummond House
2nd Floor
1 Redheughs Avenue
Edinburgh EH12 9RH
(Authorised by the Prudential Regulation Authority
and regulated by the Financial Conduct Authority
and the Prudential Regulation Authority)

Investment Advisor

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU
Tel: 020 7038 7000
Fax: 020 7038 6851
(Authorised and regulated by the
Financial Conduct Authority)
Website: www.sarasinandpartners.com

Auditor

Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2DB

Registrar/Administrator

Northern Trust Global Services SE UK Branch
50 Bank Street
Canary Wharf
London E14 5NT
Tel: 0333 300 0373
Fax: 020 7982 3924

Representative in Switzerland

J. Safra Sarasin Investmentfonds AG
Wallstrasse 9, CH-4002 Basel

Paying Agent in Switzerland

Bank J. Safra Sarasin AG
Elisabethenstrasse 62, CH-4002 Basel

**Place where the relevant documents may be
obtained by investors in Switzerland:**

the Prospectus, Articles of Association and Key Investor
Information Document, as well as the latest annual
report and any subsequent half yearly report, may be
obtained free of charge from the representative and the
paying agent in Switzerland.

Introduction to Shareholders

The Company

The Sarasin Funds ICVC (the “Company”) is an Open-Ended Investment Company (OEIC) with Variable Capital incorporated in England and Wales since 2 November 1999 and authorised by the FCA on 22 October 1999. The property of the Company is entrusted to NatWest Trustee and Depositary Services Limited (the “Depositary”).

The objective of the Company is to invest the scheme property in transferable securities with the aim of spreading investment risk and giving its shareholders the benefit of the results of the management of that property. The shareholders have no interest in the scheme property and are not liable for the debts of the Company.

The Company has an umbrella structure, and currently comprises Sarasin Thematic Global Equity and Sarasin GlobalSar - Strategic Fund, both part of the conversion in November 1999, Sarasin Global Equity Real Return, Sarasin Sterling Bond and Sarasin Global Higher Dividend which were launched in May 2006, Sarasin Food & Agriculture Opportunities which launched in March 2008, Sarasin Thematic Global Equity (Sterling Hedged) and Sarasin Global Higher Dividend (Sterling Hedged) which both launched in May 2009, Sarasin UK Equity which was a merger of Sarasin Equisar - UK Thematic and Sarasin Equisar - UK Thematic Opportunities in July 2016, Sarasin Responsible Global Equity and Sarasin Responsible Global Equity (Sterling Hedged) which both launched on 1 June 2011, Sarasin Global Dividend and Sarasin Global Dividend (Sterling Hedged) which both launched on 4 December 2013 and Sarasin Responsible Corporate Bond which was launched in November 2016. The Company is a UCITS Scheme as defined by the FCA's Collective Investment Schemes Sourcebook (COLL).

Sarasin Funds ICVC is a “Protected Cell Company” meaning the sub-funds are segregated portfolios of assets, and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund, and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the ICVC or any other sub-fund, and shall not be available for any such purpose.

Sub-fund Cross-Holdings

No sub-fund held shares in any other sub-fund during the current or prior period.

The Financial Statements

We are pleased to present the annual financial statements of the Company for the year ended 31 December 2018.

Remuneration Disclosure

The provisions of the UCITS Remuneration Code took effect in full on 18 March 2016. That legislation requires the fund manager, Sarasin Investment Funds Limited (the “ACD”), to establish and apply remuneration policies and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, prospectuses, trust deeds and deeds of constitution of the UCITS funds to which it has been appointed (the “Company”) nor impair compliance with the ACD's duty to act in the best interests of the Company.

As the nature and range of the ACD's activities, its internal organisation and operations are, in the Directors' opinion, limited in their nature, scale and complexity, that is, to the business of a management company engaging in collective portfolio management of investments of capital raised from the public, this is reflected in the manner in which the ACD has addressed certain requirements regarding remuneration imposed upon it by the regulations.

The board of directors of the ACD (the “Board”) consists of four directors (each a Director). The ACD has no additional employees.

The ACD has delegated the performance of the investment and re-investment of the assets of the Company to Sarasin & Partners LLP (the “Investment Manager”).

As noted below, the ACD relies on the remuneration policies and procedures of each delegate to ensure that their remuneration structures promote a culture of investor protection and mitigate conflicts of interest.

The regulations provide that the remuneration policies and practices shall apply to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Company.

It should be noted that the ACD has appointed the Board and has no additional employees. The ACD has also appointed the Investment Manager under an investment management agreement, which sets out the commercial terms under which the Investment Manager is appointed. Given that the ACD does not directly remunerate any individuals engaged in the performance of the investment management activity, and staff of the Investment Manager are not remunerated solely for their work in relation to services provided to the ACD, it is not possible to separately identify remuneration related to service provision specific to the ACD, and any allocation approach is considered, by the Board, not to provide meaningful disclosure.

Remuneration Disclosure (continued)

The four Directors are therefore considered to be those that have a material impact on the risk profile of the Company. Accordingly, the remuneration provisions of the regulations only affect the ACD with regard to the Board. Each Director is entitled to be paid a fixed director's fee based on an expected number of meetings and the work required to oversee the operations of the ACD, which is considered to be consistent with the powers, tasks, expertise and responsibility of the Directors. The fee payable to each Director is reviewed from time to time, based on the evolution of the ACD's activities.

The Directors do not receive performance based variable remuneration, therefore avoiding any potential conflicts of interest. In addition, three of the four Directors have waived the fees to which they would otherwise be entitled. No amounts were paid directly by the Company.

The total fixed and variable remuneration of the four Directors of the Board considered to comprise the entire staff of the ACD for the financial year ending 31 December 2018 is analysed below:

Fixed Remuneration	£10,000
Variable Remuneration	£0
Total	£10,000

Given the internal organisation of the ACD, and considering its size with the limited nature, scope and complexity of its activities, it is not considered proportionate for the ACD to set up a remuneration committee. The Board notes that the net assets of the Company and the legal structure of the ACD as a management company with a Board of Directors and no other employees are factors supporting the view that a remuneration committee would not be considered appropriate for the ACD.

The Board receives confirmation from the Investment Manager on an annual basis that there has been no material change to its remuneration policy, or if there has been a material change, receives details of those changes to the Board.

The Remuneration Policies of Sarasin Investment Funds Limited and Sarasin & Partners LLP are available at www.sarasinandpartners.com/important-information.

Manager's Report

The world economy

The year 2018 started with much optimism over the state of the global economy. Global growth had picked up momentum in the second half of 2017, led by a synchronised upswing across Europe, the US and China. Thus, it came as a surprise to receive a string of disappointing data outcomes in the first few months of the year. If 2017 was characterized by economic synchronisation, 2018 was defined by regional idiosyncrasies.

In the US, the second longest expansion in the history of the US economy continued, supported by President Trump's Tax Cuts and Jobs Act. An increasingly tight labour market triggered concerns about rapidly rising wages, and in turn, a heightened rate of monetary tightening by the Federal Reserve. The Federal Reserve increased its hawkish rhetoric through the year referencing above target inflation and continued growth, before raising rates a fourth time in December. In the second half of the year, President Trump's rhetoric towards China, and billions of dollars' worth of tariffs on Chinese goods, harmed sentiment. This, combined with poor forward guidance from the Federal Reserve regarding the future path of quantitative tightening, caused many leading economic indicators to pivot downwards in forth quarter.

China continued to report a deceleration in economic growth. The government shifted towards a more decisive policy stimulus stance, as the government's financial deleveraging drive and weaker infrastructure investment took a hit on the economy. In addition to the domestic slowdown, the Chinese economy faced significant external headwinds. Lead by President Trump, the US was outspoken about China's intellectual property theft, unfair trade practices and cyber theft, raising issues with the WTO. In total, the US levied tariffs on \$250bn of Chinese goods, with threats of further increases. US rhetoric also brought international response, perhaps most significantly in the banning of HuaWei's 5G network from several developed economies.

The disappointment in first quarter was most pronounced in the euro area. A string of factors lead to lower first quarter GDP, with temporary factors said to be responsible including an unseasonably cold winter, labour strikes in France and a bad influenza season in Germany. The rebound in oil prices helped push consumer price inflation higher in the euro area, reaching 2.2% in the year to October. Recognising the underlying improvement in growth fundamentals and pickup in inflation, the European Central Bank voted to half the pace of its asset purchase programme to €15bn per month from September, before it concluded in December. Finally, the run into the new year was mired by strikes in France and new EU emissions testing procedures, causing further issues for large manufacturers.

Manager's Report (continued)

In the UK, the economy lost momentum in the first few months of the year. Snowstorms related to the Beast from the East, together with Brexit uncertainty held back consumer spending and investment. However, consumer spending buoyed by a good summer, led to stronger second quarter and third quarter data. This culminated in a second interest rate rise in August.

Global equities

Due to a proliferation of challenges faced in 2018, equities ended the year lower. The first quarter brought about a sharp sell-off in global equities triggered by a strong jobs growth and wage inflation report from the US. This provoked speculation about the likelihood of an accelerated trajectory for interest rates, but no sooner had markets recovered their poise that Trump's trade war agenda caused another spasm of anxiety. Whilst the steady withdrawal of central bank stimulus led by the US and Europe coupled with rising trade tensions continued to dominate sentiment, the second and third quarters generated positive returns with some of the more highly valued areas of the market such as US technology names proving to be the most resilient. In the final quarter, global equities were badly shaken due to a combination of factors. The most prominent of these was the poor forward guidance from the US Federal Reserve that spooked equity markets.

Overall, 2018 was a good lesson reminding investors that equity investing remains risky, in particular following almost a decade of supportive monetary policy leading virtually all major asset classes higher. This environment is now shifting in earnest, and investors should be reminded that the period of ultra-low volatility during 2017 marked the calmest equity market in more than a decade. While the sometimes violent market moves we observed during the year look extraordinary compared to the prior year, they are actually not too dissimilar from the norm.

Fixed income

UK gilt markets remained broadly rangebound, with the range on the 10-year yield moving up from 0.9-1.5% in 2017 to 1.15-1.75% in 2018 and ending the year marginally higher than it began at just below 1.3%. Total returns to the all-maturity gilt index were marginally positive at 0.5%. Gilts were on the back foot at the start of 2018, with the 10-year yield rising from 1.20% at the start of the year to a peak of close to 1.70% in mid-February as the synchronised global economic expansion that began in late 2016 appeared to continue. However, a sudden spike in equity market volatility and attendant underperformance, coupled with a synchronised deterioration of economic data in virtually all parts of the world outside the United States (which was buoyed by recent fiscal reforms and the announcement of a highly expansionary budget), caused gilt yields to retrace lower through the rest of H1. They then sold off in sympathy with US Treasuries in third quarter as the US Federal Reserve continued to hew to a policy of steady monetary policy contraction before finally rallying again in fourth quarter as Brexit anxiety intensified against a deteriorating global economic and financial market

environment.

After significant outperformance in 2017, sterling credit, particularly corporate, underperformed gilts in 2018, producing negative returns of the order of 1.5-2%. The underperformance was particularly pronounced in the latter part of first quarter, when spreads widened sharply after racing to multiyear tights in the first few weeks of January. Once again, this was repeated in Q4 as risk markets globally came under severe pressure from the deteriorating growth and corporate earnings outlook, exacerbated by rising trade tensions between the US and China, and the perceived indifference of Federal Reserve policy thereto.

Currencies

Strong economic outcomes in the US and hawkish expectations for the Federal Reserve drove the trade-weighted US dollar to bounce strongly against its major trading partners in the first half of the year, after reaching a trough in February 2018. However, renewed strength in the dollar caused turmoil in the more vulnerable emerging markets, with Argentina raising rates sharply to help support the collapsing peso, and the Turkish lira plunged to record lows. The Euro weakened throughout the year, as one-off events like poor weather and labour strikes drove weaker economic outcomes, and in turn caused the prospects of an earlier withdrawal of monetary stimulus to diminish. Brexit uncertainty continued to drive cable, with the exchange rate strengthening to reach a post-Brexit high of \$1.43 in April before depreciating back to \$1.25-\$1.27 in December.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
February 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Notification of Amendments

There have been no changes to the sub-funds of which to notify you.

The sub-funds have been registered for sale in Switzerland. The Representative in Switzerland is J. Safra Sarasin Investmentfonds AG, Wallstrasse 9, CH-4002 Basel. The Paying agent in Switzerland is Bank J. Safra Sarasin AG, Elisabethenstrasse 62, CH-4002 Basel. The relevant documents for investors in Switzerland, including the Prospectus, Instrument of Incorporation and Key Investor Information Document, as well as the latest annual report and half yearly report, may be obtained free of charge from the representative and the paying agent in Switzerland.

Corporate Characteristics – Equity Investments

As part of our equity portfolio construction, we consider the “Corporate Characteristics” of each of the companies held. Each characteristic has its own quality, growth, and valuation dimensions which help us to identify the important risk and return factors for each investment.

We identify five core Corporate Characteristics, as follows:

Disruptive Growth

Disruptive Growth companies can attack large entrenched profit pools with a superior product or service. They may not generate high returns on capital during their most innovative and disruptive phase because they are investing to drive growth. However, an understanding of the size of the addressable market, potential market share, and long term profit potential can reveal excellent investment opportunities. Valuation is a key risk with Disruptive Growth companies and it is important to maintain perspective and discipline.

Defensive Franchise

Typically market leaders in their industries with demonstrable barriers to entry. These companies usually earn consistently high returns on invested capital with limited variability across the economic cycle. From a purely fundamental perspective, these are highly attractive business models. Free cash flow generation is usually very high and predictable, and as result these companies are able to pay safe and growing dividends. Moreover, if end markets are growing and management sensible, the compounding effect can be very powerful.

Cyclical Franchise

Typically market leaders in their industries with demonstrable barriers to entry. These companies usually earn consistently high returns on invested capital, although these may come with a degree of cyclicity. Typically, these companies have business models that sell products into end markets where demand is highly dependent on the level and trend in economic activity. The presence of fixed costs in the business model can mean that profit margins and returns on invested capital can fall substantially in economic downturns. Business risk in the Cyclical Franchise category is thus higher than in the Defensive Franchise category.

Cash Harvest

Cash Harvest companies are usually mature and have limited need for the excess cash that they generate. As a result, they are likely to return this excess cash to shareholders via dividends or share buybacks. The market can underestimate the duration over which these companies are able to maintain superior and growing cash returns to shareholders, even if revenue growth is muted. Analysis of these companies emphasises the ability and willingness of a company to generate and return cash. Business risk (such as competitive threats from Disruptive Growth companies) and financial risk are the more important factors to consider in the Cash Harvest category.

Special Situations

A broad category of investments with specific and unusual investment case drivers, such as corporate restructuring, spin off businesses, companies which own real estate and other financial assets, and family-controlled businesses. These companies tend not to exhibit any particular style bias and the risk is more likely to be wholly idiosyncratic.

Fund Details

As at 31 December 2018

		Thematic Global Equity	Thematic Global Equity (£ Hedged)	Global Equity Real Return	UK Equity	Responsible Global Equity
Launch Date		1 Jul 94	12 May 09	8 May 06	28 Jan 10	1 Jun 11
Annual Charges per share class						
Investment Manager's Charge	A Class	1.50%	1.50%	1.50%	1.50%	1.50%
	D Class	0.50%	0.50%	0.50%	N/A	N/A
	F Class	1.00%	1.00%	1.00%	1.00%	1.00%
	I Class	0.85%	0.85%	0.85%	0.85%	0.85%
	P Class	0.75%	0.75%	0.75%	0.75%	0.75%
	X Class	1.35%	1.35%	1.35%	1.35%	1.35%
	Z Class	0.00%	N/A	N/A	0.00%	N/A
Fixed Rate Operating Charge	A Class	0.21%	0.21%	0.23%	0.21%	0.21%
	D Class	0.21%	0.21%	0.23%	N/A	N/A
	F Class	0.21%	0.21%	0.23%	0.21%	0.21%
	I Class	0.21%	0.21%	0.23%	0.21%	0.15%
	P Class	0.21%	0.21%	0.23%	0.21%	0.21%
	X Class	0.21%	0.21%	0.23%	0.21%	0.21%
	Z Class	0.21%	N/A	N/A	0.21%	N/A
Initial Charge per share class	A Class	0.00%	0.00%	0.00%	0.00%	0.00%
	D Class	0.00%	0.00%	0.00%	N/A	N/A
	F Class	0.00%	0.00%	0.00%	0.00%	0.00%
	I Class	0.00%	0.00%	0.00%	0.00%	0.00%
	P Class	0.00%	0.00%	0.00%	0.00%	0.00%
	X Class	0.00%	0.00%	0.00%	0.00%	0.00%
	Z Class	0.00%	N/A	N/A	0.00%	N/A
Share Types		Inc and Acc	Inc and Acc	Inc and Acc	Inc and Acc	Inc and Acc
Minimum Initial Investment	A Class	£1,000	£1,000	£1,000	£1,000	£1,000
	D Class	£5,000,000	£5,000,000	£5,000,000	N/A	N/A
	F Class	£1,000	£1,000	£1,000	£1,000	£1,000
	I Class	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000
	P Class	£1,000	£1,000	£1,000	£1,000	£1,000
	X Class	£1,000	£1,000	£1,000	£1,000	£1,000
	Z Class	£1,000,000	N/A	N/A	£1,000,000	N/A

Fund Details (continued)

		Thematic Global Equity	Thematic Global Equity (£ Hedged)	Global Equity Real Return	UK Equity	Responsible Global Equity
Minimum Monthly Savings Plan	A Class	£100	£100	£100	£100	£100
	D Class	None	None	None	N/A	N/A
	F Class	None	None	None	None	None
	I Class	None	None	None	None	None
	P Class	None	None	None	None	None
	X Class	None	None	None	None	None
	Z Class	None	N/A	N/A	None	N/A
ISA		Yes	Yes	Yes	Yes	Yes
Annual Accounts		31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
Interim Accounts		30 Jun	30 Jun	30 Jun	30 Jun	30 Jun
Annual Distribution		28 Feb	28 Feb	28 Feb	28 Feb	28 Feb
Interim Distribution		-	-	-	31 May	-
		31 Aug	31 Aug	31 Aug	31 Aug	31 Aug
		-	-	-	30 Nov	-

Fund Details (continued)

		Responsible Global Equity (£ Hedged)	Global Higher Dividend	Global Higher Dividend (£ Hedged)	GlobalSar - Strategic Fund	Sterling Bond	Food & Agriculture Opportunities
Launch Date		01 Jun 11	16 May 06	12 May 09	3 Feb 99	4 May 06	31 Mar 08
Annual Charges per share class							
Investment Manager's Charge							
	A Class	1.50%	1.50%	1.50%	1.50%	N/A	1.50%
	D Class	N/A	0.50%	0.50%	0.50%	N/A	N/A
	F Class	1.00%	1.00%	1.00%	1.00%	N/A	1.00%
	I Class	0.85%	0.85%	0.85%	0.85%	0.50%	0.85%
	P Class	0.75%	0.75%	0.75%	0.75%	N/A	0.75%
	X Class	1.35%	1.35%	1.35%	1.35%	N/A	1.35%
	A EUR Class	N/A	1.50%	N/A	N/A	N/A	N/A
	F EUR Class	N/A	1.00%	N/A	N/A	N/A	N/A
	I EUR Class	N/A	0.85%	N/A	N/A	N/A	N/A
	I (EUR Hedged) Class	N/A	0.85%	N/A	N/A	N/A	N/A
	P EUR Class	N/A	N/A	N/A	N/A	N/A	0.75%
	X EUR Class	N/A	1.35%	N/A	N/A	N/A	N/A
	X (EUR Hedged) Class	N/A	1.35%	N/A	N/A	N/A	N/A
	A USD Class	N/A	1.50%	N/A	N/A	N/A	N/A
	F USD Class	N/A	1.00%	N/A	N/A	N/A	N/A
	I USD Class	N/A	0.85%	N/A	N/A	N/A	N/A
	X USD Class	N/A	1.35%	N/A	N/A	N/A	N/A
Fixed Rate Operating Charge							
	A Class	0.21%	0.23%	0.23%	0.23%	N/A	0.23%
	D Class	N/A	0.23%	0.23%	0.23%	N/A	N/A
	F Class	0.21%	0.23%	0.23%	0.23%	N/A	0.23%
	I Class	0.15%	0.23%	0.23%	0.23%	0.21%	0.23%
	P Class	0.21%	0.23%	0.23%	0.23%	N/A	0.23%
	X Class	0.21%	0.23%	0.23%	0.23%	N/A	0.23%
	A EUR Class	N/A	0.23%	N/A	N/A	N/A	N/A
	F EUR Class	N/A	0.23%	N/A	N/A	N/A	N/A
	I EUR Class	N/A	0.23%	N/A	N/A	N/A	N/A
	I (EUR Hedged) Class	N/A	0.23%	N/A	N/A	N/A	N/A
	P EUR Class	N/A	N/A	N/A	N/A	N/A	0.23%
	X EUR Class	N/A	0.23%	N/A	N/A	N/A	N/A
	X (EUR Hedged) Class	N/A	0.23%	N/A	N/A	N/A	N/A
	A USD Class	N/A	0.23%	N/A	N/A	N/A	N/A
	F USD Class	N/A	0.23%	N/A	N/A	N/A	N/A
	I USD Class	N/A	0.23%	N/A	N/A	N/A	N/A
	X USD Class	N/A	0.23%	N/A	N/A	N/A	N/A

Fund Details (continued)

		Responsible Global Equity (£ Hedged)	Global Higher Dividend	Global Higher Dividend (£ Hedged)	GlobalSar - Strategic Fund	Sterling Bond	Food & Agriculture Opportunities
Initial Charge							
per share class							
	A Class	0.00%	0.00%	0.00%	0.00%	N/A	0.00%
	D Class	N/A	0.00%	0.00%	0.00%	N/A	N/A
	F Class	0.00%	0.00%	0.00%	0.00%	N/A	0.00%
	I Class	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	P Class	0.00%	0.00%	0.00%	0.00%	N/A	0.00%
	X Class	0.00%	0.00%	0.00%	0.00%	N/A	0.00%
	A EUR Class	N/A	0.00%	N/A	N/A	N/A	N/A
	F EUR Class	N/A	0.00%	N/A	N/A	N/A	N/A
	I EUR Class	N/A	0.00%	N/A	N/A	N/A	N/A
	I (EUR Hedged) Class	N/A	N/A	N/A	N/A	N/A	N/A
	P EUR Class	N/A	N/A	N/A	N/A	N/A	0.00%
	X EUR Class	N/A	0.00%	N/A	N/A	N/A	N/A
	X (EUR Hedged) Class	N/A	N/A	N/A	N/A	N/A	N/A
	A USD Class	N/A	0.00%	N/A	N/A	N/A	N/A
	F USD Class	N/A	0.00%	N/A	N/A	N/A	N/A
	I USD Class	N/A	0.00%	N/A	N/A	N/A	N/A
	X USD Class	N/A	0.00%	N/A	N/A	N/A	N/A
Share Types							
		Inc and Acc	Inc and Acc	Inc and Acc	Inc and Acc	Inc and Acc	Inc and Acc
Minimum Initial Investment							
	A Class	£1,000	£1,000	£1,000	£1,000	N/A	£1,000
	D Class	N/A	£5,000,000	£5,000,000	£5,000,000	N/A	N/A
	F Class	£1,000	£1,000	£1,000	£1,000	N/A	£1,000
	I Class	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000
	P Class	£1,000	£1,000	£1,000	£1,000	N/A	£1,000
	X Class	£1,000	£1,000	£1,000	£1,000	N/A	£1,000
	A EUR Class	N/A	€1,000	N/A	N/A	N/A	N/A
	F EUR Class	N/A	€1,000	N/A	N/A	N/A	N/A
	I EUR Class	N/A	€1,000,000	N/A	N/A	N/A	N/A
	I (EUR Hedged) Class	N/A	€1,000,000	N/A	N/A	N/A	N/A
	P EUR Class	N/A	N/A	N/A	N/A	N/A	€1,000
	X EUR Class	N/A	€1,000	N/A	N/A	N/A	N/A
	X (EUR Hedged) Class	N/A	£1,000	N/A	N/A	N/A	N/A
	A USD Class	N/A	\$1,000	N/A	N/A	N/A	N/A
	F USD Class	N/A	\$1,000	N/A	N/A	N/A	N/A
	I USD Class	N/A	\$1,000,000	N/A	N/A	N/A	N/A
	X USD Class	N/A	\$1,000	N/A	N/A	N/A	N/A

Fund Details (continued)

		Responsible Global Equity (£ Hedged)	Global Higher Dividend	Global Higher Dividend (£ Hedged)	GLOBALSAR Strategic Fund	Sterling Bond	Food & Agriculture Opportunities
Minimum Monthly Savings Plan	A Class	£100	£100	£100	£100	N/A	£100
	D Class	N/A	N/A	N/A	N/A	N/A	N/A
	F Class	None	None	None	None	N/A	None
	I Class	None	None	None	None	None	None
	P Class	None	None	None	None	N/A	None
	X Class	None	None	None	None	N/A	None
	A EUR Class	N/A	None	N/A	N/A	N/A	N/A
	F EUR Class	N/A	None	N/A	N/A	N/A	N/A
	I EUR Class	N/A	None	N/A	N/A	N/A	N/A
	I (EUR Hedged) Class	N/A	N/A	N/A	N/A	N/A	N/A
	P EUR Class	N/A	N/A	N/A	N/A	N/A	None
	X EUR Class	N/A	None	N/A	N/A	N/A	N/A
	X (EUR Hedged) Class	N/A	N/A	N/A	N/A	N/A	N/A
	A USD Class	N/A	None	N/A	N/A	N/A	N/A
	F USD Class	N/A	N/A	N/A	N/A	N/A	N/A
	I USD Class	N/A	None	N/A	N/A	N/A	N/A
	X USD Class	N/A	N/A	N/A	N/A	N/A	N/A
ISA		Yes	Yes	Yes	Yes	Yes	Yes
Annual Accounts		31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
Interim Accounts		30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun
Annual Distribution		28 Feb	28 Feb	28 Feb	28 Feb	28 Feb	28 Feb
Interim Distribution		-	31 May	31 May	-	31 May	-
		31 Aug	31 Aug	31 Aug	31 Aug	31 Aug	31 Aug
		-	30 Nov	30 Nov	-	30 Nov	-

Fund Details (continued)

		Global Dividend	Global Dividend (£ Hedged)	Responsible Corporate Bond
Launch Date		5 Dec 13	5 Dec 13	14 Nov 16
Annual Charges per share class				
Investment Manager's Charge:	A Class	1.50%	1.50%	N/A
	D Class	0.50%	0.50%	N/A
	F Class	1.00%	1.00%	N/A
	I Class	0.85%	0.85%	0.40%
	P Class	0.75%	0.75%	0.40%
	X Class	1.35%	1.35%	N/A
	Z Class	0.00%	N/A	N/A
	A EUR Class	1.50%	N/A	N/A
	I EUR Class	0.85%	N/A	N/A
	X EUR Class	1.35%	N/A	N/A
Fixed Rate Operating Charge:	A Class	0.23%	0.23%	N/A
	D Class	0.15%	0.15%	N/A
	F Class	0.23%	0.23%	N/A
	I Class	0.15%	0.15%	0.15%
	P Class	0.23%	0.23%	0.21%
	X Class	0.23%	0.23%	N/A
	Z Class	0.15%	N/A	N/A
	A EUR Class	0.23%	N/A	N/A
	I EUR Class	0.15%	N/A	N/A
	X EUR Class	0.23%	N/A	N/A
Initial Charge per share class	A Class	0.00%	0.00%	N/A
	D Class	0.00%	0.00%	N/A
	F Class	0.00%	0.00%	N/A
	I Class	0.00%	0.00%	0.00%
	P Class	0.00%	0.00%	0.00%
	X Class	0.00%	0.00%	N/A
	Z Class	0.00%	N/A	N/A
	A EUR Class	0.00%	N/A	N/A
	I EUR Class	0.00%	N/A	N/A
	X EUR Class	0.00%	N/A	N/A
Share Types		Inc and Acc	Inc and Acc	Inc and Acc
Minimum Initial Investment	A Class	£1,000	£1,000	N/A
	D Class	£5,000,000	£5,000,000	N/A
	F Class	£1,000	£1,000	N/A
	I Class	£1,000,000	£1,000,000	£1,000,000
	P Class	£1,000	£1,000	£1,000
	X Class	£1,000	£1,000	N/A
	Z Class	£1,000,000	N/A	N/A
	A EUR Class	€1,000	N/A	N/A
	I EUR Class	€1,000,000	N/A	N/A
	X EUR Class	€1,000	N/A	N/A

Fund Details (continued)

		Global Dividend	Global Dividend (£ Hedged)	Responsible Corporate Bond
Minimum Monthly Savings Plan	A Class	£100	£100	N/A
	D Class	None	None	N/A
	F Class	None	None	N/A
	I Class	None	None	None
	P Class	None	None	None
	X Class	None	None	N/A
	Z Class	None	N/A	N/A
	A EUR Class	None	N/A	N/A
	I EUR Class	None	N/A	N/A
	X EUR Class	None	N/A	N/A
ISA		Yes	Yes	Yes
Annual Accounts		31 Dec	31 Dec	31 Dec
Interim Accounts		30 Jun	30 Jun	30 Jun
Annual Distribution		28 Feb	28 Feb	28 Feb
Interim Distribution		31 May 31 Aug 30 Nov	31 May 31 Aug 30 Nov	31 May 31 Aug 31 May

Certification of Accounts by Directors

On 29 March 2019 the UK is due to leave the EU, an event commonly referred to as Brexit. At the date of this report, discussions remain ongoing between the UK and Europe as to the precise nature of the future relationship. It is unclear at this stage whether a constructive deal will be reached, the Brexit date be postponed or that the UK will leave under a no deal scenario. In the event of a no deal scenario, UK domiciled UCITS such as this Company will under EU law become non-EU AIFs and Europe-wide distribution rights under the passporting regime would cease. The Directors of the ACD do not believe that Brexit under any of these scenarios will present significant issues that cannot be mitigated; sub-fund shareholders are predominantly UK based whilst core counterparties of, and service providers to, the Company have contingent arrangements available as necessary to ensure that activities can continue with minimal disruption.

Having considered relevant factors, including Brexit scenarios (see above), the Directors of the ACD are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the Financial Statements as the assets of the Fund consist predominantly of securities that are readily realisable, and accordingly, the Fund has adequate resources to continue in operational existence for the foreseeable future.

In accordance with the requirements of the COLL 4.5.8BR, we hereby certify the Annual Report and audited Financial Statements on behalf of the Authorised Corporate Director, Sarasin Investment Funds Limited.

C. Bell
Director
4 April 2019

S.A.M. Jeffries
Director
4 April 2019

Statement of the Authorised Corporate Director's Responsibilities

The Authorised Corporate Director is responsible for preparing the annual report and the financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 (the "OEIC Regulations"), the Financial Conduct Services Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation. The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook requires the Authorised Corporate Director to prepare financial statements for each annual accounting year which give a true and fair view of the financial affairs of the Company and each of its sub-funds, of its net gains or losses and of its revenue or expenditure for the year and to comply with the United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice (SORP) issued by the Investment Association in May 2014.

In preparing those financial statements, the Authorised Corporate Director is required to:

- Comply with the Prospectus and applicable UK accounting standards, subject to any material departure which are required to be disclosed and explained in the financial statements;
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. The ACD is also responsible for the system of internal controls, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of an ACD report which complies with the requirements of the Company's Instrument of Incorporation, Prospectus, and COLL. In accordance with COLL 4.5.8BR, the Annual Report and the audited financial statements were approved by the board of directors of the ACD of the Company and authorised for issue on 4 April 2019.

Statement of the Depositary's Responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation, and Prospectus (together "the Scheme Documents") as detailed below.

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

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

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

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

**Report of the Depositary to the Shareholders
of Sarasin Funds ICVC (the "Company") for
the year ended 31 December 2018**

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

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

NatWest Trustee & Depositary Services Limited
Trustee & Depositary Services
Edinburgh
4 April 2019

**Independent Auditor's Report to the
Shareholders of Sarasin Funds ICVC for the
year ended 31 December 2018**

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Sarasin Funds ICVC (the "Company") and the sub-funds as at 31 December 2018 and of the net revenue and the net capital gains/losses on the property of the sub-funds for the year ended 31 December 2018; and
- have been properly prepared 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", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook, and the Instrument of Incorporation.

We have audited the financial statements of the Company which comprise for each sub-fund:

- the Statement of Total Return;
- the Statement of Changes in Net Assets Attributable to Shareholders;
- the Balance Sheet;
- the related consolidated and individual notes 1 to 18; and
- the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, the Collective Investment Schemes Sourcebook, and the Instrument of Incorporation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The ACD is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of Depositary and ACD

As explained more fully in the Statement of Depositary's Responsibilities and the Statement of ACD's Responsibilities, the Depositary is responsible for the safeguarding the property of the Company and the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines 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 ACD is responsible for assessing the Company'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 ACD either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the Company and the sub-funds have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the Annual Report for the year ended 31 December 2018 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

Use of our report

This report is made solely to the Company's Shareholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
4 April 2019

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Association in May 2014 and FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The ACD is confident that the Company will continue in operation for at least the next twelve months from the approval of these financial statements. The Company has adequate financial resources and its assets consist of securities which are readily realisable. As such, the financial statements have been prepared on the going concern basis.

(b) Functional and presentation currency

The functional and presentation currency of each sub-fund is Pounds Sterling.

(c) Valuation of investments

Quoted investments have been valued at bid-market value using prices as at close of business of 31 December 2018, being the last working day of the accounting year, net of any accrued interest which is included in the balance sheet as revenue. Collective Investment Schemes are valued at their bid value for dual priced funds, or their quoted price for single priced funds. The valuation of unlisted investments is based on the ACD's assessment of their fair value. Suspended securities are valued initially at the suspended price but are subject to regular review. Structured plans are valued at the latest price from the product provider and verified by the ACD weekly.

(d) Foreign Exchange

Where applicable, transactions during the year have been translated into sterling at the rate of exchange ruling at the date of transaction. Revenue received in currency has been translated into sterling at the rates of exchange ruling on the date of receipt by the Depositary. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end.

(e) Revenue

Dividends on equities and distributions from Collective Investment Schemes are recognised when quoted ex-dividend or ex-distribution, respectively (see also Notes 2 (d), (e), and (g)). Interest on deposits is accounted for on an accruals basis. Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. The effective yield basis amortises any discount or premium on the purchase of an investment over its remaining life (see also Note 2 (f)).

(f) Derivative financial instruments

For returns on an option, which has the immediate effect of generating a material capital loss, for instance it is written materially "in the money", then all returns including premiums received, would be regarded as capital in nature. However, if there is no immediate capital loss generated or an immaterial capital loss is generated due to market timing, and not as a direct result of attempting to manufacture income at the expense of capital, the premium received is treated as revenue notwithstanding that any future losses may be treated as capital.

(g) Expense

All expenses other than those relating to the purchase and sale of investments are charged against revenue on an accruals basis (see also Note 2 (h)).

Operating and administrative costs and expenses incurred by the Company may be paid out of the schemes property. In order to protect the shareholders from fluctuations in these expenses, the ACD has agreed to fix the total amount of these expenses in respect of the sub-funds. This is referred to as the "fixed rate operating charge", this charge will be calculated and accrued daily and deducted monthly in arrears from the sub-funds.

(h) Taxation

Corporation tax is provided at the rate of 20% of taxable revenue after the deduction of allowable expenses. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the ACD considers that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

Notes to the Financial Statements (continued)

1. Accounting Policies (continued)

(i) Single swing price adjustment

In certain circumstances, the ACD may charge a single swing price adjustment on the sale or repurchase of shares. The adjustment, which is paid into the relevant sub-fund, is intended to cover the net inflows into the sub-fund or net outflows from the sub-fund, so that the price of a share is above or below that which would have resulted from a mid-market valuation. The charging of a single swing price adjustment may reduce the redemption price or increase the purchase price of shares. The single swing price adjustment for each sub-fund will be calculated by reference to the costs of dealing in the underlying investments of that sub-fund, including any dealing spreads, commissions, and transfer taxes payable on purchases of underlying securities.

(j) Investment Gains and Losses

Gains and losses, including exchange differences, on the realisation of investments and increases and decreases in the valuation of investments held at the balance sheet date, including unrealised exchange differences, are treated as capital.

(k) Valuation Techniques

Valuation techniques using observable market data

Valuation techniques should maximise the use of observable market data, such as publicly available information about actual events or transactions, and minimise the use of non-observable data. Observable market data should be observable for substantially the full term of the instrument. Typically, this category will include over the-counter instruments (OTCs), instruments priced via multi-broker quotes or evaluated pricing techniques, exchange-traded instruments where the market is persistently not active and instruments subject fair value pricing adjustments made by reference to observable market data. Examples include OTC derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and less frequently traded open-ended funds.

For Sarasin Funds, there are corporate bonds which fall in to this category as despite quoted prices being available, trading can be sporadic and there are often significant lengths of time between traded arm's length transactions.

Valuation techniques using non-observable data

Non-observable entity specific data is only used where relevant observable market data is not available. Typically, this category will include single broker-priced instruments, suspended/unquoted securities, private equity, unlisted close-ended funds and open-ended funds with restrictions on redemption rights.

Where assets are subject to administration or orderly realisation processes, the ACD may adjust the price to reflect what he considers a more realistic value in the circumstances. The rationale and pricing method is agreed with the Depositary and monitored frequently.

2. Distribution Policies

(a) Basis of distribution

Revenue produced by the sub-funds' investments accumulates during each accounting year. In order to conduct a controlled distribution flow to shareholders, interim distributions may be made at the ACD's discretion, up to a maximum of the distributable revenue available for the year. If at the end of the accounting year any share class within a sub-fund is in deficit, then funds will be transferred to cover the shortfall from capital.

(b) Unclaimed distributions

All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the capital of the sub-fund.

(c) Apportionment to multiple share classes

With the exception of the ACD's periodic charge and performance fees, which are directly attributable to individual share classes, all revenue and expenses are apportioned to the sub-fund's share classes pro rata to the value of the net assets of the relevant share class on the day the revenue or expense is recognised.

(d) Stock dividends

Ordinary scrip dividends are recognised as revenue, based on the market value of the shares on the date they are quoted ex-dividend and included in the amount available for distribution. For enhanced stock dividends, the amount of enhancement is treated as capital.

(e) Special dividends and share buy-backs

Special dividends and proceeds from share buy-backs are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Where there is evidence to treat all or some of such receipts as revenue, such amounts are recognised as dividend revenue of the sub-fund. Any tax treatment would follow the accounting treatment of the principal amount.

Notes to the Financial Statements (continued)

2. Distribution Policies (continued)

(f) Interest from debt securities

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. The effective yield basis amortises any discount or premium on the purchase of an investment over its remaining life. However, distributions to shareholders will be made on a coupon basis, when it will enable a higher distribution to be paid to shareholders.

(g) Distributions from collective investment schemes

The first distribution received from investments in collective investment schemes may include an element of equalisation, which represents the average amount of revenue included in the price of units/shares. This equalisation is treated as a return of capital and is not available for distribution.

(h) Expenses

All expenses other than those relating to the purchase and sale of investments are charged against revenue, on an accruals basis. However, in determining the amount available for distribution, a percentage of the total expenses will be transferred to capital for each sub-fund as detailed below. This has been decided by the ACD where a sub-funds' objectives are to achieve both capital growth and above average revenue generation, or when a sub-fund seeks to distribute income to holders of income shares, to the extent that it is available, as well as achieving its stated objective.

SARASIN Thematic Global Equity – 100%
SARASIN Thematic Global Equity (Sterling Hedged) – 100%
SARASIN Global Equity Real Return – 100%
SARASIN UK Equity – 60%
SARASIN Responsible Global Equity – 100%
SARASIN Responsible Global Equity (Sterling Hedged) – 100%
SARASIN Global Higher Dividend – 100%
SARASIN Global Higher Dividend (Sterling Hedged) – 100%
SARASIN GlobalSar - Strategic Fund – 80%
SARASIN Sterling Bond – 100%
SARASIN Food & Agriculture Opportunities – 60%
SARASIN Global Dividend – 100%
SARASIN Global Dividend (Sterling Hedged) – 100%
SARASIN Responsible Corporate Bond – 100%

(i) Equalisation

Equalisation is accrued revenue included in the price of shares purchased during an accounting period, which, after using monthly groupings to average, is refunded as part of a shareholder's first distribution. As a capital repayment, it is not liable to income tax, but must be deducted from the cost of shares for capital gains tax purposes.

(j) Tax effect of fees offset to capital

Tax effect of fees offset to capital is applied and transferred between the revenue and capital property of the sub-funds.

3. Risk Management Policies

In pursuing each sub-fund's investment objective, the ACD accepts market risk (comprising foreign currency risk, interest rate risk and other price risk) and derivative risk, and in operating each sub-fund accepts liquidity risk and credit risk.

Foreign currency risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates. Each sub-fund's investment portfolio may be invested in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The ACD may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to sterling on or near the date of receipt.

Interest rate risk is the risk that the value of a sub-fund's investment holdings will fluctuate as a result of actual or anticipated changes in interest rates. The ACD considers the credit rating, yield and maturity of each debt security, to ensure the yield reflects any perceived risk. The value of such debt securities may also be affected by changes in credit rating or default by the underlying issuer.

Market risk is the risk that the value of a sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate movements or exchange rate movements. Other price risk arises mainly from uncertainty about the future prices of the financial instruments that each sub-fund holds. It represents the potential loss a sub-fund might suffer through holding market positions in the face of price movements. Each sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Instrument of Incorporation. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the Rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority mitigates the risk of excessive exposure to any particular type of security or issuer.

Notes to the Financial Statements (continued)

3. Risk Management Policies (continued)

Derivatives comprise of forward foreign currency contracts, futures, swaps, and option contracts. Forward foreign currency contracts are used to manage currency risk arising from investing in overseas securities. Open positions at the balance sheet date, which are all covered, are included in the Investment Assets/(Liabilities) as applicable. Gains/(losses) on forward foreign exchange transactions are taken to capital. Futures contracts are used to reduce the risks associated with the market risk of the equity portfolio and to align the sub-fund's exposure to market movements with that of the sub-fund's benchmark. The value of these investments may fluctuate significantly. By holding these types of investments, there is a risk of capital depreciation in relation to certain fund assets.

Liquidity risk is the risk that a sub-fund may not be able to settle its financial obligations or that in order to do so, is forced to sell investments or close positions on unfavourable terms. The sub-funds' main liability is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

Credit risk is the risk that a sub-fund will suffer a financial loss as a result of a counterparty failing to discharge an obligation. The sub-funds only buy and sell investments through brokers which have been approved by the ACD as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities.

Sub-funds invested in bonds expose it to the default risk of the bond issuer with regards interest payments and principal repayments. Bond holdings with low credit ratings (sub-investment grade) or those that are not rated by a reputable credit rating agency (unrated) are disclosed within the Portfolio Statement of the sub-fund. This risk is managed by appraising the credit profile of financial instruments and issuers in line with the sub-fund's investment objective and policy.

Counterparty risk is a risk arising from derivative transactions entered into by the sub-funds uses the positive mark-to-market value of the derivative with the relevant counterparty. The exposure may be reduced through the receipt of collateral. Sub-funds with exposure to counterparties through derivative positions and the collateral held at the balance sheet date can be seen in the Notes to the Financial Statements, Risk Disclosure, Counterparty Risk note of the sub-fund.

Investment Objective and Policy

The objective of the Sarasin Thematic Global Equity is to seek long-term growth through investment in a broad portfolio of international stocks.

The ACD will identify core themes that it considers offer attractive long-term investment opportunities to shareholders and the sub-fund will be invested in accordance with these themes. The themes will be kept under review by the ACD and will change from time to time. There will be no restriction by geographical or industrial sector. It is the intention of the ACD that the majority of the holdings within the sub-fund will be of large and medium size stocks.

The sub-fund may also invest in a portfolio of investments which may include transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities and deposits. Cash and near cash may also be held by the sub-fund. The sub-fund may invest in derivatives for efficient portfolio management purposes (including hedging). The sub-fund may also borrow and employ stock lending techniques in accordance with the rules in COLL.

To the extent that it is available, income may be distributed to holders of income shares in the sub-fund in accordance with the sub-fund's distribution policy.

Sensitivity Analysis

The sub-fund invests in equities. The sub-fund will then use options on individual stocks to implement views on specific stocks and to increase the yield on the sub-fund by selling options on stocks.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Thematic Global Equity, as at 31 December 2018, was 8.56% (31 December 2017: 7.40%). The lowest, highest, and average utilisation in the year was 6.67%, 8.93%, and 8.11%, respectively (31 December 2017: 7.30%, 10.20%, and 9.04%, respectively).

Investment Review

Global financial markets were mixed in a volatile first quarter of 2018, as concerns of rising inflation and interest preoccupied investors. Markets were unsettled by President Trump's announcement on steel and aluminium tariffs, intensifying political tensions between the US and China and sparking fears of a trade war. Despite this environment, the S&P500 approached all-time highs.

Aerospace manufacturer Airbus was the top performer in the quarter, driven by strong 2017 results and improved guidance for 2018, closely followed by Mastercard 'A'. US technology and financials generally held up quite well over the quarter, despite the pickup in volatility. Despite energy and healthcare stocks suffering the most during this period, Anadarko Petroleum contributed strongly to the fund's overall performance.

UK telecommunications stocks had a tough first quarter, with BT and Vodafone both detracting from performance. Many of BT's issues were related to Openreach, their infrastructure arm, and the outlook for fibre deployment across the UK. Nonetheless, we believe the business is working through these issues and continue to value its thematic investment credentials.

We sold our positions in Facebook towards the end of March, as the social network and advertising company became embroiled in a controversial data breach. Facebook sold user data to political consultant Cambridge Analytica, who used it during the US elections. Although no accounts were hacked or passwords stolen, the Facebook's terms of service were breached and they were seemingly late to make the news public. During the quarter, we started an investment in Deere & Co as digital technology and automation is just beginning to revolutionise farming. We also bought London Stock Exchange that is benefitting from the regulatory drive to clear derivatives on exchange.

The volatility that we saw in the first quarter continued somewhat into the second quarter. Trade tension between the US and China escalated and Brexit negotiations made little progress. There were early signs of a slowing in Eurozone economic activity and the euro fell to its lowest level for six months against the US dollar having hit a high in April. US Treasury bond yields flirted with new highs and the US equity market ground higher, led by large capitalisation technology companies.

Within the fund, Royal Dutch Shell 'B' was the best contributor for the quarter. Mastercard 'A' also continued to deliver, again beating expectations. Despite a soft few quarters, US car retailer CarMax reported results that showed a substantial recovery, and the stock performed well overall for the quarter. Other strong contributors included Costco Wholesale, CSL and Umicore.

Investment Review (continued)

International luggage manufacturer, Samsonite International, was a significant detractor for the fund's performance, with a report alleging a series of accounting malpractices (including inflated earnings). The report was also critical of the CEO, who has since resigned. Nonetheless, the company put up a staunch and credible defence of the allegations and the stock recovered in the early part of June.

We sold out of the fund's positions in Walt Disney and Anadarko Petroleum in May. Despite seeing the strength in some of its business areas (i.e. theme parks and studios), we are concerned that plans to compete with Netflix (via a 'direct to consumer' offering) will prove highly capital intensive whilst providing little return for the near future.

During the third quarter of the year, US markets were spurred by strong economic data, a robust currency and earnings growth supported by tax cuts. Brexit talks again made little progress, though there were occasional moments of optimism, which pressured Sterling. Although July was a better month for the Eurozone, as trade worries receded, August brought political concerns from both Italy and Turkey.

It was a strong third quarter for Japanese healthcare stock Shionogi & Co and it was the fund's top contributor. The company's flu pill developments progressed, with good drug trial data that showed improved performance over Tamiflu. A number of our information technology stocks performed well in the quarter led by Taiwan Semiconductor Manufacturing ADR and ServiceNow. Our US stock selection also helped performance as the market continued to rally.

The third quarter was less good for our UK stocks with Associated British Foods, Just Eat and Vodafone all struggling. UK markets and Sterling fell amid ongoing uncertainty around Brexit and that impacted some of our UK positions. Just Eat results were somewhat disappointing raising concerns around increasing competition and additional capex to fund their delivery initiative. However, we believe these concerns are overdone and the company retains a strong market position and plenty of room for growth in the UK and importantly its international assets.

Stock markets around the world had a very negative – and volatile – end of the year. The result is the first year of negative returns for the US market since the credit crisis. Europe and Asia also posted double-digit losses for the year as a whole.

Within the portfolio, Enel, the Italian power company, was the best-performing stock during the final quarter due to a slightly resolved Italian macro situation. Operationally, the company has performed in line or better than expectations. It also provided an earnings update that reiterated the 2019 targets, upgraded the figure for 2020 and introduced a new 2021 target. Agricultural technology company, Deere & Co, was also one of the quarter's top performers, gaining strength from a reduction in US/China trade tensions. The stock was boosted following lots of positive comments on Precision Agriculture as a structural trend. Technology is also driving a replacement cycle in the US market.

On the negative side, video game developer Activision Blizzard performed poorly. This followed some weaker than expected third quarter operational performance which fed through to lower fourth quarter guidance. In spite of this, we believe the outlook for the stock remains positive. Fresenius Medical Care, which issued a profit warning, also disappointed over the period.

SVB Financial, a US commercial bank, was added to the portfolio in the quarter. This company has unique expertise in lending to the innovation economy and providing additional high value services. Erste Group Bank, one of the largest providers of financial services in Central and Eastern Europe, was another addition. Meanwhile, we sold holdings in Zions Bancorporation and ICICI Bank ADR.

Looking at the year as a whole, the energy sector yielded the best returns, with a notable performance from Anadarko Petroleum early in the year. The fund's relative underweight position in the latter stages also contributed to performance as oil prices fell sharply in the fourth quarter. On the negative side, consumer discretionary was the worst performing sector, with poor returns from Samsonite International and Aramark.

Outlook

We are late in the economic cycle and hence face a rising risk of recession. However, the nature of the next recession is difficult to forecast but is highly unlikely to be a replay of 2008-9. Our main concern is the lack of policy tools to offset the effects of an economic downturn as interest rates remain historically low; government borrowing extended and the negative side-effects of unconventional policy may not be so readily tolerated in the next cycle.

Our worries about growth are not in the West though, where unemployment is low and consumer confidence and corporate profits are still robust. Our main concern is in China, where economic visibility is poor with manufacturing survey data now looking consistently weak. The Chinese government will react – probably with tax cuts – but this may offset only some of the trade-related drag.

In terms of opportunity, the past year's correction has left equity markets relatively inexpensive versus recent history. Cash and government bonds offer little yield competition to global equities. Central Banks can afford to be patient so interest rate risk is modest while the price of oil and other commodities are subdued. We are still finding many genuine thematic growth opportunities that will stand out in a slower growth world.

Guy Monson
Chief Investment Officer
Sarasini & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Investment Review (continued)

Top 10 purchases during the year

Deere & Co
Schneider Electric
3M
Orsted
London Stock Exchange
SVB Financial
Fomento Economico Mexicano ADR
ServiceNow
Erste Group Bank
Associated British Foods

Top 10 sales during the year

Total
Anadarko Petroleum
Zions Bancorporation
Varian Medical Systems
Hartford Financial Services
Mastercard 'A'
Walt Disney
AmerisourceBergen
ICICI Bank ADR
Ecolab

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 29 to 41 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information (continued)
Comparative Tables
Thematic Global Equity 'A' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	933.46	874.02	751.78
Return before operating charges*	23.39	151.51	148.57
Operating charges	(17.27)	(16.21)	(13.41)
Return after operating charges*	6.12	135.30	135.16
Distributions on income shares	(16.80)	(15.86)	(12.92)
Closing net asset value per share	922.78	993.46	874.02
* after direct transaction costs of ¹ :	0.49	1.15	1.11
Performance			
Return after charges ²	0.66%	15.48%	17.98%
Other Information			
Closing net asset value (£'000)	2,486	3,241	3,321
Closing number of shares	269,465	326,252	380,003
Operating charges ³	1.71%	1.71%	1.72%
Direct transaction costs	0.05%	0.12%	0.14%
Prices			
Highest share price	1,070.10p	1,006.00p	889.40p
Lowest share price	913.80p	872.30p	641.50p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'A' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,126.69	975.31	825.70
Return before operating charges*	(42.52)	169.56	164.40
Operating charges	(19.54)	(18.18)	(14.79)
Return after operating charges*	(62.06)	151.38	149.61
Distributions	(19.13)	(17.75)	(14.25)
Retained distributions on accumulation shares	19.13	17.75	14.25
Closing net asset value per share	1,064.63	1,126.69	975.31
* after direct transaction costs of ¹ :	0.55	1.29	1.22
Performance			
Return after charges ²	(5.51)%	15.52%	18.12%
Other Information			
Closing net asset value (£'000)	16,654	17,748	18,068
Closing number of shares	1,564,281	1,575,237	1,852,556
Operating charges ³	1.71%	1.71%	1.72%
Direct transaction costs	0.05%	0.12%	0.14%
Prices			
Highest share price	1,224.60p	1,134.00p	986.50p
Lowest share price	1,045.90p	973.30p	704.60p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'D' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,019.01	887.54	755.69
Return before operating charges*	(38.07)	154.53	150.61
Operating charges	(7.38)	(6.88)	(5.71)
Return after operating charges*	(45.45)	147.65	144.90
Distributions on income shares	(17.34)	(16.18)	(13.05)
Closing net asset value per share	956.22	1,019.01	887.54
* after direct transaction costs of ¹ :	0.50	1.18	1.13
Performance			
Return after charges ²	(4.46)%	16.64%	19.17%
Other Information			
Closing net asset value (£'000)	519	356	310
Closing number of shares	54,267	34,906	34,906
Operating charges ³	0.71%	0.71%	0.72%
Direct transaction costs	0.05%	0.12%	0.14%
Prices			
Highest share price	1,106.00p	1,032.00p	901.50p
Lowest share price	946.70p	885.80p	645.70p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'D' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,302.26	1,115.90	935.29
Return before operating charges*	(49.93)	195.06	187.72
Operating charges	(9.45)	(8.70)	(7.11)
Return after operating charges*	(59.38)	186.36	180.61
Distributions	(22.22)	(20.43)	(16.22)
Retained distributions on accumulation shares	22.22	20.43	16.22
Closing net asset value per share	1,242.88	1,302.26	1,115.90
* after direct transaction costs of ¹ :	0.64	1.49	1.40
Performance			
Return after charges ²	(4.56)%	16.70%	19.31%
Other Information			
Closing net asset value (£'000)	3,909	3,989	3,440
Closing number of shares	314,505	306,280	308,277
Operating charges ³	0.71%	0.71%	0.72%
Direct transaction costs	0.05%	0.12%	0.14%
Prices			
Highest share price	1,425.00p	1,310.00p	1,127.00p
Lowest share price	1,221.00p	1,114.00p	799.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'F' Income Shares

	2018 ¹ (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,012.00	886.00	758.67
Return before operating charges*	22.31	153.78	150.11
Operating charges	(9.86)	(11.67)	(9.69)
Return after operating charges*	12.45	142.11	140.42
Distributions on income shares	(9.65)	(16.11)	(13.09)
Last quoted share price	1,014.80	—	—
Closing net asset value per share	—	1,012.00	886.00
* after direct transaction costs of ² :	0.47	1.17	1.13
Performance			
Return after charges ³	1.23%	16.04%	18.51%
Other Information			
Closing net asset value (£'000)	—	2	1
Closing number of shares	—	150	150
Operating charges ⁴	1.21%	1.21%	1.22%
Direct transaction costs	—%	0.12%	0.14%
Prices			
Highest share price	1,094.00p	1,025.00p	900.80p
Lowest share price	947.90p	884.10p	647.50p

¹Share class closed on 5 November 2018.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'F' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,155.16	994.83	838.03
Return before operating charges*	(43.91)	173.66	167.79
Operating charges	(14.24)	(13.33)	(10.99)
Return after operating charges*	(58.15)	160.33	156.80
Distributions	(19.67)	(18.16)	(14.49)
Retained distributions on accumulation shares	19.67	18.16	14.49
Closing net asset value per share	1,097.01	1,155.16	994.83
* after direct transaction costs of ¹ :	0.57	1.34	1.28
Performance			
Return after charges ²	(5.03)%	16.12%	18.71%
Other Information			
Closing net asset value (£'000)	946	880	33
Closing number of shares	86,245	76,198	3,312
Operating charges ³	1.21%	1.21%	1.22%
Direct transaction costs	0.05%	0.12%	0.14%
Prices			
Highest share price	1,260.00p	1,162.00p	1,006.00p
Lowest share price	1,078.00p	992.80p	715.50p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,006.77	879.97	751.90
Return before operating charges*	(37.75)	152.95	149.40
Operating charges	(10.85)	(10.14)	(8.37)
Return after operating charges*	(48.60)	142.81	141.03
Distributions on income shares	(17.08)	(16.01)	(12.96)
Closing net asset value per share	941.09	1,006.77	879.97
* after direct transaction costs of ¹ :	0.49	1.16	1.11
Performance			
Return after charges ²	(4.83)%	16.23%	18.76%
Other Information			
Closing net asset value (£'000)	95,513	156,626	164,722
Closing number of shares	10,149,265	15,557,284	18,719,169
Operating charges ³	1.06%	1.06%	1.07%
Direct transaction costs	0.05%	0.12%	0.14%
Prices			
Highest share price	1,089.00p	1,020.00p	894.40p
Lowest share price	931.80p	878.30p	642.20p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,283.58	1,103.81	928.41
Return before operating charges*	(48.92)	192.58	185.99
Operating charges	(13.88)	(12.81)	(10.59)
Return after operating charges*	(62.80)	179.77	175.40
Distributions	(21.87)	(20.17)	(16.07)
Retained distributions on accumulation shares	21.87	20.17	16.07
Closing net asset value per share	1,220.78	1,283.58	1,103.81
* after direct transaction costs of ¹ :	0.63	1.47	1.41
Performance			
Return after charges ²	(4.89)%	16.29%	18.89%
Other Information			
Closing net asset value (£'000)	30,049	31,557	31,596
Closing number of shares	2,461,427	2,458,527	2,862,428
Operating charges ³	1.06%	1.06%	1.07%
Direct transaction costs	0.05%	0.12%	0.14%
Prices			
Highest share price	1,402.00p	1,291.00p	1,116.00p
Lowest share price	1,200.00p	1,102.00p	792.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,025.00	895.05	763.96
Return before operating charges*	(38.40)	155.52	152.04
Operating charges	(10.00)	(9.36)	(7.77)
Return after operating charges*	(48.40)	146.16	144.27
Distributions on income shares	(17.40)	(16.21)	(13.18)
Closing net asset value per share	959.20	1,025.00	895.05
* after direct transaction costs of ¹ :	0.50	1.19	1.14
Performance			
Return after charges ²	(4.72)%	16.33%	18.88%
Other Information			
Closing net asset value (£'000)	2,153	966	1,026
Closing number of shares	224,406	94,260	114,643
Operating charges ³	0.96%	0.96%	0.97%
Direct transaction costs	0.05%	0.12%	0.14%
Prices			
Highest share price	1,110.00p	1,038.00p	909.50p
Lowest share price	949.70p	893.30p	652.60p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,172.29	1,006.86	846.02
Return before operating charges*	(44.75)	176.06	169.45
Operating charges	(11.48)	(10.63)	(8.61)
Return after operating charges*	(56.23)	165.43	160.84
Distributions	(19.98)	(18.42)	(14.65)
Retained distributions on accumulation shares	19.98	18.42	14.65
Closing net asset value per share	1,116.06	1,172.29	1,006.86
* after direct transaction costs of ¹ :	0.57	1.35	1.26
Performance			
Return after charges ²	(4.80)%	16.43%	19.01%
Other Information			
Closing net asset value (£'000)	8,963	8,896	5,318
Closing number of shares	803,063	758,922	528,151
Operating charges ³	0.96%	0.96%	0.97%
Direct transaction costs	0.05%	0.12%	0.14%
Prices			
Highest share price	1,281.00p	1,179.00p	1,017.00p
Lowest share price	1,097.00p	1,005.00p	722.60p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,001.64	879.85	755.58
Return before operating charges*	(37.09)	152.71	149.56
Operating charges	(15.82)	(14.94)	(12.29)
Return after operating charges*	(52.91)	137.77	137.27
Distributions on income shares	(16.95)	(15.98)	(13.00)
Closing net asset value per share	931.78	1,001.64	879.85
* after direct transaction costs of ¹ :	0.49	1.16	1.11
Performance			
Return after charges ²	(5.28)%	15.66%	18.17%
Other Information			
Closing net asset value (£'000)	9,535	7,296	5,697
Closing number of shares	1,023,269	728,413	647,496
Operating charges ³	1.56%	1.56%	1.57%
Direct transaction costs	0.05%	0.12%	0.14%
Prices			
Highest share price	1,080.00p	1,015.00p	895.10p
Lowest share price	922.70p	878.10p	644.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,140.45	985.57	833.13
Return before operating charges*	(42.79)	171.68	166.10
Operating charges	(18.10)	(16.80)	(13.66)
Return after operating charges*	(60.89)	154.88	152.44
Distributions	(19.39)	(17.96)	(14.39)
Retained distributions on accumulation shares	19.39	17.96	14.39
Closing net asset value per share	1,079.56	1,140.45	985.57
* after direct transaction costs of ¹ :	0.56	1.31	1.24
Performance			
Return after charges ²	(5.34)%	15.71%	18.30%
Other Information			
Closing net asset value (£'000)	9,272	6,175	5,183
Closing number of shares	858,907	541,446	525,877
Operating charges ³	1.56%	1.56%	1.57%
Direct transaction costs	0.05%	0.12%	0.14%
Prices			
Highest share price	1,242.00p	1,148.00p	996.60p
Lowest share price	1,061.00p	983.60p	711.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Thematic Global Equity 'Z' Accumulation Shares

	2018 ¹ (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,444.00	1,230.67	1,026.67
Return before operating charges*	32.77	216.17	206.39
Operating charges	(2.46)	(2.84)	(2.39)
Return after operating charges*	30.31	213.33	204.00
Distributions	(13.77)	(22.58)	(17.83)
Retained distributions on accumulation shares	13.77	22.58	17.83
Last quoted share price	1,474.31	—	—
Closing net asset value per share	—	1,444.00	1,230.67
* after direct transaction costs of ² :	0.67	1.65	1.54
Performance			
Return after charges ³	2.10%	17.33%	19.87%
Other Information			
Closing net asset value (£'000)	—	2	2
Closing number of shares	—	150	150
Operating charges ^{4,5}	0.21%	0.21%	0.22%
Direct transaction costs	—%	0.12%	0.14%
Prices			
Highest share price	1,585.70p	1,452.00p	1,241.50p
Lowest share price	1,356.00p	1,229.00p	877.50p

¹Share class closed on 5 November 2018.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

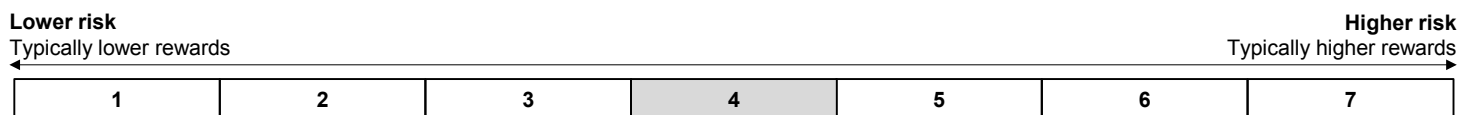
³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

⁵In respect of the Class Z shares in the Sarasin Thematic Global Equity, whilst no periodic charge is currently payable out of the Scheme Property to the ACD, a periodic management charge is payable by Class Z shareholders by way of remuneration to the ACD. The charge is currently 0.85% and will be invoiced to the Class Z shareholders monthly in arrears and is calculated and accrued in the same way as the ACD's periodic charge payable out of the Scheme Property.

Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The following risks may not be fully captured by the Indicator:

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Derivatives: Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

Emerging Market Risk: Emerging markets may face more political, economic or structural challenges than developed markets and shares may be less liquid, meaning that investments may not be sold quickly enough to prevent or minimize a loss; they may therefore involve a higher risk than investing in developed markets.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 12.00% (31 December 2017 - 14.57%)			
1,222,482	BT	2,910,118	1.62
1,185,324	Enel	5,364,263	2.98
12,882	Equinix	3,566,724	1.98
190,662	Royal Dutch Shell 'B'	4,455,771	2.47
116,336	Taiwan Semiconductor Manufacturing ADR	3,369,688	1.87
1,266,146	Vodafone	1,935,937	1.08
		21,602,501	12.00
Cyclical Franchise 35.03% (31 December 2017 - 28.74%)			
46,967	Airbus	3,539,025	1.97
36,682	CSL	3,754,393	2.08
41,680	Deere & Co	4,880,447	2.71
95,841	Erste Group Bank	2,486,104	1.38
51,724	First Republic Bank	3,530,845	1.96
390,619	ING Groep	3,299,234	1.83
55,606	JPMorgan Chase	4,266,503	2.37
319,500	Kubota	3,565,801	1.98
88,939	London Stock Exchange	3,610,923	2.01
43,910	Marriott International 'A'	3,742,486	2.08
127,704	Pfizer	4,375,787	2.43
225,474	Prudential	3,161,146	1.76
1,745,100	Samsonite International	3,893,960	2.16
64,132	Schneider Electric	3,437,674	1.91
26,800	Shimano	2,972,812	1.65
24,897	SVB Financial	3,709,723	2.06
57,857	United Technologies	4,835,802	2.69
		63,062,665	35.03
Defensive Franchise 19.02% (31 December 2017 - 17.69%)			
28,611	3M	4,279,069	2.38
71,685	Colgate-Palmolive	3,350,103	1.86
25,743	Costco Wholesale	4,117,950	2.29
38,005	Ecolab	4,397,013	2.44
35,788	EssilorLuxottica	3,547,916	1.97
54,457	Fomento Economico Mexicano ADR	3,675,078	2.04
64,598	Fresenius Medical Care	3,275,953	1.82
50,377	Henkel	3,859,277	2.14
33,962	Moody's	3,734,326	2.08
		34,236,685	19.02
Disruptive Growth 28.23% (31 December 2017 - 27.32%)			
60,873	Activision Blizzard	2,227,294	1.24
614,200	AIA	4,003,726	2.22
3,719	Alphabet 'C'	3,028,053	1.68
27,147	Amgen	4,150,916	2.31
184,994	Associated British Foods	3,779,427	2.10
53,234	CarMax	2,621,992	1.46
541,140	Just Eat	3,175,410	1.76

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Disruptive Growth (continued)			
6,900	Keyence	2,748,978	1.53
34,824	Mastercard 'A'	5,157,976	2.87
97,877	Novozymes 'B'	3,418,750	1.90
85,082	Orsted	4,453,656	2.47
23,913	ServiceNow	3,340,234	1.86
115,100	Shionogi & Co	5,161,389	2.87
113,734	Umicore	3,537,233	1.96
		50,805,034	28.23
Special Situation 1.87% (31 December 2017 - 8.13%)			
147,726	Aramark	3,357,936	1.87
		3,357,936	1.87
Strategic Holdings 2.67% (31 December 2017 - 2.60%)			
1,320,680	LF Morant Wright Japan 'B' Income	4,812,557	2.67
		4,812,557	2.67
Total Value of Investments 98.82%			
(31 December 2017 - 99.05%)		177,877,378	98.82
Net Other Assets		2,121,220	1.18
Net assets		179,998,598	100.00
All holdings are ordinary shares of stock and are listed on an official stock exchange unless otherwise stated.			
Asset Allocation of Portfolio of Investments is as follows:			
	Collective Investment Schemes	4,812,557	2.67
	Equities	173,064,821	96.15
	Net Other Assets	2,121,220	1.18
		179,998,598	100.00

Statement of Total Return

For the year ended 31 December 2018

			31.12.2018	31.12.2017
	Notes ¹	£	£	£
Income				
Net capital (losses)/gains	4		(6,658,175)	33,595,982
Revenue	6	4,348,341	4,324,166	
Expenses	7	(2,677,041)	(2,701,851)	
Interest payable and similar charges	9	(396)	(133)	
Net revenue before taxation		1,670,904	1,622,182	
Taxation	8	(370,274)	(415,911)	
Net revenue after taxation for the year			1,300,630	1,206,271
Total returns before distributions			(5,357,545)	34,802,253
Distributions	9		(3,957,528)	(3,890,391)
Changes in net assets attributable to shareholders from investment activities			(9,315,073)	30,911,862

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

			31.12.2018	31.12.2017
	Note ¹	£	£	£
Opening net assets attributable to shareholders			237,734,140	238,717,482
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		61,314,341	43,069,366	
Less: amounts paid on cancellation of shares		(110,994,988)	(76,135,244)	
			(49,680,647)	(33,065,878)
Single swing price adjustment			43,454	49,149
Changes in net assets attributable to shareholders from investment activities (see above)			(9,315,073)	30,911,862
Retained distribution on accumulation shares	9		1,216,724	1,121,525
Closing net assets attributable to shareholders			179,998,598	237,734,140

¹The notes to these accounts can be found on pages 47 to 56.

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		177,877,378	235,543,925
Current assets:			
Debtors	10	416,989	523,777
Cash and bank balances	11	4,047,882	3,123,896
Total assets		<u>182,342,249</u>	<u>239,191,598</u>
Liabilities			
Investment liabilities		—	(65,248)
Creditors:			
Bank overdrafts	12	(54,205)	(50,037)
Distribution payable on income shares	9	(879,052)	(1,109,911)
Other creditors	13	(1,410,394)	(232,262)
Total liabilities		<u>(2,343,651)</u>	<u>(1,457,458)</u>
Net assets attributable to shareholders		<u>179,998,598</u>	<u>237,734,140</u>

¹The notes to these accounts can be found on pages 47 to 56.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(6,796,059)	33,835,518
Gains/(losses) on derivative securities	37,759	(357,058)
Gains on forward currency contracts	—	14,890
Currency gains	100,401	102,916
Transaction charges	(116)	(284)
Derivative transaction charges	(160)	—
Net capital (losses)/gains	<u>(6,658,175)</u>	<u>33,595,982</u>

Notes to the Financial Statements (continued)

5. Purchases, Sales, and Transaction Costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Collective Investment Schemes	1,549,674	6,040,363
Corporate Actions	–	2,855,344
Derivatives	905,246	813,729
Equities	79,436,063	90,158,950
Commissions:		
Equities total value paid	64,187	122,862
Taxes:		
Equities total value paid	55,167	84,031
Total purchase transaction costs	119,354	206,893
Gross purchases total	82,010,337	100,075,279
Analysis of total sale costs:		
Gross sales in year before transaction costs		
Collective Investment Schemes	2,071,576	–
Corporate Actions	–	2,855,344
Derivatives	1,647,988	334,725
Equities	129,248,299	129,218,099
Commissions:		
Equities total value paid	(36,611)	(131,150)
Taxes:		
Equities total value paid	–	(1)
Total sales costs	(36,611)	(131,151)
Total sales net of transaction costs	132,931,252	132,277,017
	31.12.2018 %	31.12.2017 %

Analysis of total purchase costs:

Commissions:		
Equities percentage of average NAV ¹	0.03	0.05
Equities percentage of purchases total	0.08	0.14
Taxes:		
Equities percentage of average NAV ¹	0.02	0.04
Equities percentage of purchases total	0.07	0.09

Analysis of total sale costs:

Commissions:		
Equities percentage of average NAV ¹	0.02	0.06
Equities percentage of sales total	0.03	0.10
Taxes:		
Equities percentage of average NAV ¹	–	–
Equities percentage of sales total	–	–

The average portfolio dealing spread as at 31 December 2018 was 0.09% (31 December 2017: 0.06%).

¹Excluding single swing price adjustment.

Notes to the Financial Statements (continued)

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	8,078	657
Franked UK dividends	1,008,607	668,741
Franked CIS revenue	41,254	–
Overseas dividends	3,290,402	3,654,768
	<u>4,348,341</u>	<u>4,324,166</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	2,184,050	2,197,097
	<u>2,184,050</u>	<u>2,197,097</u>
Other expenses:		
Fixed operating charge ¹	490,491	498,798
Sundry expenses	2,500	5,956
	<u>492,991</u>	<u>504,754</u>
	<u>2,677,041</u>	<u>2,701,851</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the Fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	370,274	415,911
Current tax (note 8b)	370,274	415,911
Deferred tax (note 8c)	–	–
Total tax charge	<u>370,274</u>	<u>415,911</u>

b) Factors affecting taxation charge for the year:

The tax assessed for the period is higher (2017: higher) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	1,670,904	1,622,182
Corporation tax at 20%	334,181	324,436
Effects of:		
UK dividend revenue not subject to corporation tax	(201,721)	(133,748)
Overseas tax irrecoverable	370,274	415,911
Excess management expenses	516,630	522,631
Franked CIS revenue	(8,251)	–
Overseas dividend revenue not subject to corporation tax	(637,797)	(710,207)
Double taxation relief	(3,042)	(3,112)
Sub-total	<u>36,093</u>	<u>91,475</u>
Current year tax charge (note 8a)	<u>370,274</u>	<u>415,911</u>

Notes to the Financial Statements (continued)

8. Taxation (continued)

	31.12.2018 £	31.12.2017 £
OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.		
c) Provision for the deferred tax		
Provision at start of year	—	—
Deferred tax charge for the year	—	—
Provision at end of year	—	—

The sub-fund has not recognised a deferred tax asset of £6,654,573 (31 December 2017: £6,137,943) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
Interim Distribution	1,754,615	1,515,779
Interim Accumulation	663,966	668,031
Final Distribution	879,052	1,109,911
Final Accumulation	552,758	453,494
	<u>3,850,391</u>	<u>3,747,215</u>
Add: Amounts deducted on cancellation of shares	387,715	262,768
Less: Amounts added on creation of shares	(280,578)	(119,592)
Distributions	<u>3,957,528</u>	<u>3,890,391</u>
Interest payable and similar charges	396	133
Total distributions	<u>3,957,924</u>	<u>3,890,524</u>
Net revenue after taxation	1,300,630	1,206,271
Add: Capitalised expenses	2,677,043	2,701,851
Add: Undistributed revenue brought forward	11	21
Less: Undistributed revenue carried forward	(11)	(11)
Tax effect of fees offset to capital	(20,145)	(17,741)
Distributions	<u>3,957,528</u>	<u>3,890,391</u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	256,791	378,816
Amount receivable for creation of shares	27,719	15,567
Overseas tax recoverable	132,479	129,394
	<u>416,989</u>	<u>523,777</u>

Notes to the Financial Statements (continued)
11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	4,047,882	3,074,099
Cash held at clearing houses and brokers	—	49,797
	<u>4,047,882</u>	<u>3,123,896</u>

12. Bank Overdrafts

	31.12.2018 £	31.12.2017 £
Bank overdrafts	54,205	50,037
	<u>54,205</u>	<u>50,037</u>

13. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	1,223,443	1,175
Accrued expenses	186,951	231,087
	<u>1,410,394</u>	<u>232,262</u>

14. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

15. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £153,384 (31 December 2017: £188,297).

At the year end, Sarasin Thematic Global Equity held no shares in any other sub-fund or collective investment schemes managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

At the year end, BNY (OCS) Nominees Limited owned below the 25% of threshold in the sub-fund on behalf of multiple beneficiaries (31 December 2017: 45.01%).

16. Shareholders' Funds

The sub-fund has 13 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Thematic Global Equity 'A' Income Shares

Opening shares	326,252
Shares Created	387,036
Shares Liquidated	(445,372)
Shares Converted	1,549
Closing shares	269,465

Notes to the Financial Statements (continued)

16. Shareholders' Funds (continued)

Thematic Global Equity 'A' Accumulation Shares

Opening shares	1,575,237
Shares Created	1,507,286
Shares Liquidated	(1,495,228)
Shares Converted	(23,014)
Closing shares	1,564,281

Thematic Global Equity 'D' Income Shares

Opening shares	34,906
Shares Created	19,361
Shares Liquidated	–
Shares Converted	–
Closing shares	54,267

Thematic Global Equity 'D' Accumulation Shares

Opening shares	306,280
Shares Created	12,516
Shares Liquidated	(4,291)
Shares Converted	–
Closing shares	314,505

Thematic Global Equity 'F' Income Shares

Opening shares	150
Shares Created	–
Shares Liquidated	(150)
Shares Converted	–
Closing shares	–

Thematic Global Equity 'F' Accumulation Shares

Opening shares	76,198
Shares Created	–
Shares Liquidated	–
Shares Converted	10,047
Closing shares	86,245

Thematic Global Equity 'I' Income Shares

Opening shares	15,557,284
Shares Created	2,424,610
Shares Liquidated	(7,832,629)
Shares Converted	–
Closing shares	10,149,265

Thematic Global Equity 'I' Accumulation Shares

Opening shares	2,458,527
Shares Created	256,911
Shares Liquidated	(254,011)
Shares Converted	–
Closing shares	2,461,427

Thematic Global Equity 'P' Income Shares

Opening shares	94,260
Shares Created	156,440
Shares Liquidated	(28,799)
Shares Converted	2,505
Closing shares	224,406

Notes to the Financial Statements (continued)
16. Shareholders' Funds (continued)
Thematic Global Equity 'P' Accumulation Shares

Opening shares	758,922
Shares Created	185,109
Shares Liquidated	(141,456)
Shares Converted	488
Closing shares	803,063

Thematic Global Equity 'X' Income Shares

Opening shares	728,413
Shares Created	354,693
Shares Liquidated	(62,112)
Shares Converted	2,275
Closing shares	1,023,269

Thematic Global Equity 'X' Accumulation Shares

Opening shares	541,446
Shares Created	405,388
Shares Liquidated	(94,340)
Shares Converted	6,413
Closing shares	858,907

Thematic Global Equity 'Z' Accumulation Shares

Opening shares	150
Shares Created	–
Shares Liquidated	(150)
Shares Converted	–
Closing shares	–

17. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 25. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	3,754,393	3,754,393	2.09
Canadian dollar	1,982	–	1,982	–
Danish kroner	32,977	7,872,406	7,905,383	4.39
Euro	67,466	32,346,680	32,414,146	18.01
Hong Kong dollar	–	7,897,687	7,897,687	4.39
Japanese yen	50,419	14,448,980	14,499,399	8.05
Sterling	1,893,498	27,841,289	29,734,787	16.52
Swiss franc	30,054	–	30,054	0.02
US dollar	44,824	83,715,943	83,760,767	46.53
	2,121,220	177,877,378	179,998,598	100.00

Notes to the Financial Statements (continued)

17. Risk Disclosures (continued)

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	4,749,472	4,749,472	2.00
Canadian dollar	2,036	–	2,036	–
Danish kroner	24,749	5,309,740	5,334,489	2.24
Euro	154,731	43,928,563	44,083,294	18.54
Hong Kong dollar	–	10,376,727	10,376,727	4.37
Japanese yen	45,661	16,766,101	16,811,762	7.07
Sterling	1,927,591	33,960,310	35,887,901	15.10
Swiss franc	28,629	–	28,629	0.01
US dollar	72,066	120,387,764	120,459,830	50.67
	2,255,463	235,478,677	237,734,140	100.00

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	–	–	3,754,393	3,754,393
Canadian dollar	1,982	–	1,982	3,964
Danish kroner	–	–	7,905,383	7,905,383
Euro	–	–	32,414,146	32,414,146
Hong Kong dollar	–	–	7,897,687	7,897,687
Japanese yen	52,223	–	14,499,399	14,551,622
Sterling	3,981,661	–	28,042,572	32,024,233
Swiss franc	–	–	30,054	30,054
US dollar	12,015	–	83,748,752	83,760,767
	4,047,881	–	178,294,368	182,342,249

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Canadian dollar	(1,982)	–	–	(1,982)
Japanese yen	(52,223)	–	–	(52,223)
Sterling	–	–	(2,289,446)	(2,289,446)
	(54,205)	–	(2,289,446)	(2,343,651)

Notes to the Financial Statements (continued)

17. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	–	–	4,749,472	4,749,472
Canadian dollar	2,036	–	2,036	4,072
Danish kroner	–	–	5,334,489	5,334,489
Euro	–	–	44,083,294	44,083,294
Hong Kong dollar	–	–	10,376,727	10,376,727
Japanese yen	48,001	–	16,811,762	16,859,763
Sterling	3,061,043	–	34,169,031	37,230,074
Swiss franc	–	–	28,629	28,629
US dollar	12,816	–	120,512,262	120,525,078
	<u>3,123,896</u>	<u>–</u>	<u>236,067,702</u>	<u>239,191,598</u>

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Canadian dollar	(2,036)	–	–	(2,036)
Japanese yen	(48,001)	–	–	(48,001)
Sterling	–	–	(1,342,173)	(1,342,173)
US dollar	–	–	(65,248)	(65,248)
	<u>(50,037)</u>	<u>–</u>	<u>(1,407,421)</u>	<u>(1,457,458)</u>

Fair Value

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

Valuation technique as at 31 December 2018

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Collective Investment Schemes	–	4,812,557	–	4,812,557
Equities	173,064,821	–	–	173,064,821
	<u>173,064,821</u>	<u>4,812,557</u>	<u>–</u>	<u>177,877,378</u>

Valuation technique as at 31 December 2017

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Collective Investment Schemes	–	6,056,809	–	6,056,809
Equities	229,299,247	–	–	229,299,247
Options	187,869	–	–	187,869
	<u>229,487,116</u>	<u>6,056,809</u>	<u>–</u>	<u>235,543,925</u>

Financial Liabilities

Options	(65,248)	–	–	(65,248)
	<u>(65,248)</u>	<u>–</u>	<u>–</u>	<u>(65,248)</u>

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Notes to the Financial Statements (continued)

17. Risk Disclosures (continued)

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Counterparty Risk

During the year, the sub-fund did not make use of 'Over The Counter' (OTC) Derivative Instruments. Whereas applicable, these types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

As at 31 December 2018, the sub-fund is not exposed to any counterparty risk.

In order to reduce this risk, collateral may be held by the sub-fund. The counterparties to these transactions and any collateral held by the sub-fund as at 31 December 2017 are shown below:

Counterparty Name as at 31 December 2017	Exposure £	Cash Collateral £
Goldman Sachs International	187,869	–

Positive exposure represents the mark to market value of derivative contracts and the sub-fund's exposure to that counterparty.

18. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per shares of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no share classes where the net asset value per shares has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the year end.

Distribution Tables

For the year ended 31 December 2018

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Thematic Global Equity 'A' Income Shares				
Group 1	9.4266	—	9.4266	9.2945
Group 2	1.0377	8.3889	9.4266	9.2945
Thematic Global Equity 'A' Accumulation Shares				
Group 1	10.6901	—	10.6901	10.3723
Group 2	8.2888	2.4013	10.6901	10.3723
Thematic Global Equity 'D' Income Shares¹				
Group 1	9.6978	—	9.6978	9.4694
Group 2	9.6978	—	9.6978	9.4694
Thematic Global Equity 'D' Accumulation Shares				
Group 1	12.3933	—	12.3933	11.9061
Group 2	7.3307	5.0626	12.3933	11.9061
Thematic Global Equity 'F' Income Shares¹				
Group 1	9.6466	—	9.6466	9.4400
Group 2	9.6466	—	9.6466	9.4400
Thematic Global Equity 'F' Accumulation Shares¹				
Group 1	10.9769	—	10.9769	10.5972
Group 2	10.9769	—	10.9769	10.5972
Thematic Global Equity 'I' Income Shares				
Group 1	9.5711	—	9.5711	9.3790
Group 2	3.0716	6.4995	9.5711	9.3790
Thematic Global Equity 'I' Accumulation Shares				
Group 1	12.2025	—	12.2025	11.7632
Group 2	4.9128	7.2897	12.2025	11.7632
Thematic Global Equity 'P' Income Shares				
Group 1	9.7474	—	9.7474	9.4610
Group 2	8.0848	1.6626	9.7474	9.4610
Thematic Global Equity 'P' Accumulation Shares				
Group 1	11.1481	—	11.1481	10.7433
Group 2	8.3684	2.7797	11.1481	10.7433
Thematic Global Equity 'X' Income Shares				
Group 1	9.5067	—	9.5067	9.3619
Group 2	4.7697	4.7370	9.5067	9.3619
Thematic Global Equity 'X' Accumulation Shares				
Group 1	10.8266	—	10.8266	10.4864
Group 2	6.7919	4.0347	10.8266	10.4864
Thematic Global Equity 'Z' Accumulation Shares¹				
Group 1	13.7733	—	13.7733	13.1800
Group 2	13.7733	—	13.7733	13.1800

Distribution Tables (continued)

Final distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Thematic Global Equity 'A' Income Shares				
Group 1	7.3754	—	7.3754	6.5636
Group 2	2.9693	4.4061	7.3754	6.5636
Thematic Global Equity 'A' Accumulation Shares				
Group 1	8.4397	—	8.4397	7.3802
Group 2	2.6998	5.7399	8.4397	7.3802
Thematic Global Equity 'D' Income Shares				
Group 1	7.6396	—	7.6396	6.7108
Group 2	7.2330	0.4066	7.6396	6.7108
Thematic Global Equity 'D' Accumulation Shares				
Group 1	9.8284	—	9.8284	8.5192
Group 2	1.5984	8.2300	9.8284	8.5192
Thematic Global Equity 'F' Income Shares²				
Group 1	—	—	—	6.6666
Group 2	—	—	—	6.6666
Thematic Global Equity 'F' Accumulation Shares¹				
Group 1	8.6909	—	8.6909	7.5664
Group 2	8.6909	—	8.6909	7.5664
Thematic Global Equity 'I' Income Shares				
Group 1	7.5045	—	7.5045	6.6310
Group 2	3.5320	3.9725	7.5045	6.6310
Thematic Global Equity 'I' Accumulation Shares				
Group 1	9.6638	—	9.6638	8.4054
Group 2	5.6777	3.9861	9.6638	8.4054
Thematic Global Equity 'P' Income Shares				
Group 1	7.6500	—	7.6500	6.7512
Group 2	3.9685	3.6815	7.6500	6.7512
Thematic Global Equity 'P' Accumulation Shares				
Group 1	8.8324	—	8.8324	7.6748
Group 2	3.7355	5.0969	8.8324	7.6748

Distribution Tables (continued)

Thematic Global Equity 'X' Income Shares

Group 1	7.4480	—	7.4480	6.6140
Group 2	3.2853	4.1627	7.4480	6.6140

Thematic Global Equity 'X' Accumulation Shares

Group 1	8.5613	—	8.5613	7.4747
Group 2	4.3853	4.1760	8.5613	7.4747

Thematic Global Equity 'Z' Accumulation Shares²

Group 1	—	—	—	9.4000
Group 2	—	—	—	9.4000

¹There were no group 2 shares for this period.

²Share class closed on 5 November 2018.

Investment Objective and Policy

The objective of the Sarasin Thematic Global Equity (Sterling Hedged) is to seek long-term growth in Pounds Sterling terms through investment in a broad portfolio of international stocks.

The ACD will identify core themes that it considers offer attractive long term investment opportunities to shareholders and the sub-fund will be invested in accordance with these themes. The themes will be kept under review by the ACD and will change from time to time. There will be no restriction by geographical or industrial sector. It is the intention of the ACD that the majority of the holdings within the sub-fund will be of large and medium size stocks, and that any foreign currency exposure will be hedged back into Pounds Sterling.

The sub-fund may also invest in a portfolio of investments which may include transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities and deposits. Cash and near cash may also be held by the sub-fund. The sub-fund may invest in derivatives for efficient portfolio management purposes (including hedging). The sub-fund may also borrow and employ stock lending techniques in accordance with the rules in COLL.

To the extent that it is available, income may be distributed to holders of income shares in the sub-fund in accordance with the sub-fund's distribution policy.

Sensitivity Analysis

The sub-fund invests in equities. The sub-fund will then use options on individual stocks to implement views on specific stocks and to increase the yield on the fund by selling options on stocks. This will be done only fairly rarely compared to the International Equity Income fund. In addition, the sub-fund will sell currency exposures gained from overseas equity holdings. This is done through the use of FX forwards, and the Sterling exposure range is from 85% to 100%.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Thematic Global Equity (Sterling Hedged), as at 31 December 2018, was 8.59% (31 December 2017: 9.27%). The lowest, highest, and average utilisation in the year was 6.08%, 9.26%, and 7.57%, respectively (31 December 2017: 9.16%, 12.16%, and 10.76%, respectively).

Investment Review

The Sarasin Thematic Global Equity (Sterling hedged) sub-fund returned -8.85% for the year ending 31 December 2018 (gross of fees), underperforming the MSCI All Countries World (GBP) Index by 1.17%.

Global financial markets were mixed in a volatile first quarter of 2018, as concerns of rising inflation and interest preoccupied investors. Markets were unsettled by President Trump's announcement on steel and aluminium tariffs, intensifying political tensions between the US and China and sparking fears of a trade war. Despite this environment, the S&P500 approached all-time highs.

Aerospace manufacturer Airbus was the top performer in quarter, driven by strong 2017 results and improved guidance for 2018, closely followed by Mastercard 'A'. US technology and financials generally held up quite well over the quarter, despite the pickup in volatility. Despite energy and healthcare stocks suffering the most during this period, Anadarko Petroleum contributed strongly to the sub-fund's overall performance.

UK telecommunications stocks had a tough first quarter, with BT and Vodafone both detracting from performance. Many of BT's issues were related to Openreach, their infrastructure arm, and the outlook for fibre deployment across the UK. Nonetheless, we believe the business is working through these issues and continue to value its thematic investment credentials.

We sold our positions in Facebook towards the end of March, as the social network and advertising company became embroiled in a controversial data breach. Facebook sold user data to political consultant Cambridge Analytica, who used it during the US elections. Although no accounts were hacked or passwords stolen, the Facebook's terms of service were breached and they were seemingly late to make the news public. During the quarter we started an investment in Deere & Co as digital technology and automation is just beginning to revolutionise farming. We also bought London Stock Exchange that is benefitting from the regulatory drive to clear derivatives on exchange.

The volatility that we saw in the first quarter continued somewhat into the second quarter. Trade tension between the US and China escalated and Brexit negotiations made little progress. There were early signs of a slowing in Eurozone economic activity and the euro fell to its lowest level for six months against the US dollar having hit a high in April. US Treasury bond yields flirted with new highs and the US equity market ground higher, led by large capitalisation technology companies.

Investment Review (continued)

Within the sub-fund, Royal Dutch Shell 'B' was the best contributor for the quarter. Mastercard 'A' also continued to deliver, again beating expectations. Despite a soft few quarters, US car retailer Carmax reported results that showed a substantial recovery, and the stock performed well overall for the quarter. Other strong contributors included Costco Wholesale, CSL and Umicore.

International luggage manufacturer, Samsonite International, was a significant detractor for the sub-fund's performance, with a report alleging a series of accounting malpractices (including inflated earnings). The report was also critical of the CEO, who has since resigned. Nonetheless, the company put up a staunch and credible defence of the allegations and the stock recovered in the early part of June.

We sold out of the sub-fund's positions in Walt Disney and Anadarko Petroleum in May. Despite seeing the strength in some of its business areas (i.e. theme parks and studios), we are concerned that plans to compete with Netflix (via a 'direct to consumer' offering) will prove highly capital intensive whilst providing little return for the near future.

During the third quarter of the year, US markets were spurred by strong economic data, a robust currency and earnings growth supported by tax cuts. Brexit talks again made little progress, though there were occasional moments of optimism, which pressured Sterling. Although July was a better month for the Eurozone, as trade worries receded, August brought political concerns from both Italy and Turkey.

It was a strong third quarter for Japanese healthcare stock Shionogi & Co and it was the sub-fund's top contributor. The company's flu pill developments progressed, with good drug trial data that showed improved performance over Tamiflu. A number of our information technology stocks performed well in the quarter led by Taiwan Semiconductor Manufacturing ADR and ServiceNow. Our US stock selection also helped performance as the market continued to rally.

The third quarter was less good for our UK stocks with Associated British Foods, Just Eat and Vodafone all struggling. UK markets and Sterling fell amid ongoing uncertainty around Brexit and that impacted some of our UK positions. Just Eat results were somewhat disappointing raising concerns around increasing competition and additional capex to fund their delivery initiative. However, we believe these concerns are overdone and the company retains a strong market position and plenty of room for growth in the UK and importantly its international assets.

Stock markets around the world had a very negative – and volatile – end of the year. The result is the first year of negative returns for the US market since the credit crisis. Europe and Asia also posted double-digit losses for the year as a whole.

Within the portfolio, Enel, the Italian power company, was the best-performing stock during the final quarter due to a slightly resolved Italian macro situation. Operationally, the company has performed in line or better than expectations. It also provided an earnings update that reiterated the 2019 targets, upgraded the figure for 2020 and introduced a new 2021 target. Agricultural technology company, Deere & Co, was also one of the quarter's top performers, gaining strength from a reduction in US/China trade tensions. The stock was boosted following lots of positive comments on Precision Agriculture as a structural trend. Technology is also driving a replacement cycle in the US market.

On the negative side, video game developer Activision Blizzard performed poorly. This followed some weaker than expected third quarter operational performance which fed through to lower fourth quarter guidance. In spite of this, we believe the outlook for the stock remains positive. Fresenius Medical Care, which issued a profit warning, also disappointed over the period.

SVB Financial Group, a US commercial bank, was added to the portfolio in the quarter. This company has unique expertise in lending to the innovation economy and providing additional high value services. Erste Group Bank, one of the largest providers of financial services in Central and Eastern Europe, was another addition. Meanwhile, we sold holdings in Zions Bancorporation and ICICI Bank.

Looking at the year as a whole, the energy sector yielded the best returns, with a notable performance from Anadarko Petroleum early in the year. The sub-fund's relative underweight position in the latter stages also contributed to performance as oil prices fell sharply in the fourth quarter. On the negative side, consumer discretionary was the worst performing sector, with poor returns from Samsonite International and Aramark.

Outlook

We are late in the economic cycle and hence face a rising risk of recession. However, the nature of the next recession is difficult to forecast but is highly unlikely to be a replay of 2008-9. Our main concern is the lack of policy tools to offset the effects of an economic downturn as interest rates remain historically low; government borrowing extended and the negative side-effects of unconventional policy may not be so readily tolerated in the next cycle.

Our worries about growth are not in the West though, where unemployment is low and consumer confidence and corporate profits are still robust. Our main concern is in China, where economic visibility is poor with manufacturing survey data now looking consistently weak. The Chinese government will react – probably with tax cuts – but this may offset only some of the trade-related drag.

Investment Review (continued)

In terms of opportunity, the past year's correction has left equity markets relatively inexpensive versus recent history. Cash and government bonds offer little yield competition to global equities. Central Banks can afford to be patient so interest rate risk is modest while the price of oil and other commodities are subdued. We are still finding many genuine thematic growth opportunities that will stand out in a slower growth world.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Top 10 purchases during the year

Deere & Co
Schneider Electric
SVB Financial
3M
London Stock Exchange
Orsted
Fomento Economico Mexicano
ServiceNow
Erste Group Bank
Associated British Foods

Top 10 sales during the year

Total
Zions Bancorporation
Anadarko Petroleum
Hartford Financial Services
Varian Medical Systems
ICICI Bank
Walt Disney
Mastercard 'A'
AmerisourceBergen
Facebook

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 64 to 74 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

SARASIN Thematic Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables

Thematic Global Equity (Sterling Hedged) 'A' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	183.96	154.47	156.16
Return before operating charges*	(14.68)	35.32	3.36
Operating charges	(3.15)	(2.97)	(2.56)
Return after operating charges*	(17.83)	32.35	0.80
Distributions on income shares	(3.10)	(2.86)	(2.49)
Closing net asset value per share	163.03	183.96	154.47
* after direct transaction costs of ¹ :	0.12	0.22	0.22
Performance			
Return after charges ²	(9.69)%	20.94%	0.52%
Other Information			
Closing net asset value (£'000)	4	3	2
Closing number of shares	2,506	1,857	1,195
Operating charges ³	1.71%	1.72%	1.72%
Direct transaction costs	0.07%	0.13%	0.15%
Prices			
Highest share price	193.80p	185.50p	156.60p
Lowest share price	160.90p	154.40p	129.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Thematic Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Thematic Global Equity (Sterling Hedged) 'A' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	210.74	174.15	173.17
Return before operating charges*	(17.04)	39.93	3.83
Operating charges	(3.63)	(3.34)	(2.85)
Return after operating charges*	(20.67)	36.59	0.98
Distributions	(3.56)	(3.22)	(2.77)
Retained distributions on accumulation shares	3.56	3.22	2.77
Closing net asset value per share	190.07	210.74	174.15
* after direct transaction costs of ¹ :	0.14	0.25	0.24
Performance			
Return after charges ²	(9.81)%	21.01%	0.57%
Other Information			
Closing net asset value (£'000)	320	426	355
Closing number of shares	168,177	202,289	203,635
Operating charges ³	1.71%	1.72%	1.72%
Direct transaction costs	0.07%	0.13%	0.15%
Prices			
Highest share price	224.20p	211.10p	175.50p
Lowest share price	186.10p	174.10p	143.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Thematic Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Thematic Global Equity (Sterling Hedged) 'D' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	195.43	162.47	162.60
Return before operating charges*	(15.80)	37.26	3.60
Operating charges	(1.40)	(1.30)	(1.12)
Return after operating charges*	(17.20)	35.96	2.48
Distributions on income shares	(3.30)	(3.00)	(2.61)
Closing net asset value per share	174.93	195.43	162.47
* after direct transaction costs of ¹ :	0.13	0.23	0.23
Performance			
Return after charges ²	(8.80)%	22.13%	1.53%
Other Information			
Closing net asset value (£'000)	1,774	1,981	2,044
Closing number of shares	1,013,790	1,013,790	1,257,907
Operating charges ³	0.71%	0.72%	0.72%
Direct transaction costs	0.07%	0.13%	0.15%
Prices			
Highest share price	207.40p	197.00p	164.30p
Lowest share price	172.60p	162.50p	135.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Thematic Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Thematic Global Equity (Sterling Hedged) 'D' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	223.49	182.74	173.90
Return before operating charges*	(18.27)	42.26	10.09
Operating charges	(1.60)	(1.51)	(1.25)
Return after operating charges*	(19.87)	40.75	8.84
Distributions	(3.79)	(3.39)	(2.33)
Retained distributions on accumulation shares	3.79	3.39	2.33
Closing net asset value per share	203.62	223.49	182.74
* after direct transaction costs of ² :	0.15	0.27	0.26
Performance			
Return after charges ³	(8.89)%	22.30%	5.08%
Other Information			
Closing net asset value (£'000)	153	70	4
Closing number of shares	75,289	31,517	1,944
Operating charges ⁴	0.71%	0.72%	0.72%
Direct transaction costs	0.07%	0.13%	0.15%
Prices			
Highest share price	239.40p	223.80p	183.70p
Lowest share price	199.30p	182.70p	149.90p

¹Share class launched 19 April 2016.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Thematic Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Thematic Global Equity (Sterling Hedged) 'F' Income Shares

	2018 ¹ (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	187.10	156.30	157.30
Return before operating charges*	(0.13)	35.81	3.36
Operating charges	(1.87)	(2.12)	(1.84)
Return after operating charges*	(2.00)	33.69	1.52
Distributions on income shares	(1.80)	(2.89)	(2.52)
Last quoted share price	183.30	—	—
Closing net asset value per share	—	187.10	156.30
* after direct transaction costs of ² :	0.12	0.22	0.22
Performance			
Return after charges ³	(1.07)%	21.55%	0.97%
Other Information			
Closing net asset value (£'000)	—	2	2
Closing number of shares	—	1,000	1,000
Operating charges ⁴	1.21%	1.22%	1.22%
Direct transaction costs	—%	0.13%	0.15%
Prices			
Highest share price	197.90p	188.60p	158.30p
Lowest share price	175.80p	156.30p	130.80p

¹Share class closed on 5 November 2018.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Thematic Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Thematic Global Equity (Sterling Hedged) 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	192.64	160.73	161.41
Return before operating charges*	(15.49)	36.79	3.55
Operating charges	(2.05)	(1.91)	(1.65)
Return after operating charges*	(17.54)	34.88	1.90
Distributions on income shares	(3.25)	(2.97)	(2.58)
Closing net asset value per share	171.85	192.64	160.73
* after direct transaction costs of ¹ :	0.13	0.23	0.23
Performance			
Return after charges ²	(9.11)%	21.70%	1.17%
Other Information			
Closing net asset value (£'000)	47,967	38,765	39,346
Closing number of shares	27,912,777	20,122,579	24,480,367
Operating charges ³	1.06%	1.07%	1.07%
Direct transaction costs	0.07%	0.13%	0.15%
Prices			
Highest share price	203.90p	194.20p	162.60p
Lowest share price	169.60p	160.70p	134.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Thematic Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Thematic Global Equity (Sterling Hedged) 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	222.12	182.35	180.17
Return before operating charges*	(18.06)	41.96	4.03
Operating charges	(2.38)	(2.19)	(1.85)
Return after operating charges*	(20.44)	39.77	2.18
Distributions	(3.76)	(3.38)	(2.89)
Retained distributions on accumulation shares	3.76	3.38	2.89
Closing net asset value per share	201.68	222.12	182.35
* after direct transaction costs of ¹ :	0.15	0.26	0.26
Performance			
Return after charges ²	(9.20)%	21.81%	1.21%
Other Information			
Closing net asset value (£'000)	5,614	4,139	2,732
Closing number of shares	2,783,892	1,863,237	1,498,292
Operating charges ³	1.06%	1.07%	1.07%
Direct transaction costs	0.07%	0.13%	0.15%
Prices			
Highest share price	237.40p	222.40p	183.40p
Lowest share price	197.40p	182.30p	149.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Thematic Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Thematic Global Equity (Sterling Hedged) 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	191.52	159.63	160.14
Return before operating charges*	(15.43)	36.56	3.54
Operating charges	(1.85)	(1.72)	(1.49)
Return after operating charges*	(17.28)	34.84	2.05
Distributions on income shares	(3.23)	(2.95)	(2.56)
Closing net asset value per share	171.01	191.52	159.63
* after direct transaction costs of ¹ :	0.13	0.23	0.23
Performance			
Return after charges ²	(9.02)%	21.83%	1.28%
Other Information			
Closing net asset value (£'000)	707	658	624
Closing number of shares	413,288	343,494	391,077
Operating charges ³	0.96%	0.97%	0.97%
Direct transaction costs	0.07%	0.13%	0.15%
Prices			
Highest share price	202.90p	193.00p	161.50p
Lowest share price	168.60p	159.60p	133.20p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Thematic Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Thematic Global Equity (Sterling Hedged) 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	219.44	180.00	177.63
Return before operating charges*	(17.97)	41.40	4.02
Operating charges	(2.14)	(1.96)	(1.65)
Return after operating charges*	(20.11)	39.44	2.37
Distributions	(3.72)	(3.31)	(2.85)
Retained distributions on accumulation shares	3.72	3.31	2.85
Closing net asset value per share	199.33	219.44	180.00
* after direct transaction costs of ¹ :	0.15	0.26	0.25
Performance			
Return after charges ²	(9.16)%	21.91%	1.33%
Other Information			
Closing net asset value (£'000)	440	1,831	1,163
Closing number of shares	220,605	834,462	646,336
Operating charges ³	0.96%	0.97%	0.97%
Direct transaction costs	0.07%	0.13%	0.15%
Prices			
Highest share price	234.70p	219.70p	180.90p
Lowest share price	195.10p	180.00p	147.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Thematic Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Thematic Global Equity (Sterling Hedged) 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	183.76	154.08	155.53
Return before operating charges*	(14.70)	35.21	3.36
Operating charges	(2.87)	(2.69)	(2.33)
Return after operating charges*	(17.57)	32.52	1.03
Distributions on income shares	(3.09)	(2.84)	(2.48)
Closing net asset value per share	163.10	183.76	154.08
* after direct transaction costs of ¹ :	0.12	0.22	0.22
Performance			
Return after charges ²	(9.56)%	21.11%	0.66%
Other Information			
Closing net asset value (£'000)	14,923	13,792	12,211
Closing number of shares	9,149,616	7,505,356	7,925,111
Operating charges ³	1.56%	1.57%	1.57%
Direct transaction costs	0.07%	0.13%	0.15%
Prices			
Highest share price	193.80p	185.30p	156.10p
Lowest share price	161.00p	154.10p	129.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Thematic Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Thematic Global Equity (Sterling Hedged) 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	212.04	174.97	173.76
Return before operating charges*	(17.11)	40.14	3.81
Operating charges	(3.32)	(3.07)	(2.60)
Return after operating charges*	(20.43)	37.07	1.21
Distributions	(3.58)	(3.23)	(2.78)
Retained distributions on accumulation shares	3.58	3.23	2.78
Closing net asset value per share	191.61	212.04	174.97
* after direct transaction costs of ¹ :	0.14	0.25	0.24
Performance			
Return after charges ²	(9.63)%	21.19%	0.70%
Other Information			
Closing net asset value (£'000)	9,129	3,212	2,617
Closing number of shares	4,764,568	1,514,740	1,495,975
Operating charges ³	1.56%	1.57%	1.57%
Direct transaction costs	0.07%	0.13%	0.15%
Prices			
Highest share price	225.80p	212.40p	176.20p
Lowest share price	187.60p	174.90p	144.40p

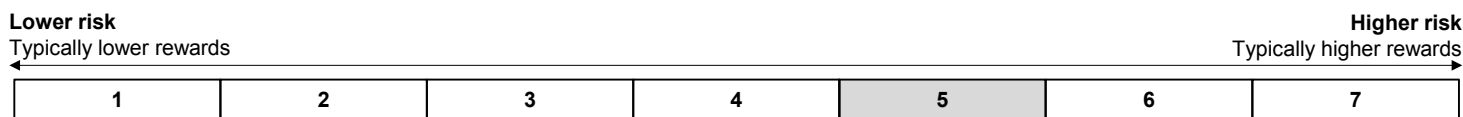
¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 5 reflecting observed historical returns. The sub-fund is in this category because it has shown higher levels of volatility historically. The prior year rating was 4 and it has increased due to increased volatility within the sub-fund.

The following risks may not be fully captured by the Indicator:

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Derivatives: Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

Emerging Market Risk: Emerging markets may face more political, economic or structural challenges than developed markets and shares may be less liquid, meaning that investments may not be sold quickly enough to prevent or minimize a loss; they may therefore involve a higher risk than investing in developed markets.

Currency Hedged Class: Hedging activities may not be entirely effective in achieving the purpose for which they have been entered into. Currency hedging can also reduce and may completely offset gains in market circumstances that would otherwise have been beneficial had the position not been hedged.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 11.94% (31 December 2017 - 14.30%)			
565,024	BT	1,345,040	1.66
528,743	Enel	2,392,862	2.95
5,744	Equinix	1,590,379	1.96
84,971	Royal Dutch Shell 'B'	1,985,772	2.45
51,819	Taiwan Semiconductor Manufacturing ADR	1,500,944	1.85
563,519	Vodafone	861,620	1.07
		9,676,617	11.94
Cyclical Franchise 34.73% (31 December 2017 - 28.14%)			
20,777	Airbus	1,565,574	1.93
16,375	CSL	1,675,977	2.07
18,592	Deere & Co	2,176,998	2.69
43,125	Erste Group Bank	1,118,657	1.38
23,750	First Republic Bank	1,621,251	2.00
167,902	ING Groep	1,418,129	1.75
24,583	JPMorgan Chase	1,886,189	2.33
142,100	Kubota	1,585,917	1.96
39,779	London Stock Exchange	1,615,027	1.99
19,608	Marriott International 'A'	1,671,206	2.06
57,361	Pfizer	1,965,479	2.43
100,680	Prudential	1,411,534	1.74
768,900	Samsonite International	1,715,699	2.12
30,369	Schneider Electric	1,627,873	2.01
11,500	Shimano	1,275,647	1.57
11,122	SVB Financial	1,657,209	2.04
25,777	United Technologies	2,154,492	2.66
		28,142,858	34.73
Defensive Franchise 18.84% (31 December 2017 - 17.33%)			
12,858	3M	1,923,046	2.37
32,266	Colgate-Palmolive	1,507,909	1.86
11,480	Costco Wholesale	1,836,385	2.27
16,947	Ecolab	1,960,695	2.42
15,809	EssilorLuxottica	1,567,257	1.93
25,073	Fomento Economico Mexicano ADR	1,692,073	2.09
28,566	Fresenius Medical Care	1,448,665	1.79
22,090	Henkel	1,692,269	2.09
14,910	Moody's	1,639,444	2.02
		15,267,743	18.84
Disruptive Growth 27.93% (31 December 2017 - 26.45%)			
27,127	Activision Blizzard	992,555	1.23
273,600	AIA	1,783,490	2.20
1,599	Alphabet 'C'	1,301,924	1.61
12,147	Amgen	1,857,339	2.29
82,671	Associated British Foods	1,688,968	2.08
24,425	CarMax	1,203,031	1.49
240,804	Just Eat	1,413,038	1.74

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Disruptive Growth (continued)			
3,200	Keyence	1,274,888	1.57
15,487	Mastercard 'A'	2,293,866	2.83
42,092	Novozymes 'B'	1,470,233	1.82
38,134	Orsted	1,996,142	2.46
10,658	ServiceNow	1,488,739	1.84
50,400	Shionogi & Co	2,260,070	2.79
51,649	Umicore	1,606,332	1.98
		22,630,615	27.93
Special Situation 1.87% (31 December 2017 - 7.96%)			
66,475	Aramark	1,511,033	1.87
		1,511,033	1.87
Strategic Holdings 2.66% (31 December 2017 - 2.54%)			
591,006	LF Morant Wright Japan 'B' Income	2,153,627	2.66
		2,153,627	2.66
Forward Currency Contracts 0.42% (31 December 2017 - 0.37%)			
AUD (2,440,000)	Sold AUD, Bought GBP 1,391,622 for settlement on 20/03/2019	45,990	0.06
DKK (27,550,000)	Sold DKK, Bought GBP 3,347,306 for settlement on 20/03/2019	23,727	0.03
EUR (17,086,100)	Sold EUR, Bought GBP 15,486,499 for settlement on 20/03/2019	110,077	0.14
USD 950,000	Bought USD, Sold GBP 750,781 for settlement on 20/03/2019	(7,540)	(0.01)
JPY 73,848,000	Bought JPY, Sold GBP 526,583 for settlement on 20/03/2019	3,155	—
EUR 724,000	Bought EUR, Sold GBP 655,741 for settlement on 20/03/2019	(4,187)	—
USD 1,130,000	Bought USD, Sold GBP 888,330 for settlement on 20/03/2019	(4,265)	(0.01)
EUR 756,000	Bought EUR, Sold GBP 676,733 for settlement on 20/03/2019	3,619	—
USD 888,000	Bought USD, Sold GBP 697,045 for settlement on 20/03/2019	(2,310)	—
USD 1,570,000	Bought USD, Sold GBP 1,234,737 for settlement on 20/03/2019	(6,434)	(0.01)
JPY 72,900,000	Bought JPY, Sold GBP 512,672 for settlement on 20/03/2019	10,266	0.01
USD 1,420,000	Bought USD, Sold GBP 1,111,598 for settlement on 20/03/2019	(649)	—
HKD (8,686,000)	Sold HKD, Bought GBP 878,012 for settlement on 20/03/2019	8,166	0.01
JPY (1,307,115,000)	Sold JPY, Bought GBP 9,189,180 for settlement on 20/03/2019	(187,225)	(0.23)
USD (552,000)	Sold USD, Bought GBP 435,009 for settlement on 20/03/2019	3,147	—
USD (985,400)	Sold USD, Bought GBP 775,629 for settlement on 20/03/2019	4,693	0.01

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Forward Currency Contracts (continued)			
USD (53,949,300)	Sold USD, Bought GBP 42,541,734 for settlement on 20/03/2019	334,047	0.41
USD (650,000)	Sold USD, Bought GBP 514,937 for settlement on 20/03/2019	6,404	0.01
		340,681	0.42
Total Value of Investments 98.39% (31 December 2017 - 97.09%)			
		79,723,174	98.39
	Net Other Assets	1,307,210	1.61
	Net assets	81,030,384	100.00

All holdings are ordinary shares of stock and are listed on an official stock exchange unless otherwise stated.

Asset Allocation of Portfolio of Investments is as follows:

Collective Investment Schemes	2,153,627	2.66
Equities	77,228,866	95.31
Forward Currency Contracts	340,681	0.42
Net Other Assets	1,307,210	1.61
	81,030,384	100.00

Statement of Total Return

For the year ended 31 December 2018

	Notes ¹	£	31.12.2018 £	31.12.2017 £
Income				
Net capital (losses)/gains	4		(9,112,377)	12,392,991
Revenue	6	1,435,817		1,215,629
Expenses	7	(935,865)		(768,751)
Interest payable and similar charges	9	(141)		(19)
Net revenue before taxation		499,811		446,859
Taxation	8	(122,705)		(117,159)
Net revenue after taxation for the year			377,106	329,700
Total returns before distributions			(8,735,271)	12,722,691
Distributions	9		(1,306,537)	(1,093,665)
Changes in net assets attributable to shareholders from investment activities			(10,041,808)	11,629,026

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

	Note ¹	£	31.12.2018 £	31.12.2017 £
Opening net assets attributable to shareholders			64,879,114	61,100,190
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		37,972,204		15,267,072
Less: amounts paid on cancellation of shares		(12,064,244)		(23,267,594)
			25,907,960	(8,000,522)
Single swing price adjustment			20,460	13,910
Unclaimed distributions			—	290
Changes in net assets attributable to shareholders from investment activities (see above)			(10,041,808)	11,629,026
Retained distribution on accumulation shares	9		264,658	136,220
Closing net assets attributable to shareholders			81,030,384	64,879,114

¹The notes to these accounts can be found on pages 81 to 89.

SARASIN Thematic Global Equity (Sterling Hedged)

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		79,935,784	63,119,654
Current assets:			
Debtors	10	155,901	234,719
Cash and bank balances	11	1,789,024	2,077,917
Total assets		<u>81,880,709</u>	<u>65,432,290</u>
Liabilities			
Investment liabilities		(212,610)	(125,297)
Creditors:			
Distribution payable on income shares	9	(532,494)	(362,146)
Other creditors	12	(105,221)	(65,733)
Total liabilities		<u>(850,325)</u>	<u>(553,176)</u>
Net assets attributable to shareholders		<u>81,030,384</u>	<u>64,879,114</u>

¹The notes to these accounts can be found on pages 81 to 89.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(5,242,086)	9,553,908
Gains/(losses) on derivative securities	23,262	(93,909)
(Losses)/gains on forward currency contracts	(2,322,490)	2,754,712
Currency (losses)/gains	(1,571,004)	178,461
Transaction charges	(59)	(181)
Net capital (losses)/gains	<u>(9,112,377)</u>	<u>12,392,991</u>

5. Purchases, Sales, and Transaction Costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Collective Investment Schemes	1,090,263	1,615,796
Corporate Actions	–	923,002
Derivatives	253,721	214,139
Equities	48,668,693	30,442,618
Commissions:		
Equities total value paid	30,925	39,086
Taxes:		
Equities total value paid	30,757	21,593
Total purchase transaction costs	<u>61,682</u>	<u>60,679</u>
Gross purchases total	<u>50,074,359</u>	<u>33,256,234</u>
Analysis of total sale costs:		
Gross sales in year before transaction costs		
Collective Investment Schemes	263,905	–
Corporate Actions	–	923,002
Derivatives	477,289	88,086
Equities	27,517,974	39,905,726
Commissions:		
Equities total value paid	(9,799)	(37,171)
Taxes:		
Equities total value paid	(2)	(2)
Total sales costs	<u>(9,801)</u>	<u>(37,173)</u>
Total sales net of transaction costs	<u>28,249,367</u>	<u>40,879,641</u>

Notes to the Financial Statements (continued)

5. Purchases, Sales, and Transaction Costs (continued)

	31.12.2018 %	31.12.2017 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV ¹	0.04	0.06
Equities percentage of purchases total	0.06	0.13
Taxes:		
Equities percentage of average NAV ¹	0.04	0.03
Equities percentage of purchases total	0.06	0.07
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV ¹	0.01	0.06
Equities percentage of sales total	0.04	0.09
Taxes:		
Equities percentage of average NAV ¹	—	—
Equities percentage of sales total	—	—

The average portfolio dealing spread as at 31 December 2018 was 0.09% (31 December 2017: 0.06%).

¹Excluding single swing price adjustment.

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	2,385	247
Franked UK dividends	347,787	188,432
Franked CIS revenue	12,630	—
Overseas dividends	1,073,015	1,026,950
	<u>1,435,817</u>	<u>1,215,629</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	<u>769,392</u>	<u>628,435</u>
	<u>769,392</u>	<u>628,435</u>
Other expenses:		
Fixed operating charge ¹	163,973	137,155
Sundry expenses	<u>2,500</u>	<u>3,161</u>
	<u>166,473</u>	<u>140,316</u>
	<u>935,865</u>	<u>768,751</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	122,705	117,159
Current tax (note 8b)	122,705	117,159
Deferred tax (note 8c)	–	–
Total tax charge	<u>122,705</u>	<u>117,159</u>

b) Factors affecting taxation charge for the year:

The tax assessed for the period is higher (2017: higher) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	499,811	446,859
Corporation tax at 20%	99,962	89,372
Effects of:		
UK dividend revenue not subject to corporation tax	(69,557)	(37,686)
Overseas tax irrecoverable	122,705	117,159
Excess management expenses	180,891	148,953
Franked CIS revenue	(2,526)	–
Overseas dividend revenue not subject to corporation tax	(207,740)	(199,800)
Double taxation relief	<u>(1,030)</u>	<u>(839)</u>
Sub-total	<u>22,743</u>	<u>27,787</u>
Current year tax charge (note 8a)	<u>122,705</u>	<u>117,159</u>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	–	–
Deferred tax charge for the year	–	–
Provision at end of year	<u>–</u>	<u>–</u>

The sub-fund has not recognised a deferred tax asset of £1,945,638 (31 December 2017: £1,764,747) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
Interim Distribution	685,364	551,266
Interim Accumulation	138,042	73,137
Final Distribution	532,494	362,146
Final Accumulation	126,616	63,083
	<u>1,482,516</u>	<u>1,049,632</u>
Add: Amounts deducted on cancellation of shares	26,295	71,632
Less: Amounts added on creation of shares	<u>(202,274)</u>	<u>(27,599)</u>
Distributions	<u>1,306,537</u>	<u>1,093,665</u>
Interest payable and similar charges	141	19
Total distributions	<u>1,306,678</u>	<u>1,093,684</u>

Notes to the Financial Statements (continued)

9. Distributions (continued)

	31.12.2018 £	31.12.2017 £
Net revenue after taxation	377,106	329,700
Add: Capitalised expenses	935,867	768,751
Add: Undistributed revenue brought forward	10	21
Less: Undistributed revenue carried forward	(23)	(10)
Tax effect of fees offset to capital	(6,423)	(4,797)
Distributions	<u>1,306,537</u>	<u>1,093,665</u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	115,037	100,344
Amount receivable for creation of shares	3,054	97,828
Overseas tax recoverable	37,810	36,547
	<u>155,901</u>	<u>234,719</u>

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	1,789,024	2,077,917
	<u>1,789,024</u>	<u>2,077,917</u>

12. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	19,836	1,169
Accrued expenses	85,385	64,564
	<u>105,221</u>	<u>65,733</u>

13. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

14. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £70,461 (31 December 2017: £53,085).

At the year end, Sarasin Thematic Global Equity (Sterling Hedged) held no shares in any other sub fund or collective investment scheme managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

At the year end, BNY (OCS) Nominees Limited owned below the 25% threshold in the sub-fund on behalf of multiple beneficiaries (31 December 2017: 25.10%).

15. Shareholders' Funds

The sub-fund has 11 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Notes to the Financial Statements (continued)

15. Shareholders' Funds (continued)

Thematic Global Equity (Sterling Hedged) 'A' Income Shares

Opening shares	1,857
Shares Created	649
Shares Liquidated	—
Shares Converted	—
Closing shares	2,506

Thematic Global Equity (Sterling Hedged) 'A' Accumulation Shares

Opening shares	202,289
Shares Created	8,348
Shares Liquidated	(1,407)
Shares Converted	(41,053)
Closing shares	168,177

Thematic Global Equity (Sterling Hedged) 'D' Income Shares

Opening shares	1,013,790
Shares Created	—
Shares Liquidated	—
Shares Converted	—
Closing shares	1,013,790

Thematic Global Equity (Sterling Hedged) 'D' Accumulation Shares

Opening shares	31,517
Shares Created	49,961
Shares Liquidated	(6,189)
Shares Converted	—
Closing shares	75,289

Thematic Global Equity (Sterling Hedged) 'F' Income Shares

Opening shares	1,000
Shares Created	—
Shares Liquidated	(1,000)
Shares Converted	—
Closing shares	—

Thematic Global Equity (Sterling Hedged) 'I' Income Shares

Opening shares	20,122,579
Shares Created	11,855,793
Shares Liquidated	(4,065,595)
Shares Converted	—
Closing shares	27,912,777

Thematic Global Equity (Sterling Hedged) 'I' Accumulation Shares

Opening shares	1,863,237
Shares Created	923,469
Shares Liquidated	(2,814)
Shares Converted	—
Closing shares	2,783,892

Thematic Global Equity (Sterling Hedged) 'P' Income Shares

Opening shares	343,494
Shares Created	119,242
Shares Liquidated	(49,448)
Shares Converted	—
Closing shares	413,288

Notes to the Financial Statements (continued)
15. Shareholders' Funds (continued)
Thematic Global Equity (Sterling Hedged) 'P' Accumulation Shares

Opening shares	834,462
Shares Created	152,339
Shares Liquidated	(766,196)
Shares Converted	–
Closing shares	220,605

Thematic Global Equity (Sterling Hedged) 'X' Income Shares

Opening shares	7,505,356
Shares Created	2,325,875
Shares Liquidated	(704,700)
Shares Converted	23,085
Closing shares	9,149,616

Thematic Global Equity (Sterling Hedged) 'X' Accumulation Shares

Opening shares	1,514,740
Shares Created	3,739,200
Shares Liquidated	(510,090)
Shares Converted	20,718
Closing shares	4,764,568

16. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 60. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	330,345	330,345	0.41
Danish kroner	8,672	142,796	151,468	0.19
Euro	21,165	393,105	414,270	0.51
Hong Kong dollar	–	2,629,343	2,629,343	3.24
Japanese yen	22,216	(1,927,208)	(1,904,992)	(2.35)
Sterling	1,227,186	79,980,335	81,207,521	100.22
Swiss franc	7,973	–	7,973	0.01
US dollar	19,998	(1,825,542)	(1,805,544)	(2.23)
	1,307,210	79,723,174	81,030,384	100.00

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	267,150	267,150	0.41
Danish kroner	6,423	504,240	510,663	0.79
Euro	43,766	113,438	157,204	0.24
Hong Kong dollar	–	1,951,583	1,951,583	3.01
Japanese yen	11,942	(1,107,576)	(1,095,634)	(1.69)
Sterling	1,795,744	62,670,337	64,466,081	99.36
Swiss franc	7,594	–	7,594	0.01
US dollar	19,288	(1,404,815)	(1,385,527)	(2.13)
	1,884,757	62,994,357	64,879,114	100.00

Notes to the Financial Statements (continued)

16. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	1,675,977	1,675,977
Danish kroner	—	—	3,475,047	3,475,047
Euro	—	—	15,790,691	15,790,691
Hong Kong dollar	—	—	3,499,189	3,499,189
Japanese yen	—	—	7,471,413	7,471,413
Sterling	1,783,658	—	87,115,798	88,899,456
Swiss franc	—	—	7,973	7,973
US dollar	5,365	—	42,108,109	42,113,474
	<u>1,789,023</u>	<u>—</u>	<u>161,144,197</u>	<u>162,933,220</u>

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Australian dollar	—	—	(1,345,632)	(1,345,632)
Danish kroner	—	—	(3,323,579)	(3,323,579)
Euro	—	—	(15,376,421)	(15,376,421)
Hong Kong dollar	—	—	(869,846)	(869,846)
Japanese yen	—	—	(9,376,405)	(9,376,405)
Sterling	—	—	(7,691,935)	(7,691,935)
US dollar	—	—	(43,919,018)	(43,919,018)
	<u>—</u>	<u>—</u>	<u>(81,902,836)</u>	<u>(81,902,836)</u>

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	1,294,523	1,294,523
Danish kroner	—	—	1,353,241	1,353,241
Euro	—	—	11,862,372	11,862,372
Hong Kong dollar	—	—	2,773,276	2,773,276
Japanese yen	—	—	4,238,102	4,238,102
Sterling	2,074,579	—	63,158,218	65,232,797
Swiss franc	—	—	7,594	7,594
US dollar	3,338	—	32,614,957	32,618,295
	<u>2,077,917</u>	<u>—</u>	<u>117,302,283</u>	<u>119,380,200</u>

Notes to the Financial Statements (continued)

16. Risk Disclosures (continued)

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Australian dollar	–	–	(1,027,373)	(1,027,373)
Danish kroner	–	–	(842,578)	(842,578)
Euro	–	–	(11,705,168)	(11,705,168)
Hong Kong dollar	–	–	(821,693)	(821,693)
Japanese yen	–	–	(5,333,736)	(5,333,736)
Sterling	–	–	(766,716)	(766,716)
US dollar	–	–	(34,003,822)	(34,003,822)
	–	–	(54,501,086)	(54,501,086)

Fair Value

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

Valuation technique as at 31 December 2018

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Collective Investment Schemes	–	2,153,627	–	2,153,627
Equities	77,228,866	–	–	77,228,866
Forward Currency Contracts	–	553,291	–	553,291
	<u>77,228,866</u>	<u>2,706,918</u>	<u>–</u>	<u>79,935,784</u>
Financial Liabilities				
Forward Currency Contracts	–	(212,610)	–	(212,610)
	<u>–</u>	<u>(212,610)</u>	<u>–</u>	<u>(212,610)</u>

Valuation technique as at 31 December 2017

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Collective Investment Schemes	–	1,620,510	–	1,620,510
Equities	61,102,463	–	–	61,102,463
Forward Currency Contracts	–	347,242	–	347,242
Options	49,439	–	–	49,439
	<u>61,151,902</u>	<u>1,967,752</u>	<u>–</u>	<u>63,119,654</u>
Financial Liabilities				
Forward Currency Contracts	–	(108,127)	–	(108,127)
Options	(17,170)	–	–	(17,170)
	<u>(17,170)</u>	<u>(108,127)</u>	<u>–</u>	<u>(125,297)</u>

The valuation technique has been disclosed under Accounting Policies 1k on page 22.

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Notes to the Financial Statements (continued)**16. Risk Disclosures (continued)****Counterparty Risk**

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce Counterparty Risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. The counterparties to these transactions and any collateral held by the Fund at the balance sheet date are shown below:

Counterparty Name as at 31 December 2018	Exposure £	Cash Collateral £
The Bank of New York Mellon	553,291	—
Counterparty Name as at 31 December 2017	Exposure £	Cash Collateral £
Goldman Sachs International	49,439	—
The Bank of New York Mellon	347,242	—

Positive exposure represents the mark to market value of derivative contracts and the sub-fund's exposure to that counterparty.

17. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per share of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. The following share classes have exceeded the threshold and, as at the date of signing these accounts, have increased in value by over 10% since 31 December 2018: Thematic Global Equity (Sterling Hedged) X Inc, X Acc, I Inc, I Acc, A Inc, A Acc, P Inc, P Acc, D Inc, D Acc.

SARASIN Thematic Global Equity (Sterling Hedged)

Distribution Tables

For the year ended 31 December 2018

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Thematic Global Equity (Sterling Hedged) 'A' Income Shares				
Group 1	1.7652	—	1.7652	1.6420
Group 2	1.0537	0.7115	1.7652	1.6420
Thematic Global Equity (Sterling Hedged) 'A' Accumulation Shares				
Group 1	2.0183	—	2.0183	1.8409
Group 2	1.4336	0.5847	2.0183	1.8409
Thematic Global Equity (Sterling Hedged) 'D' Income Shares¹				
Group 1	1.8772	—	1.8772	1.7230
Group 2	1.8772	—	1.8772	1.7230
Thematic Global Equity (Sterling Hedged) 'D' Accumulation Shares¹				
Group 1	2.1466	—	2.1466	1.9383
Group 2	2.1466	—	2.1466	1.9383
Thematic Global Equity (Sterling Hedged) 'F' Income Shares¹				
Group 1	1.7980	—	1.7980	1.6570
Group 2	1.7980	—	1.7980	1.6570
Thematic Global Equity (Sterling Hedged) 'I' Income Shares				
Group 1	1.8485	—	1.8485	1.7025
Group 2	0.4639	1.3846	1.8485	1.7025
Thematic Global Equity (Sterling Hedged) 'I' Accumulation Shares				
Group 1	2.1314	—	2.1314	1.9317
Group 2	1.0701	1.0613	2.1314	1.9317
Thematic Global Equity (Sterling Hedged) 'P' Income Shares				
Group 1	1.8383	—	1.8383	1.6914
Group 2	0.2537	1.5846	1.8383	1.6914
Thematic Global Equity (Sterling Hedged) 'P' Accumulation Shares				
Group 1	2.1062	—	2.1062	1.8836
Group 2	1.4423	0.6639	2.1062	1.8836
Thematic Global Equity (Sterling Hedged) 'X' Income Shares				
Group 1	1.7607	—	1.7607	1.6295
Group 2	1.1030	0.6577	1.7607	1.6295
Thematic Global Equity (Sterling Hedged) 'X' Accumulation Shares				
Group 1	2.0320	—	2.0320	1.8504
Group 2	1.4379	0.5941	2.0320	1.8504

SARASIN Thematic Global Equity (Sterling Hedged)

Distribution Tables (continued)

Final distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Thematic Global Equity (Sterling Hedged) 'A' Income Shares				
Group 1	1.3313	—	1.3313	1.2149
Group 2	0.5918	0.7395	1.3313	1.2149
Thematic Global Equity (Sterling Hedged) 'A' Accumulation Shares				
Group 1	1.5386	—	1.5386	1.3754
Group 2	0.4749	1.0637	1.5386	1.3754
Thematic Global Equity (Sterling Hedged) 'D' Income Shares¹				
Group 1	1.4236	—	1.4236	1.2805
Group 2	1.4236	—	1.4236	1.2805
Thematic Global Equity (Sterling Hedged) 'D' Accumulation Shares				
Group 1	1.6437	—	1.6437	1.4548
Group 2	0.1639	1.4798	1.6437	1.4548
Thematic Global Equity (Sterling Hedged) 'F' Income Shares²				
Group 1	—	—	—	1.2290
Group 2	—	—	—	1.2290
Thematic Global Equity (Sterling Hedged) 'I' Income Shares				
Group 1	1.3991	—	1.3991	1.2635
Group 2	0.5859	0.8132	1.3991	1.2635
Thematic Global Equity (Sterling Hedged) 'I' Accumulation Shares				
Group 1	1.6294	—	1.6294	1.4471
Group 2	0.4783	1.1511	1.6294	1.4471
Thematic Global Equity (Sterling Hedged) 'P' Income Shares				
Group 1	1.3926	—	1.3926	1.2557
Group 2	0.5746	0.8180	1.3926	1.2557
Thematic Global Equity (Sterling Hedged) 'P' Accumulation Shares				
Group 1	1.6095	—	1.6095	1.4293
Group 2	0.7174	0.8921	1.6095	1.4293
Thematic Global Equity (Sterling Hedged) 'X' Income Shares				
Group 1	1.3306	—	1.3306	1.2067
Group 2	0.6082	0.7224	1.3306	1.2067
Thematic Global Equity (Sterling Hedged) 'X' Accumulation Shares				
Group 1	1.5506	—	1.5506	1.3832
Group 2	0.6610	0.8896	1.5506	1.3832

¹There were no group 2 shares for this period.

²Share class closed on 5 November 2018.

Investment Objective and Policy

Sarasin Global Equity Real Return seeks to achieve a return to Shareholders equal to the UK Retail Price Index (RPI) plus 3.5% over a rolling five-year period.

In order to achieve the investment objective, it is intended that the sub-fund will primarily invest in a broad portfolio of global equity securities that satisfy one or more investment themes that the ACD expects to be key drivers of corporate profitability and investment performance.

Generally, approximately 75% of the sub-fund's assets will be in global equities. Given the volatility of equities, however, risk mitigation strategies will be deployed in an effort to reduce the volatility of the sub-fund. These strategies will include tactical asset allocation using either cash or derivatives strategies to manage the net exposure to equities. As a result, the sub-fund may invest in global equities to a significantly greater or lesser degree for prolonged periods when deemed appropriate such that, for example, in difficult market conditions less than half the sub-fund may be invested in equities.

The derivative strategies employed are expected to combine core conventional long-only holdings with synthetic equity swaps, equity derivatives and equity derivatives baskets. The sub-fund is expected to make limited use of contracts for differences (CFDs) for long and short equity positions, stock index futures or stock index options. In addition, the sub-fund is likely to use forward exchange contracts or currency derivatives on an opportunistic basis to manage the overall currency exposure.

The sub-fund may also invest in cash and near cash, units in collective investment schemes, government and supranational fixed interest securities and index-linked bonds which, at the date of acquisition, have a maturity of no greater than one year.

Sensitivity Analysis

The sub-fund invests in equities. The exposure to equity markets is then reduced through the use of short futures and options. Exposure to foreign currencies is also altered through the use of forwards and occasionally options. The level of equity exposure varies over time depending on how positive the manager is; generally, the level has been in the range of 50-90%.

Options are used on individual stocks to implement views on specific stocks. Views on volatility are sometimes taken using either options or swaps.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Global Equity Real Return, as at 31 December 2018, was 7.03% (31 December 2017: 6.36%). The lowest, highest, and average utilisation in the year was 4.44%, 7.23%, and 5.80%, respectively (31 December 2017: 6.37%, 8.37%, and 7.47%, respectively).

Investment Review

After modest returns in the first three quarters of 2018, the year ended on a volatile note making fourth quarter the worst quarter for global equity markets since the 2008 Financial Crisis. The transition from Quantitative Easing (QE) to Quantitative Tightening (QT), alongside concerns that global growth is now stalling faster than central banks had anticipated created the perfect storm for risk assets, leaving the global equity index down over 9% for the year. As the "risk off" sentiment rippled through the market, the negative performance of the sub-fund for the year was less than the market and broadly in line with the short-term (equity market) benchmark taking into account the impact of fees.

Stock selection in equities was positive for the year overall. Within this, North America was the best performing region and healthcare the strongest performing sector.

Amazon.com was once again the top performing stock in the sub-fund, despite the retreat from the technology sector overall in the fourth quarter of the year. Other contributors to performance were Pfizer and Chicago Mercantile Exchange (CME). It was pleasing to see our investment thesis for CME supported as the stock performed reasonably well in an environment of increasing volatility. Pfizer's new inhibitor drug for breast cancer, Ibrance, is currently best in class and continues to drive growth.

At the regional level, the worst performer was Europe, which was held back in particular by companies such as Dutch bank, ING Groep, which was fined for having insufficient anti-money laundering controls. Despite strong performance in the first half of the year, electric vehicle battery manufacturer, Umicore, struggled towards the end of the year due to concerns about the company's cash flow and the risks to earnings as the metal and automobile markets have slowed. Despite the short-term headwinds, we remain positive on the company's ability to build a market leading position in the electric vehicle cathode market over the long term.

Over the period, we had a timely exit from our position in Citi Group via a derivative strategy. Other notable sales included the sale of German telecommunications company, 1&1 Drillisch, which we sold as the long-term outlook for the company's profitability became more challenging.

Investment Review (continued)

The programme of portfolio insurance that we had been running since the early part of 2018 offered some protection against the drawdowns at the end of the year and we closed this out before expiry.

Among the new additions to the portfolio was Danish wind farm developer, Orsted. As the market leader in the sector that benefits from and experienced management team and economies of scale, Orsted is ideally positioned for the growth in the offshore wind market. Over the period, we also added to our holding in Ecolab, which is one of the few investible beneficiaries of the scarcity of fresh water.

Outlook

Given the denouement of QE and that we are almost ten years into the recovery cycle it is reasonable to expect volatility in markets to continue. The stimulus of US tax cuts and public spending is likely to ease over time and it is difficult to gauge whether the trade tensions between China and the US will intensify or ease in 2019. Hitherto developing economies have been particular beneficiaries of free trade and the uncertainties have reduced the pace of investment. All the same, these nations could account for two-thirds of global GDP growth over the next decade, as they adopt new technology across multiple industries.

Whilst the headline valuations of markets are now back at more attractive levels, we are very aware of the potential price distortion that has been created by loose monetary policy. We remain disciplined in our approach to valuation and will look to invest capital in our highest conviction holdings where we feel the market has unfairly discounted long-term structural winners.

The sub-fund goes into 2019 broadly equity neutral and looking for opportunities in oversold names with defensive qualities. We are currently close to our neutral position in Sterling, the outlook for which depends largely on the outcome of the Brexit negotiations in the short term.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Top 10 purchases during the year

UK Treasury 1.75% 22/07/2019
UK Treasury 4.5% 7/03/2019
First Republic Bank
Unilever
Umicore
CF Morant Wright Nippon Yield 'B' Income
Equinix
Tencent
Activision Blizzard
Ecolab

Top 10 sales during the year

UK Treasury 1.25% 22/07/2018
Citigroup
Total
Rio Tinto
Service Corp International
Nestle
Facebook
Amazon.com
Fidelity Investment Index Japan 'P' Accumulation
1&1 Drillisch

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 95 to 104 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

SARASIN Global Equity Real Return

Sub-fund Information (continued)

Comparative Tables

Global Equity Real Return 'A' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	152.82	135.12	123.63
Return before operating charges*	(4.05)	22.44	15.15
Operating charges	(2.63)	(2.54)	(2.22)
Return after operating charges*	(6.68)	19.90	12.93
Distributions on income shares	(2.31)	(2.20)	(1.44)
Closing net asset value per share	143.83	152.82	135.12
* after direct transaction costs of ¹ :	0.06	0.11	0.26
Performance			
Return after charges ²	(4.37)%	14.73%	10.46%
Other Information			
Closing net asset value (£'000)	68	61	55
Closing number of shares	46,869	40,000	40,821
Operating charges ³	1.73%	1.74%	1.74%
Direct transaction costs	0.04%	0.08%	0.20%
Prices			
Highest share price	158.00p	154.00p	139.20p
Lowest share price	142.60p	135.00p	111.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Equity Real Return

Sub-fund Information (continued)

Comparative Tables (continued)

Global Equity Real Return 'A' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	171.56	149.46	135.26
Return before operating charges*	(4.65)	24.92	16.64
Operating charges	(2.99)	(2.82)	(2.44)
Return after operating charges*	(7.64)	22.10	14.20
Distributions	(2.82)	(2.44)	(1.58)
Retained distributions on accumulation shares	2.82	2.44	1.58
Closing net asset value per share	163.92	171.56	149.46
* after direct transaction costs of ¹ :	0.07	0.13	0.28
Performance			
Return after charges ²	(4.45)%	14.79%	10.50%
Other Information			
Closing net asset value (£'000)	1,215	1,291	1,199
Closing number of shares	741,147	752,793	802,305
Operating charges ³	1.73%	1.74%	1.74%
Direct transaction costs	0.04%	0.08%	0.20%
Prices			
Highest share price	178.90p	172.00p	153.40p
Lowest share price	161.40p	149.20p	122.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Equity Real Return

Sub-fund Information (continued)

Comparative Tables (continued)

Global Equity Real Return 'D' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	160.94	141.21	128.35
Return before operating charges*	(4.36)	23.53	15.83
Operating charges	(1.19)	(1.13)	(0.99)
Return after operating charges*	(5.55)	22.40	14.84
Distributions on income shares	(2.64)	(2.67)	(1.98)
Closing net asset value per share	152.75	160.94	141.21
* after direct transaction costs of ¹ :	0.07	0.12	0.27
Performance			
Return after charges ²	(3.45)%	15.86%	11.56%
Other Information			
Closing net asset value (£'000)	32,655	30,141	26,743
Closing number of shares	21,378,297	18,728,184	18,938,296
Operating charges ³	0.73%	0.74%	0.74%
Direct transaction costs	0.04%	0.08%	0.20%
Prices			
Highest share price	167.50p	162.20p	145.30p
Lowest share price	151.60p	141.10p	116.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Equity Real Return

Sub-fund Information (continued)

Comparative Tables (continued)

Global Equity Real Return 'D' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	184.82	159.41	142.80
Return before operating charges*	(5.10)	26.70	17.71
Operating charges	(1.37)	(1.29)	(1.10)
Return after operating charges*	(6.47)	25.41	16.61
Distributions	(3.11)	(3.03)	(2.20)
Retained distributions on accumulation shares	3.11	3.03	2.20
Closing net asset value per share	178.35	184.82	159.41
* after direct transaction costs of ¹ :	0.08	0.13	0.30
Performance			
Return after charges ²	(3.50)%	15.94%	11.63%
Other Information			
Closing net asset value (£'000)	54	55	47
Closing number of shares	30,299	29,492	29,492
Operating charges ³	0.73%	0.74%	0.74%
Direct transaction costs	0.04%	0.08%	0.20%
Prices			
Highest share price	194.00p	185.20p	163.30p
Lowest share price	175.60p	159.20p	129.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Equity Real Return

Sub-fund Information (continued)

Comparative Tables (continued)

Global Equity Real Return 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	159.35	140.09	127.68
Return before operating charges*	(4.27)	23.32	15.68
Operating charges	(1.73)	(1.66)	(1.43)
Return after operating charges*	(6.00)	21.66	14.25
Distributions on income shares	(2.59)	(2.40)	(1.84)
Closing net asset value per share	150.76	159.35	140.09
* after direct transaction costs of ¹ :	0.07	0.12	0.27
Performance			
Return after charges ²	(3.77)%	15.46%	11.16%
Other Information			
Closing net asset value (£'000)	9,649	5,136	3,856
Closing number of shares	6,400,229	3,223,398	2,752,252
Operating charges ³	1.08%	1.09%	1.09%
Direct transaction costs	0.04%	0.08%	0.20%
Prices			
Highest share price	165.50p	160.60p	144.30p
Lowest share price	149.60p	139.90p	115.60p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Equity Real Return

Sub-fund Information (continued)

Comparative Tables (continued)

Global Equity Real Return 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	182.99	158.40	142.39
Return before operating charges*	(5.01)	26.47	17.63
Operating charges	(2.00)	(1.88)	(1.62)
Return after operating charges*	(7.01)	24.59	16.01
Distributions	(3.04)	(2.95)	(1.99)
Retained distributions on accumulation shares	3.04	2.95	1.99
Closing net asset value per share	175.98	182.99	158.40
* after direct transaction costs of ¹ :	0.08	0.13	0.30
Performance			
Return after charges ²	(3.83)%	15.52%	11.24%
Other Information			
Closing net asset value (£'000)	8,777	11,423	12,592
Closing number of shares	4,987,195	6,242,257	7,949,094
Operating charges ³	1.08%	1.09%	1.09%
Direct transaction costs	0.04%	0.08%	0.20%
Prices			
Highest share price	191.60p	183.40p	162.40p
Lowest share price	173.30p	158.20p	128.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Equity Real Return

Sub-fund Information (continued)

Comparative Tables (continued)

Global Equity Real Return 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	156.23	137.39	125.11
Return before operating charges*	(4.22)	22.87	15.38
Operating charges	(1.54)	(1.47)	(1.30)
Return after operating charges*	(5.76)	21.40	14.08
Distributions on income shares	(2.56)	(2.56)	(1.80)
Closing net asset value per share	147.91	156.23	137.39
* after direct transaction costs of ¹ :	0.07	0.11	0.27
Performance			
Return after charges ²	(3.69)%	15.58%	11.25%
Other Information			
Closing net asset value (£'000)	815	769	715
Closing number of shares	550,846	492,444	520,598
Operating charges ³	0.98%	0.99%	0.99%
Direct transaction costs	0.04%	0.08%	0.20%
Prices			
Highest share price	162.30p	157.60p	141.40p
Lowest share price	146.80p	137.20p	113.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Equity Real Return

Sub-fund Information (continued)

Comparative Tables (continued)

Global Equity Real Return 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	176.97	153.03	137.44
Return before operating charges*	(4.84)	25.58	17.01
Operating charges	(1.75)	(1.64)	(1.42)
Return after operating charges*	(6.59)	23.94	15.59
Distributions	(2.89)	(2.87)	(1.97)
Retained distributions on accumulation shares	2.89	2.87	1.97
Closing net asset value per share	170.38	176.97	153.03
* after direct transaction costs of ¹ :	0.07	0.13	0.29
Performance			
Return after charges ²	(3.72)%	15.64%	11.34%
Other Information			
Closing net asset value (£'000)	539	405	512
Closing number of shares	316,546	228,656	334,476
Operating charges ³	0.98%	0.99%	0.99%
Direct transaction costs	0.04%	0.08%	0.20%
Prices			
Highest share price	185.40p	177.40p	156.80p
Lowest share price	167.80p	152.80p	124.40p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Equity Real Return

Sub-fund Information (continued)

Comparative Tables (continued)

Global Equity Real Return 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	156.31	138.17	126.20
Return before operating charges*	(4.19)	22.98	15.61
Operating charges	(2.48)	(2.38)	(2.12)
Return after operating charges*	(6.67)	20.60	13.49
Distributions on income shares	(2.55)	(2.46)	(1.52)
Closing net asset value per share	147.09	156.31	138.17
* after direct transaction costs of ¹ :	0.07	0.12	0.27
Performance			
Return after charges ²	(4.27)%	14.91%	10.69%
Other Information			
Closing net asset value (£'000)	18,525	18,413	13,071
Closing number of shares	12,594,873	11,779,512	9,460,288
Operating charges ³	1.58%	1.59%	1.59%
Direct transaction costs	0.04%	0.08%	0.20%
Prices			
Highest share price	161.70p	157.70p	142.30p
Lowest share price	146.00p	138.00p	114.20p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Equity Real Return

Sub-fund Information (continued)

Comparative Tables (continued)

Global Equity Real Return 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	174.39	151.70	137.02
Return before operating charges*	(4.73)	25.31	16.96
Operating charges	(2.77)	(2.62)	(2.28)
Return after operating charges*	(7.50)	22.69	14.68
Distributions	(2.85)	(2.72)	(1.64)
Retained distributions on accumulation shares	2.85	2.72	1.64
Closing net asset value per share	166.89	174.39	151.70
* after direct transaction costs of ¹ :	0.07	0.13	0.29
Performance			
Return after charges ²	(4.30)%	14.96%	10.71%
Other Information			
Closing net asset value (£'000)	12,899	9,696	7,430
Closing number of shares	7,729,057	5,559,876	4,898,107
Operating charges ³	1.58%	1.59%	1.59%
Direct transaction costs	0.04%	0.08%	0.20%
Prices			
Highest share price	182.00p	174.80p	155.70p
Lowest share price	164.30p	151.50p	124.00p

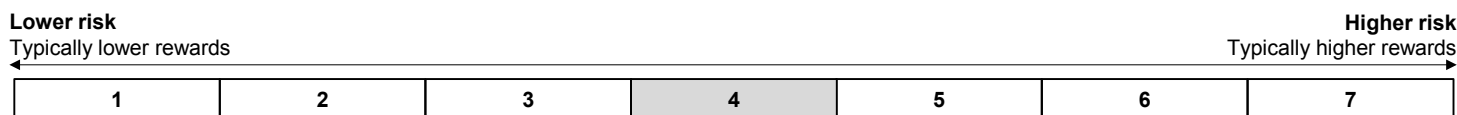
¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The following risks may not be fully captured by the Indicator:

Liquidity Risk: If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction to liquidate a position at an advantageous price, to assess or value a position or to assess the exposure to risk. An adverse price movement in a derivative position may also require a cash payment to counterparties that might in turn require, if there is insufficient cash available in a fund, the sale of investments under disadvantageous conditions.

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Leverage: This means that the exposure to the underlying market or asset may be greater than 100%. Leverage has the potential to magnify gains or losses on the underlying. You should be aware that, if the underlying moves in the opposite direction to that anticipated by you, the losses incurred will be greater in percentage terms than those incurred by a direct investment in the underlying itself. The prices of leveraged products can therefore be volatile.

Derivatives: The sub-fund actively invests in derivatives, such as futures, options and swaps, which are linked to the rise and fall of other assets. Derivatives will be used both to achieve the investment objective, and to simply reduce the risk or manage the sub-fund more efficiently. The price movements in these assets can result in larger movements of the sub-fund share price and may create losses greater than the cost of the derivative.

Market Risk: This is a general risk that the value of a particular derivative may change in a way which may be detrimental to the sub-funds' interests and the use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to, the sub-funds' investment objectives.

Emerging Market Risk: Emerging markets may face more political, economic or structural challenges than developed markets and shares may be less liquid, meaning that investments may not be sold quickly enough to prevent or minimize a loss; they may therefore involve a higher risk than investing in developed markets.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 8.05% (31 December 2017 - 9.36%)			
338,000	Enel	1,529,642	1.80
6,750	Equinix	1,868,917	2.19
90,550	Royal Dutch Shell 'B'	2,116,153	2.48
46,350	Taiwan Semiconductor Manufacturing ADR	1,342,534	1.58
		6,857,246	8.05
Cyclical Franchise 19.99% (31 December 2017 - 22.23%)			
17,000	CME	2,510,890	2.95
13,300	CSL	1,361,252	1.60
10,900	Deere & Co	1,276,317	1.50
27,000	First Republic Bank	1,843,106	2.16
143,700	ING Groep	1,213,715	1.42
23,500	JPMorgan Chase	1,803,093	2.12
19,500	Marriott International 'A'	1,662,001	1.95
63,550	Pfizer	2,177,545	2.56
271,500	Samsonite International	605,816	0.71
101,000	Treasury Wine Estates	826,271	0.97
20,900	United Technologies	1,746,863	2.05
		17,026,869	19.99
Defensive Franchise 16.85% (31 December 2017 - 15.92%)			
13,317	3M	1,991,694	2.34
11,300	Air Products & Chemicals	1,420,130	1.67
34,500	Colgate-Palmolive	1,612,311	1.89
10,730	Costco Wholesale	1,716,412	2.01
20,000	Ecolab	2,313,913	2.72
8,100	EssilorLuxottica	803,010	0.94
1,000	Givaudan	1,812,006	2.13
45,700	Unilever	1,877,585	2.20
407,000	Wal-Mart De Mexico	811,178	0.95
		14,358,239	16.85
Disruptive Growth 23.28% (31 December 2017 - 21.57%)			
28,100	Activision Blizzard	1,028,156	1.21
338,200	AIA	2,204,592	2.59
13,150	Alibaba ADR	1,415,153	1.66
2,100	Alphabet 'C'	1,709,844	2.01
1,700	Amazon.com	2,006,616	2.35
8,500	Amgen	1,299,694	1.53
14,300	ASML	1,759,720	2.06
61,150	Associated British Foods	1,249,295	1.47
12,600	Mastercard 'A'	1,866,256	2.19
26,400	Orsted	1,381,920	1.62
24,500	Shionogi & Co	1,098,645	1.29
44,800	Tencent	1,409,848	1.65

Portfolio Statement (continued)

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
Disruptive Growth (continued)			
45,200	Umicore	1,405,762	1.65
		19,835,501	23.28
Special Situation 3.09% (31 December 2017 - 5.48%)			
45,148	Investor	1,496,997	1.76
193,300	Segro	1,137,763	1.33
		2,634,760	3.09
Strategic Holdings 4.83% (31 December 2017 - 6.36%)			
5,800	Argos Argonaut 'X' Accumulation	1,033,038	1.21
136,265	Brown Advisory Latin American Fund	1,505,374	1.77
481,000	CF Morant Wright Nippon Yield 'B' Income	1,576,478	1.85
		4,114,890	4.83
Fixed Interest 12.40% (31 December 2017 - 7.14%)			
£5,300,000	UK Treasury 1.75% 22/07/2019	5,328,673	6.26
£5,200,000	UK Treasury 4.50% 07/03/2019	5,234,008	6.14
		10,562,681	12.40
Forward Currency Contracts 0.16% (31 December 2017 - 0.20%)			
USD (22,498,800)	Sold USD, Bought GBP 17,741,434 for settlement on 20/03/2019	139,310	0.16
		139,310	0.16
Total Value of Investments 88.65% (31 December 2017 - 88.26%)		75,529,496	88.65
Net Other Assets		9,666,237	11.35
Net assets		85,195,733	100.00

All holdings are ordinary shares of stock or bonds and are listed on an official stock exchange unless otherwise stated.

Asset Allocation of Portfolio of Investments is as follows:

Bonds	10,562,681	12.40
Collective Investment Schemes	4,114,890	4.83
Equities	60,712,615	71.26
Forward Currency Contracts	139,310	0.16
Net Other Assets	9,666,237	11.35
	85,195,733	100.00

Statement of Total Return

For the year ended 31 December 2018

			31.12.2018		31.12.2017
			£		£
	Notes ¹	£	£	£	£
Income					
Net capital (losses)/gains	4		(3,847,051)		9,916,824
Revenue	6	1,400,612		1,345,177	
Expenses	7	(976,203)		(823,696)	
Interest payable and similar charges	9	(838)		(31)	
Net revenue before taxation		423,571		521,450	
Taxation	8	(122,693)		(45,876)	
Net revenue after taxation for the year			300,878		475,574
Total returns before distributions			(3,546,173)		10,392,398
Distributions	9		(1,397,886)		(1,235,451)
Changes in net assets attributable to shareholders from investment activities			(4,944,059)		9,156,947

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

			31.12.2018		31.12.2017
			£		£
	Note ¹	£	£	£	£
Opening net assets attributable to shareholders			77,389,506		66,219,754
Movement due to sales and repurchases of shares:					
Amounts received on issue of shares		20,367,476		8,036,734	
Less: amounts paid on cancellation of shares		(8,009,980)		(6,397,077)	
			12,357,496		1,639,657
Changes in net assets attributable to shareholders from investment activities (see above)			(4,944,059)		9,156,947
Retained distribution on accumulation shares	9		392,790		373,148
Closing net assets attributable to shareholders			85,195,733		77,389,506

¹The notes to these accounts can be found on pages 110 to 120.

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		75,529,496	68,342,699
Current assets:			
Debtors	10	290,317	181,760
Cash and bank balances	11	10,015,773	9,316,638
Total assets		<u>85,835,586</u>	<u>77,841,097</u>
Liabilities			
Investment liabilities		–	(36,190)
Creditors:			
Bank overdrafts	12	(21,299)	–
Distribution payable on income shares	9	(500,826)	(336,371)
Other creditors	13	(117,728)	(79,030)
Total liabilities		<u>(639,853)</u>	<u>(451,591)</u>
Net assets attributable to shareholders		<u>85,195,733</u>	<u>77,389,506</u>

¹The notes to these accounts can be found on pages 110 to 120.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(2,668,441)	9,054,247
Gains/(losses) on derivative securities	84,537	(401,191)
(Losses)/gains on forward currency contracts	(865,250)	1,272,018
Currency losses	(396,664)	(7,343)
Transaction charges	(93)	(227)
Derivative transaction charges	(1,140)	(680)
Net capital (losses)/gains	<u>(3,847,051)</u>	<u>9,916,824</u>

5. Purchases, Sales, and Transaction Costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Bonds	12,015,277	6,552,738
Collective Investment Schemes	2,172,345	1,164,548
Corporate Actions	1,187,719	—
Derivatives	965,813	859,998
Equities	27,294,092	21,403,999
Commissions:		
Equities total value paid	18,578	24,590
Taxes:		
Equities total value paid	10,144	5,881
Total purchase transaction costs	<u>28,722</u>	<u>30,471</u>
Gross purchases total	<u>43,663,968</u>	<u>30,011,754</u>

Notes to the Financial Statements (continued)

5. Purchases, Sales, and Transaction Costs (continued)

	31.12.2018 £	31.12.2017 £
Analysis of total sale costs:		
Gross sales in year before transaction costs		
Bonds	6,800,000	6,500,000
Collective Investment Schemes	1,754,253	–
Corporate Actions	1,187,719	–
Derivatives	1,220,872	381,016
Equities	22,682,586	22,776,569
Commissions:		
Equities total value paid	(7,282)	(25,938)
Taxes:		
Equities total value paid	–	(1)
Total sales costs	<u>(7,282)</u>	<u>(25,939)</u>
Total sales net of transaction costs	<u>33,638,148</u>	<u>29,631,646</u>
	31.12.2018 %	31.12.2017 %

Analysis of total purchase costs:

Commissions:		
Equities percentage of average NAV	0.02	0.03
Equities percentage of purchases total	0.07	0.11
Taxes:		
Equities percentage of average NAV	0.01	0.01
Equities percentage of purchases total	0.04	0.03

Analysis of total sale costs:

Commissions:		
Equities percentage of average NAV	0.01	0.04
Equities percentage of sales total	0.03	0.11
Taxes:		
Equities percentage of average NAV	–	–
Equities percentage of sales total	–	–

The average portfolio dealing spread as at 31 December 2018 was 0.07% (31 December 2017: 0.04%)

Notes to the Financial Statements (continued)

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	17,272	1,402
Franked UK dividends	171,392	200,047
Franked CIS revenue	43,167	–
Franked PID revenue	14,652	13,860
Interest on debt securities	41,911	8,220
Offshore dividend CIS revenue	14,626	10,179
Overseas dividends	1,067,628	1,022,242
Derivative revenue	–	64,587
Unfranked PID revenue	29,964	24,640
	<u>1,400,612</u>	<u>1,345,177</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	<u>777,136</u>	<u>651,762</u>
	<u>777,136</u>	<u>651,762</u>
Other expenses:		
Fixed operating charge ¹	196,567	168,434
Sundry expenses	<u>2,500</u>	<u>3,500</u>
	<u>199,067</u>	<u>171,934</u>
	<u>976,203</u>	<u>823,696</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	122,693	110,015
Prior year adjustment	–	(64,139)
Current tax (note 8b)	122,693	45,876
Deferred tax (note 8c)	–	–
Total tax charge	<u>122,693</u>	<u>45,876</u>

b) Factors affecting taxation charge for the year:

The tax assessed for the period is higher (2017: higher) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	423,571	521,450
Corporation tax at 20%	84,714	104,290
Effects of:		
UK dividend revenue not subject to corporation tax	(34,279)	(40,009)
Overseas tax irrecoverable	122,693	110,015
Coupon basis distribution	–	10,016
Excess management expenses	171,404	131,265
Franked CIS revenue	(8,633)	–
Franked PID revenue	(2,930)	(2,772)
Overseas dividend revenue not subject to corporation tax	(206,261)	(197,463)
Offshore dividend CIS revenue	(2,925)	(2,036)
Taxation due to timing differences	–	(2,639)
Double taxation relief	(1,090)	(652)
Prior year adjustment	–	(64,139)
Sub-total	<u>37,979</u>	<u>(58,414)</u>
Current year tax charge (note 8a)	<u>122,693</u>	<u>45,876</u>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	–	–
Deferred tax charge for the year	–	–
Provision at end of year	<u>–</u>	<u>–</u>

The sub-fund has not recognised a deferred tax asset of £2,443,370 (31 December 2017: £2,271,966) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

Notes to the Financial Statements (continued)

9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
Interim Distribution	548,111	542,670
Interim Accumulation	203,697	229,968
Final Distribution	500,826	336,371
Final Accumulation	189,093	143,180
	<u>1,441,727</u>	<u>1,252,189</u>
Add: Amounts deducted on cancellation of shares	31,582	15,684
Less: Amounts added on creation of shares	<u>(75,423)</u>	<u>(32,422)</u>
Distributions	<u>1,397,886</u>	<u>1,235,451</u>
Interest payable and similar charges	838	31
Total distributions	<u>1,398,724</u>	<u>1,235,482</u>
Net revenue after taxation	300,878	475,574
Add: Capitalised expenses	976,205	722,088
Add: Benefit of coupon basis distribution	182,069	50,079
Add: Shortfall of revenue	–	10
(Less)/Add: Equalisation uplift on unit conversions	(22)	26
Add: Undistributed revenue brought forward	26	11
Less: Undistributed revenue carried forward	(34)	(26)
Tax effect of fees offset to capital	<u>(61,236)</u>	<u>(12,311)</u>
Distributions	<u>1,397,886</u>	<u>1,235,451</u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	198,715	114,417
Amount receivable for creation of shares	10	228
Overseas tax recoverable	91,592	67,115
	<u>290,317</u>	<u>181,760</u>

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	10,015,773	8,810,100
Cash held at clearing houses and brokers	–	506,538
	<u>10,015,773</u>	<u>9,316,638</u>

12. Bank Overdrafts

	31.12.2018 £	31.12.2017 £
Bank overdrafts	21,299	–
	<u>21,299</u>	<u>–</u>

Notes to the Financial Statements (continued)
13. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	30,803	1,561
Accrued expenses	86,925	77,469
	<u>117,728</u>	<u>79,030</u>

14. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

15. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £69,341 (31 December 2017: £61,738).

At the year end, Sarasin Global Equity Real Return held no shares in any other sub-fund or collective investment schemes managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

At the year end, BNY (OCS) Nominees Limited owned below the 25% threshold in the sub-fund on behalf of multiple beneficiaries (31 December 2017: 27.80%).

16. Shareholders' Funds

The sub-fund has 10 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Global Equity Real Return 'A' Income Shares

Opening shares	40,000
Shares Created	1,538,891
Shares Liquidated	(1,532,022)
Shares Converted	–
Closing shares	46,869

Global Equity Real Return 'A' Accumulation Shares

Opening shares	752,793
Shares Created	75,437
Shares Liquidated	(87,084)
Shares Converted	1
Closing shares	741,147

Global Equity Real Return 'D' Income Shares

Opening shares	18,728,184
Shares Created	598,802
Shares Liquidated	(474,728)
Shares Converted	2,526,039
Closing shares	21,378,297

Global Equity Real Return 'D' Accumulation Shares

Opening shares	29,492
Shares Created	15,748
Shares Liquidated	(14,942)
Shares Converted	1
Closing shares	30,299

Notes to the Financial Statements (continued)**16. Shareholders' Funds (continued)***Global Equity Real Return 'I' Income Shares*

Opening shares	3,223,398
Shares Created	3,221,664
Shares Liquidated	(44,833)
Shares Converted	—
Closing shares	6,400,229

Global Equity Real Return 'I' Accumulation Shares

Opening shares	6,242,257
Shares Created	2,660,059
Shares Liquidated	(1,690,029)
Shares Converted	(2,225,092)
Closing shares	4,987,195

Global Equity Real Return 'P' Income Shares

Opening shares	492,444
Shares Created	60,230
Shares Liquidated	(1,828)
Shares Converted	—
Closing shares	550,846

Global Equity Real Return 'P' Accumulation Shares

Opening shares	228,656
Shares Created	156,377
Shares Liquidated	(68,488)
Shares Converted	1
Closing shares	316,546

Global Equity Real Return 'X' Income Shares

Opening shares	11,779,512
Shares Created	1,482,048
Shares Liquidated	(666,686)
Shares Converted	(1)
Closing shares	12,594,873

Global Equity Real Return 'X' Accumulation Shares

Opening shares	5,559,876
Shares Created	2,407,413
Shares Liquidated	(238,233)
Shares Converted	1
Closing shares	7,729,057

Notes to the Financial Statements (continued)
17. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 92. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	2,187,523	2,187,523	2.57
Danish kroner	5,315	1,381,920	1,387,235	1.63
Euro	12,800	6,711,848	6,724,648	7.89
Hong Kong dollar	–	4,220,256	4,220,256	4.95
Japanese yen	–	1,098,645	1,098,645	1.29
Mexican Nuevo peso	–	811,178	811,178	0.95
Sterling	9,569,309	37,294,427	46,863,736	55.01
Swedish krona	6,366	1,496,997	1,503,363	1.76
Swiss franc	67,111	1,812,005	1,879,116	2.21
US dollar	5,336	18,514,697	18,520,033	21.74
	9,666,237	75,529,496	85,195,733	100.00

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	2,347,780	2,347,780	3.03
Canadian dollar	451	–	451	–
Danish kroner	4,346	605,530	609,876	0.79
Euro	33,987	7,863,060	7,897,047	10.20
Hong Kong dollar	–	3,402,705	3,402,705	4.40
Japanese yen	4,680	1,260,632	1,265,312	1.63
Mexican Nuevo peso	–	400,629	400,629	0.52
Sterling	8,877,536	31,643,293	40,520,829	52.36
Swedish krona	2,892	1,886,344	1,889,236	2.44
Swiss franc	46,832	3,192,311	3,239,143	4.19
US dollar	112,272	15,704,226	15,816,498	20.44
	9,082,996	68,306,510	77,389,506	100.00

Notes to the Financial Statements (continued)
17. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	2,187,523	2,187,523
Danish kroner	—	—	1,387,235	1,387,235
Euro	—	—	6,724,648	6,724,648
Hong Kong dollar	—	—	4,220,256	4,220,256
Japanese yen	—	—	1,098,645	1,098,645
Mexican Nuevo peso	—	—	811,178	811,178
Sterling	9,989,138	10,562,681	26,930,471	47,482,290
Swedish krona	—	—	1,503,363	1,503,363
Swiss franc	—	—	1,879,116	1,879,116
US dollar	26,635	—	36,116,822	36,143,457
	<u>10,015,773</u>	<u>10,562,681</u>	<u>82,859,257</u>	<u>103,437,711</u>
	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	—	—	(618,554)	(618,554)
US dollar	(21,299)	—	(17,602,125)	(17,623,424)
	<u>(21,299)</u>	<u>—</u>	<u>(18,220,679)</u>	<u>(18,241,978)</u>

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	2,347,780	2,347,780
Canadian dollar	—	—	451	451
Danish kroner	—	—	609,876	609,876
Euro	—	—	7,924,230	7,924,230
Hong Kong dollar	—	—	3,402,705	3,402,705
Japanese yen	—	—	1,265,312	1,265,312
Mexican Nuevo peso	—	—	400,629	400,629
Sterling	9,243,608	5,528,089	26,164,533	40,936,230
Swedish krona	—	—	1,889,236	1,889,236
Swiss franc	—	—	3,239,143	3,239,143
US dollar	73,030	—	32,361,124	32,434,154
	<u>9,316,638</u>	<u>5,528,089</u>	<u>79,605,019</u>	<u>94,449,746</u>
	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Euro	—	—	(27,183)	(27,183)
Sterling	—	—	(415,401)	(415,401)
US dollar	—	—	(16,617,656)	(16,617,656)
	<u>—</u>	<u>—</u>	<u>(17,060,240)</u>	<u>(17,060,240)</u>

Notes to the Financial Statements (continued)

17. Risk Disclosures (continued)

Fair Value

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

Valuation technique as at 31 December 2018

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Collective Investment Schemes	–	4,114,890	–	4,114,890
Debt Securities	10,562,681	–	–	10,562,681
Equities	60,712,615	–	–	60,712,615
Forward Currency Contracts	–	139,310	–	139,310
	<u>71,275,296</u>	<u>4,254,200</u>	<u>–</u>	<u>75,529,496</u>

Valuation technique as at 31 December 2017

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Collective Investment Schemes	–	4,413,953	–	4,413,953
Debt Securities	5,528,088	–	–	5,528,088
Equities	58,102,499	–	–	58,102,499
Forward Currency Contracts	–	155,479	–	155,479
Options	142,680	–	–	142,680
	<u>63,773,267</u>	<u>4,569,432</u>	<u>–</u>	<u>68,342,699</u>

Financial Liabilities

Options	(36,190)	–	–	(36,190)
	<u>(36,190)</u>	<u>–</u>	<u>–</u>	<u>(36,190)</u>

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Notes to the Financial Statements (continued)**17. Risk Disclosures (continued)****Counterparty Risk**

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. The counterparties to these transactions and any collateral held by the sub-fund at the balance sheet date are shown below:

Counterparty Name as at 31 December 2018	Exposure £	Cash Collateral £
The Bank of New York Mellon	139,310	10,343

Counterparty Name as at 31 December 2017	Exposure £	Cash Collateral £
Goldman Sachs International	142,680	—
The Bank of New York Mellon	155,478	—

Positive exposure represents the mark to market value of derivative contracts and the sub-fund's exposure to that counterparty.

18. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per shares of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no share classes where the net asset value per shares has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the year end.

SARASIN Global Equity Real Return

Distribution Tables

For the year ended 31 December 2018

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Global Equity Real Return 'A' Income Shares				
Group 1	1.3279	—	1.3279	1.3582
Group 2	0.5474	0.7805	1.3279	1.3582
Global Equity Real Return 'A' Accumulation Shares				
Group 1	1.4940	—	1.4940	1.5018
Group 2	1.1828	0.3112	1.4940	1.5018
Global Equity Real Return 'D' Income Shares				
Group 1	1.3957	—	1.3957	1.7072
Group 2	0.3608	1.0349	1.3957	1.7072
Global Equity Real Return 'D' Accumulation Shares				
Group 1	1.5917	—	1.5917	1.9287
Group 2	0.8766	0.7151	1.5917	1.9287
Global Equity Real Return 'I' Income Shares				
Group 1	1.3763	—	1.3763	1.5300
Group 2	0.8555	0.5208	1.3763	1.5300
Global Equity Real Return 'I' Accumulation Shares				
Group 1	1.6127	—	1.6127	1.8441
Group 2	0.4280	1.1847	1.6127	1.8441
Global Equity Real Return 'P' Income Shares				
Group 1	1.3557	—	1.3557	1.5229
Group 2	0.4555	0.9002	1.3557	1.5229
Global Equity Real Return 'P' Accumulation Shares				
Group 1	1.5462	—	1.5462	1.8089
Group 2	1.1350	0.4112	1.5462	1.8089
Global Equity Real Return 'X' Income Shares				
Group 1	1.3556	—	1.3556	1.4199
Group 2	0.6978	0.6578	1.3556	1.4199
Global Equity Real Return 'X' Accumulation Shares				
Group 1	1.5103	—	1.5103	1.5568
Group 2	0.9032	0.6071	1.5103	1.5568

SARASIN Global Equity Real Return

Distribution Tables (continued)

Final distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Global Equity Real Return 'A' Income Shares				
Group 1	0.9790	—	0.9790	0.8418
Group 2	0.2706	0.7084	0.9790	0.8418
Global Equity Real Return 'A' Accumulation Shares				
Group 1	1.3221	—	1.3221	0.9360
Group 2	0.7174	0.6047	1.3221	0.9360
Global Equity Real Return 'D' Income Shares				
Group 1	1.2404	—	1.2404	0.9640
Group 2	0.6657	0.5747	1.2404	0.9640
Global Equity Real Return 'D' Accumulation Shares¹				
Group 1	1.5193	—	1.5193	1.1004
Group 2	1.5193	—	1.5193	1.1004
Global Equity Real Return 'I' Income Shares				
Group 1	1.2113	—	1.2113	0.8669
Group 2	0.7959	0.4154	1.2113	0.8669
Global Equity Real Return 'I' Accumulation Shares				
Group 1	1.4265	—	1.4265	1.1025
Group 2	1.0487	0.3778	1.4265	1.1025
Global Equity Real Return 'P' Income Shares				
Group 1	1.2008	—	1.2008	1.0411
Group 2	0.5355	0.6653	1.2008	1.0411
Global Equity Real Return 'P' Accumulation Shares				
Group 1	1.3439	—	1.3439	1.0637
Group 2	0.7069	0.6370	1.3439	1.0637
Global Equity Real Return 'X' Income Shares				
Group 1	1.1993	—	1.1993	1.0393
Group 2	0.5023	0.6970	1.1993	1.0393
Global Equity Real Return 'X' Accumulation Shares				
Group 1	1.3383	—	1.3383	1.1611
Group 2	0.8130	0.5253	1.3383	1.1611

¹There were no group 2 shares for this period.

Investment Objective and Policy

Sarasin UK Equity seeks to achieve an over-all return to shareholders over the long-term through investment predominantly in a portfolio of UK transferable securities that satisfy one or more investment themes that are expected to be key drivers of corporate profitability, investment performance and yield.

The ACD will identify core themes that it considers offer attractive long-term investment opportunities to shareholders and the sub-fund will be invested in accordance with these themes. The themes will be kept under review by the ACD and will change from time to time.

In order to achieve the investment objective and policy, it is intended that the sub-fund will invest in a portfolio of investments including, transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities and deposits.

Cash and near cash may also be held by the sub-fund. The sub-fund may invest in derivatives for efficient portfolio management purposes (including hedging). The sub-fund may also borrow and employ stock lending techniques in accordance with the rules in COLL.

Sensitivity Analysis

The sub-fund will then use options on individual stocks to implement views on specific stocks and to increase the yield on sub-fund by selling options on stocks.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin UK Equity, as at 31 December 2018, was 7.43% (31 December 2017: 10.86%). The lowest, highest, and average utilisation in the year was 6.58%, 11.30%, and 8.34%, respectively (31 December 2017: 9.60%, 14.70%, and 12.71%, respectively).

Investment Review

Sentiment towards UK equities remained low for most of 2018 as overseas buyers continued to shun the market amid ongoing political uncertainty and a weak outlook for economic growth. Fears for the UK economy were also reflected in the value of sterling, which followed a downward trajectory for much of the period. At the start of the year, expectations were for a very different outcome as gilt yields rose on the belief that the economy was moving to an expansionary phase of the cycle and that the Bank of England might raise rates faster than previously anticipated. This was short lived and although the market rallied in the second quarter on the absence of a rate rise this was on the back of a raft of disappointing macroeconomic data and economic growth downgrades. More recent data, most notably retail sales, has shown that consumer confidence has continued to deteriorate despite UK households enjoying acceleration in wage growth and lower inflation over the period.

At various times throughout the year, the Brexit negotiations appeared to be making good progress only for hopes to be dashed and uncertainty to return. As the timeline for a resolution contracted fears of a "no deal" Brexit increasingly weighed on the share prices of many UK domestic companies, driving a poor relative performance from the mid and small cap equities, particularly in the second half of the year. Global issues, such as the US/China trade standoff, coupled with the domestic uncertainty saw a return of heightened equity market volatility, after a couple of fairly benign years.

The UK equity market experienced a number of significant swings within sectors and styles throughout the period. The rise in bond yield as the year started triggered a rapid rotation away from more stable and defensive areas of the market, in favour of the more cyclical parts of the market. This trend reversed equally dramatically during the summer as market nervousness around deteriorating economic indicators and Brexit resulted in a flight to quality as investors sought growth and stability over cyclical. Similarly, the continued weakness in sterling supported the large international earners in the index at the expense of the more domestically oriented companies. One side effect of the weaker currency was that it prompted a spate of inbound merger and acquisition activity with a number of UK quoted companies becoming the subject of bids from overseas trade buyers.

At a sector level, the oil and gas companies, including BP and Royal Dutch Shell 'B', performed well, in line with higher crude oil prices. These climbed in response to robust global demand, continued supply discipline and geopolitical uncertainty after the US withdrew from the Iran nuclear agreement. Being largely immune from the economic cycle helped the big Healthcare names, such as AstraZeneca, GlaxoSmithKline and Smith & Nephew, perform consistently well throughout the year. Other large cap quality names with good earnings visibility like Unilever, RELX, Compass and Diageo, also held up well in this environment. This clearly contrasted with many of the industrial names, which, after a strong start to the year on expectations of improving and synchronised global growth, performed poorly as expectations came back. DS Smith, IMI and CRH suffered from some of these negative trends.

Investment Review (continued)

The financials were likewise affected, particularly those exposed to emerging markets, which are especially vulnerable to escalating trade tensions, such as the Prudential and HSBC.

Despite the numerous style shifts in the market over the year, we maintained our focus on those companies that are less geared into the economic cycle, have pricing power and that can continue to grow revenues and expand margins through improved efficiency and operational leverage. This has resulted in a higher exposure to companies with a greater proportion of sales generated in the faster growing economies of the world. Over the year, we increased exposure to fewer, higher conviction investment ideas resulting in more names being sold out of the portfolio than new names added. Admiral, BTG, Ceres Power, Cineworld, Glencore, Greencore, Merlin Entertainments, Rightmove and Shire were sold with IHG, London Stock Exchange, RELX and Tesco added.

Outlook

The uncertainty around Brexit has undoubtedly cast a cloud over UK equities but it would also appear that investors are pricing in a significant degree of negative sentiment at current levels. Should details of some sort of resolution start to emerge during the first quarter of 2019, we would expect depressed segments of the UK market that exhibit strong fundamentals, including some domestically focused stocks, such as house builders, media, and leisure, to recover. A rally in sterling on such an outcome would also likely trigger a flow of funds into the UK market given its historically low valuation. However, further uncertainty would further favour internationally focused stocks, including the consumer staples, which have so far been better insulated from the domestic disturbances.

Other headwinds will also continue to pose risks. The trajectory of global growth, developments around global trade, and the impact of oil prices will all have an impact as will the performance of the UK economy and consumer over the coming year. If a no deal Brexit scenario is avoided we could see a rebound in growth next year particularly since wages continue to rise at the fastest rate in nearly a decade and the number of people at work remains at a record high. If the UK economy does perform stronger than expected in 2019, it would give the Bank of England confidence to continue raising rates, while also restoring business and consumer confidence, creating a virtuous cycle.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Top 10 purchases during the year

RELX
Rio Tinto
InterContinental Hotels Group
AstraZeneca
London Stock Exchange
Reckitt Benckiser
Tesco
British American Tobacco
Lloyds Banking Group
BT

Top 10 sales during the year

Glencore
Shire
Admiral
Ceres Power
Royal Dutch Shell 'B'
GlaxoSmithKline
BTG
Rightmove
Prudential
AstraZeneca

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 126 to 135 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information (continued)
Comparative Tables
UK Equity 'A' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	135.18	124.33	120.66
Return before operating charges*	(13.54)	17.06	9.12
Operating charges	(2.19)	(2.25)	(2.09)
Return after operating charges*	(15.73)	14.81	7.03
Distributions on income shares	(4.25)	(3.96)	(3.36)
Closing net asset value per share	115.20	135.18	124.33
* after direct transaction costs of ¹ :	0.15	0.08	0.38
Performance			
Return after charges ²	(11.64)%	11.91%	5.82%
Other Information			
Closing net asset value (£'000)	10	12	18
Closing number of shares	9,001	8,975	14,368
Operating charges ³	1.72%	1.72%	1.72%
Direct transaction costs	0.11%	0.06%	0.32%
Prices			
Highest share price	137.10p	136.20p	126.10p
Lowest share price	114.50p	124.40p	104.60p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)**Comparative Tables (continued)***UK Equity 'A' Accumulation Shares*

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	168.09	150.02	141.78
Return before operating charges*	(17.16)	20.82	10.74
Operating charges	(2.76)	(2.75)	(2.50)
Return after operating charges*	(19.92)	18.07	8.24
Distributions	(5.35)	(4.85)	(4.06)
Retained distributions on accumulation shares	5.35	4.85	4.06
Closing net asset value per share	148.17	168.09	150.02
* after direct transaction costs of ¹ :	0.18	0.10	0.46
Performance			
Return after charges ²	(11.85)%	12.05%	5.81%
Other Information			
Closing net asset value (£'000)	288	528	811
Closing number of shares	194,575	314,346	540,292
Operating charges ³	1.72%	1.72%	1.72%
Direct transaction costs	0.11%	0.06%	0.32%
Prices			
Highest share price	170.40p	168.20p	151.40p
Lowest share price	146.10p	150.00p	122.70p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
UK Equity 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	138.87	127.23	123.24
Return before operating charges*	(13.95)	17.50	9.09
Operating charges	(1.40)	(1.44)	(1.29)
Return after operating charges*	(15.35)	16.06	7.80
Distributions on income shares	(4.72)	(4.42)	(3.81)
Closing net asset value per share	118.80	138.87	127.23
* after direct transaction costs of ¹ :	0.15	0.08	0.38
Performance			
Return after charges ²	(11.05)%	12.62%	6.33%
Other Information			
Closing net asset value (£'000)	18,872	22,294	31,831
Closing number of shares	15,885,287	16,054,170	25,017,958
Operating charges ³	1.07%	1.07%	1.07%
Direct transaction costs	0.11%	0.06%	0.32%
Prices			
Highest share price	140.80p	140.00p	128.90p
Lowest share price	118.10p	127.30p	106.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)**Comparative Tables (continued)***UK Equity 'I' Accumulation Shares*

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	176.79	156.75	147.12
Return before operating charges*	(18.10)	21.83	11.19
Operating charges	(1.81)	(1.79)	(1.56)
Return after operating charges*	(19.91)	20.04	9.63
Distributions	(6.09)	(5.52)	(4.60)
Retained distributions on accumulation shares	6.09	5.52	4.60
Closing net asset value per share	156.88	176.79	156.75
* after direct transaction costs of ¹ :	0.19	0.10	0.46
Performance			
Return after charges ²	(11.26)%	12.78%	6.54%
Other Information			
Closing net asset value (£'000)	8,622	9,758	12,138
Closing number of shares	5,496,206	5,519,367	7,743,752
Operating charges ³	1.07%	1.07%	1.07%
Direct transaction costs	0.11%	0.06%	0.32%
Prices			
Highest share price	179.50p	176.90p	158.00p
Lowest share price	154.60p	156.80p	127.40p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
UK Equity 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	137.95	126.29	122.30
Return before operating charges*	(13.87)	17.41	8.99
Operating charges	(1.26)	(1.30)	(1.17)
Return after operating charges*	(15.13)	16.11	7.82
Distributions on income shares	(4.74)	(4.45)	(3.83)
Closing net asset value per share	118.08	137.95	126.29
* after direct transaction costs of ¹ :	0.15	0.08	0.38
Performance			
Return after charges ²	(10.97)%	12.76%	6.39%
Other Information			
Closing net asset value (£'000)	124	144	164
Closing number of shares	105,145	104,084	129,916
Operating charges ³	0.97%	0.97%	0.97%
Direct transaction costs	0.11%	0.06%	0.32%
Prices			
Highest share price	139.90p	139.10p	128.00p
Lowest share price	117.40p	126.40p	106.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
UK Equity 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	175.20	155.18	145.48
Return before operating charges*	(17.96)	21.62	11.15
Operating charges	(1.63)	(1.60)	(1.45)
Return after operating charges*	(19.59)	20.02	9.70
Distributions	(6.11)	(5.53)	(4.62)
Retained distributions on accumulation shares	6.11	5.53	4.62
Closing net asset value per share	155.61	175.20	155.18
* after direct transaction costs of ¹ :	0.19	0.10	0.47
Performance			
Return after charges ²	(11.18)%	12.90%	6.67%
Other Information			
Closing net asset value (£'000)	70	88	173
Closing number of shares	44,925	50,037	111,570
Operating charges ³	0.97%	0.97%	0.97%
Direct transaction costs	0.11%	0.06%	0.32%
Prices			
Highest share price	177.90p	175.30p	156.30p
Lowest share price	153.40p	155.30p	126.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
UK Equity 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	135.53	124.50	121.01
Return before operating charges*	(13.60)	17.15	8.88
Operating charges	(2.01)	(2.06)	(1.89)
Return after operating charges*	(15.61)	15.09	6.99
Distributions on income shares	(4.33)	(4.06)	(3.50)
Closing net asset value per share	115.59	135.53	124.50
* after direct transaction costs of ¹ :	0.15	0.08	0.38
Performance			
Return after charges ²	(11.52)%	12.12%	5.78%
Other Information			
Closing net asset value (£'000)	782	1,243	1,802
Closing number of shares	676,266	917,217	1,447,688
Operating charges ³	1.57%	1.57%	1.57%
Direct transaction costs	0.11%	0.06%	0.32%
Prices			
Highest share price	137.40p	136.50p	126.20p
Lowest share price	114.80p	124.50p	104.70p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
UK Equity 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	166.58	148.48	139.99
Return before operating charges*	(16.96)	20.57	10.70
Operating charges	(2.54)	(2.47)	(2.21)
Return after operating charges*	(19.50)	18.10	8.49
Distributions	(5.41)	(4.89)	(4.11)
Retained distributions on accumulation shares	5.41	4.89	4.11
Closing net asset value per share	147.08	166.58	148.48
* after direct transaction costs of ¹ :	0.18	0.10	0.45
Performance			
Return after charges ²	(11.71)%	12.19%	6.07%
Other Information			
Closing net asset value (£'000)	71	81	262
Closing number of shares	48,561	48,561	176,766
Operating charges ³	1.57%	1.57%	1.57%
Direct transaction costs	0.11%	0.06%	0.32%
Prices			
Highest share price	168.80p	166.70p	149.80p
Lowest share price	144.90p	148.50p	121.20p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
UK Equity 'Z' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	144.52	131.70	126.90
Return before operating charges*	(14.56)	18.20	9.43
Operating charges	(0.30)	(0.31)	(0.27)
Return after operating charges*	(14.86)	17.89	9.16
Distributions on income shares	(5.39)	(5.07)	(4.36)
Closing net asset value per share	124.27	144.52	131.70
* after direct transaction costs of ¹ :	0.16	0.08	0.39
Performance			
Return after charges ²	(10.28)%	13.58%	7.22%
Other Information			
Closing net asset value (£'000)	330	614	766
Closing number of shares	265,242	424,689	581,895
Operating charges ^{3,4}	0.22%	0.22%	0.22%
Direct transaction costs	0.11%	0.06%	0.32%
Prices			
Highest share price	146.60p	145.80p	133.20p
Lowest share price	123.60p	131.80p	110.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

⁴In respect of the Class Z shares in the Sarasin UK Equity, whilst no periodic charge is currently payable out of the Scheme Property to the ACD, a periodic management charge is payable by Class Z shareholders by way of remuneration to the ACD. The charge is currently 0.85% and will be invoiced to the Class Z shareholders monthly in arrears and is calculated and accrued in the same way as the ACD's periodic charge payable out of the Scheme Property.

Sub-fund Information (continued)
Comparative Tables (continued)
UK Equity 'Z' Accumulation Shares

	2018 ¹ (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	189.50	166.50	155.00
Return before operating charges*	(9.65)	23.40	11.84
Operating charges	(0.33)	(0.40)	(0.34)
Return after operating charges*	(9.98)	23.00	11.50
Distributions	(5.69)	(6.60)	(5.47)
Retained distributions on accumulation shares	5.69	6.60	5.47
Last quoted share price	179.52	—	—
Closing net asset value per share	—	189.50	166.50
* after direct transaction costs of ² :	0.21	0.11	0.49
Performance			
Return after charges ³	(5.27)%	13.81%	7.42%
Other Information			
Closing net asset value (£'000)	—	2	2
Closing number of shares	—	1,000	1,000
Operating charges ^{4,5}	0.22%	0.22%	0.22%
Direct transaction costs	—%	0.06%	0.32%
Prices			
Highest share price	192.90p	189.60p	167.40p
Lowest share price	171.20p	166.70p	134.30p

¹Share class closed on 5 November 2018.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

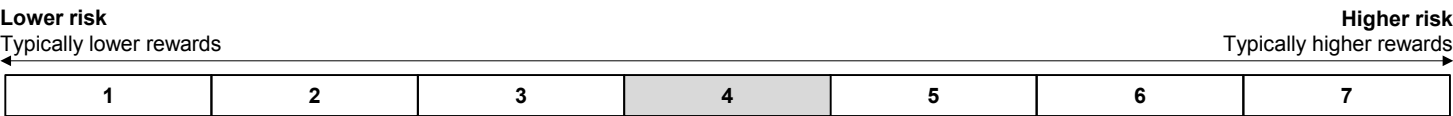
³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

⁵In respect of the Class Z shares in the Sarasin UK Equity, whilst no periodic charge is currently payable out of the Scheme Property to the ACD, a periodic management charge is payable by Class Z shareholders by way of remuneration to the ACD. The charge is currently 0.85% and will be invoiced to the Class Z shareholders monthly in arrears and is calculated and accrued in the same way as the ACD's periodic charge payable out of the Scheme Property.

Sub-fund information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean ‘risk-free’.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The below risk may not be fully captured by the Indicator:

Derivatives: Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 21.78% (31 December 2017 - 23.76%)			
263,011	BP	1,304,403	4.47
30,900	British American Tobacco	772,500	2.65
292,664	BT	696,687	2.39
14,129	Imperial Brands	335,846	1.15
72,673	National Grid	555,367	1.90
84,955	Royal Dutch Shell 'B'	1,985,399	6.81
459,477	Vodafone	702,540	2.41
		6,352,742	21.78
Cyclical Franchise 41.57% (31 December 2017 - 42.83%)			
313,141	Barclays	471,277	1.62
98,728	Barratt Developments	456,518	1.56
12,130	Carnival	456,088	1.56
36,159	CRH	748,491	2.57
160,652	DS Smith	480,349	1.65
95,170	GlaxoSmithKline	1,419,175	4.87
75,740	Howden Joinery	329,923	1.13
280,897	HSBC	1,816,842	6.23
43,081	IMI	406,685	1.39
12,802	InterContinental Hotels Group	541,781	1.86
1,969,028	Lloyds Banking	1,019,366	3.49
13,688	London Stock Exchange	555,733	1.90
230,584	Man	306,677	1.05
76,074	Prudential	1,066,558	3.66
36,694	Rio Tinto	1,368,503	4.69
66,005	SSP	427,316	1.46
99,682	Standard Life Aberdeen	255,734	0.88
		12,127,016	41.57
Defensive Franchise 29.78% (31 December 2017 - 23.65%)			
25,872	AstraZeneca	1,517,134	5.20
62,593	Compass	1,029,655	3.53
40,783	Diageo	1,139,885	3.91
33,653	Halma	455,661	1.56
15,912	Reckitt Benckiser	956,470	3.28
62,610	RELX	1,012,091	3.47
51,734	Sage	310,818	1.06
45,164	Smith & Nephew	661,201	2.27
235,972	Tesco	448,583	1.54
28,158	Unilever	1,156,871	3.96
		8,688,369	29.78
Disruptive Growth 3.34% (31 December 2017 - 6.22%)			
23,894	Associated British Foods	488,155	1.68
82,641	Just Eat	484,937	1.66
		973,092	3.34

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Special Situation 2.53% (31 December 2017 - 3.08%)			
57,978	3i	448,402	1.54
4,406	Randgold Resources	288,416	0.99
		736,818	2.53
Total Value of Investments 99.00% (31 December 2017 - 99.54%)			
	Net Other Assets	291,376	1.00
	Net assets	29,169,413	100.00

All holdings are ordinary shares of stock and are listed on an official stock exchange unless otherwise stated.

Statement of Total Return

For the year ended 31 December 2018

	Notes ¹	£	31.12.2018 £	31.12.2017 £
Income				
Net capital (losses)/gains	4		(4,791,459)	4,159,747
Revenue	6	1,300,665		1,618,980
Expenses	7	(350,624)		(464,589)
Interest payable and similar charges	9	—		(17)
Net revenue before taxation		950,041		1,154,374
Taxation	8	7,676		(4,654)
Net revenue after taxation for the year			<u>957,717</u>	<u>1,149,720</u>
Total returns before distributions			(3,833,742)	5,309,467
Distributions	9		<u>(1,168,093)</u>	<u>(1,428,468)</u>
Changes in net assets attributable to shareholders from investment activities			<u>(5,001,835)</u>	<u>3,880,999</u>

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

	Note ¹	£	31.12.2018 £	31.12.2017 £
Opening net assets attributable to shareholders			34,763,701	47,967,498
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		2,723,118		7,365,980
Less: amounts paid on cancellation of shares		<u>(3,672,698)</u>		<u>(24,885,565)</u>
			(949,580)	(17,519,585)
Single swing price adjustment			4,689	56,443
Changes in net assets attributable to shareholders from investment activities (see above)			(5,001,835)	3,880,999
Retained distribution on accumulation shares	9		<u>352,438</u>	<u>378,346</u>
Closing net assets attributable to shareholders			<u>29,169,413</u>	<u>34,763,701</u>

¹The notes to these accounts can be found on pages 141 to 148.

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		28,878,037	34,603,768
Current assets:			
Debtors	10	112,606	100,007
Cash and bank balances	11	373,697	272,284
Total assets		<u>29,364,340</u>	<u>34,976,059</u>
Liabilities			
Creditors:			
Distribution payable on income shares	9	(168,247)	(181,051)
Other creditors	12	(26,680)	(31,307)
Total liabilities		<u>(194,927)</u>	<u>(212,358)</u>
Net assets attributable to shareholders		<u>29,169,413</u>	<u>34,763,701</u>

¹The notes to these accounts can be found on pages 141 to 148.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(4,791,459)	4,159,746
Currency gains	–	1
Net capital (losses)/gains	<u>(4,791,459)</u>	<u>4,159,747</u>

5. Purchases, Sales, and Transaction costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Corporate Actions	1,010,324	2,429,360
Equities	7,361,427	10,081,460
Commissions:		
Equities total value paid	2,189	19,727
Taxes:		
Equities total value paid	36,994	47,144
Total purchase transaction costs	<u>39,183</u>	<u>66,871</u>
Gross purchases total	<u>8,410,934</u>	<u>12,577,691</u>

Analysis of total sale costs:

Gross sales in year before transaction costs		
Corporate Actions	1,010,324	2,429,360
Equities	8,337,398	27,055,458
Commissions:		
Equities total value paid	(2,515)	(15,608)
Taxes:		
Equities total value paid	(1)	(8)
Total sales costs	<u>(2,516)</u>	<u>(15,616)</u>
Total sales net of transaction costs	<u>9,345,206</u>	<u>29,469,202</u>

Notes to the Financial Statements (continued)
5. Purchases, Sales, and Transaction costs (continued)

	31.12.2018 %	31.12.2017 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV ¹	0.01	0.05
Equities percentage of purchases total	0.03	0.20
Taxes:		
Equities percentage of average NAV ¹	0.11	0.11
Equities percentage of purchases total	0.50	0.47
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV ¹	0.01	0.04
Equities percentage of sales total	0.03	0.06
Taxes:		
Equities percentage of average NAV ¹	—	—
Equities percentage of sales total	—	—

The average portfolio dealing spread as at 31 December 2018 was 0.15% (31 December 2017: 0.08%).

¹Excluding single swing price adjustment.

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	889	62
Franked UK dividends	1,217,486	1,581,798
Overseas dividends	82,290	37,120
	<u>1,300,665</u>	<u>1,618,980</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	<u>280,020</u>	<u>371,633</u>
	<u>280,020</u>	<u>371,633</u>
Other expenses:		
Fixed operating charge ¹	68,104	90,456
Sundry expenses	<u>2,500</u>	<u>2,500</u>
	<u>70,604</u>	<u>92,956</u>
	<u>350,624</u>	<u>464,589</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)
8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	–	4,654
Prior year adjustment	(7,676)	–
Current tax (note 8b)	(7,676)	4,654
Deferred tax (note 8c)	–	–
Total tax charge	(7,676)	4,654

b) Factors affecting taxation charge for the year:

The tax assessed for the period is lower (2017: lower) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	950,041	1,154,374
Corporation tax at 20%	190,008	230,875
Effects of:		
UK dividend revenue not subject to corporation tax	(243,497)	(316,360)
Overseas tax irrecoverable	–	4,654
Excess management expenses	69,947	92,909
Overseas dividend revenue not subject to corporation tax	(16,458)	(7,424)
Prior year adjustment	(7,676)	–
Sub-total	(197,684)	(226,221)
Current year tax charge (note 8a)	(7,676)	4,654

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	–	–
Deferred tax charge for the year	–	–
Provision at end of year	–	–

The sub-fund has not recognised a deferred tax asset of £692,431 (31 December 2017: £622,484) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
First Quarter Distribution	197,163	304,574
First Quarter Accumulation	83,867	109,234
Interim Distribution	253,652	345,867
Interim Accumulation	107,742	106,424
Third Quarter Distribution	203,201	197,461
Third Quarter Accumulation	85,927	85,704
Final Distribution	168,247	181,051
Final Accumulation	74,902	76,984
	1,174,701	1,407,299

Notes to the Financial Statements (continued)
9. Distributions (continued)

	31.12.2018 £	31.12.2017 £
Add: Amounts deducted on cancellation of shares	13,736	42,538
Less: Amounts added on creation of shares	<u>(20,344)</u>	<u>(21,369)</u>
Distributions	<u>1,168,093</u>	<u>1,428,468</u>
Interest payable and similar charges	<u>–</u>	<u>17</u>
Total distributions	<u><u>1,168,093</u></u>	<u><u>1,428,485</u></u>
Net revenue after taxation	957,717	1,149,720
Add: Capitalised expenses	210,376	278,753
Add: Undistributed revenue brought forward	17	12
Less: Undistributed revenue carried forward	<u>(17)</u>	<u>(17)</u>
Distributions	<u><u>1,168,093</u></u>	<u><u>1,428,468</u></u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	104,578	100,007
Overseas tax recoverable	<u>8,028</u>	<u>–</u>
	<u><u>112,606</u></u>	<u><u>100,007</u></u>

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	<u>373,697</u>	<u>272,284</u>
	<u><u>373,697</u></u>	<u><u>272,284</u></u>

12. Other Creditors

	31.12.2018 £	31.12.2017 £
Accrued expenses	<u>26,680</u>	<u>31,307</u>
	<u><u>26,680</u></u>	<u><u>31,307</u></u>

13. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

14. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £21,450 (31 December 2017: £25,183).

At the year end, Sarasin UK Equity held no shares in any other sub-fund or collective investment scheme managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

At the year end, HSBC Sterling Area Pension Plan owned 27.34% shares in the sub-fund on behalf of multiple beneficiaries (31 December 2017: Nil). BNY (OCS) Nominees Limited owned below the 25% threshold in the sub-fund on behalf of multiple beneficiaries (31 December 2017: 71.13%).

Notes to the Financial Statements (continued)**15. Shareholders' Funds**

The sub-fund has 10 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

UK Equity 'A' Income Shares

Opening shares	8,975
Shares Created	26
Shares Liquidated	–
Shares Converted	–
Closing shares	9,001

UK Equity 'A' Accumulation Shares

Opening shares	314,346
Shares Created	9,270
Shares Liquidated	(129,041)
Shares Converted	–
Closing shares	194,575

UK Equity 'I' Income Shares

Opening shares	16,054,170
Shares Created	2,070,614
Shares Liquidated	(2,239,497)
Shares Converted	–
Closing shares	15,885,287

UK Equity 'I' Accumulation Shares

Opening shares	5,519,367
Shares Created	–
Shares Liquidated	(23,162)
Shares Converted	1
Closing shares	5,496,206

UK Equity 'P' Income Shares

Opening shares	104,084
Shares Created	1,092
Shares Liquidated	(31)
Shares Converted	–
Closing shares	105,145

UK Equity 'P' Accumulation Shares

Opening shares	50,037
Shares Created	4,451
Shares Liquidated	(9,562)
Shares Converted	(1)
Closing shares	44,925

UK Equity 'X' Income Shares

Opening shares	917,217
Shares Created	–
Shares Liquidated	(240,950)
Shares Converted	(1)
Closing shares	676,266

Notes to the Financial Statements (continued)
15. Shareholders' Funds (continued)
UK Equity 'X' Accumulation Shares

Opening shares	48,561
Shares Created	—
Shares Liquidated	—
Shares Converted	—
Closing shares	48,561

UK Equity 'Z' Income Shares

Opening shares	424,689
Shares Created	33,291
Shares Liquidated	(192,738)
Shares Converted	—
Closing shares	265,242

UK Equity 'Z' Accumulation Shares

Opening shares	1,000
Shares Created	—
Shares Liquidated	(1,000)
Shares Converted	—
Closing shares	—

16. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 123. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Sterling	291,376	28,878,037	29,169,413	100.00
	291,376	28,878,037	29,169,413	100.00

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Sterling	159,933	34,603,768	34,763,701	100.00
	159,933	34,603,768	34,763,701	100.00

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Sterling	373,697	—	28,990,643	29,364,340
	373,697	—	28,990,643	29,364,340

Notes to the Financial Statements (continued)

16. Risk Disclosures (continued)

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	—	—	(194,927)	(194,927)
	—	—	(194,927)	(194,927)

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Sterling	272,284	—	34,703,775	34,976,059
	272,284	—	34,703,775	34,976,059

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	—	—	(212,358)	(212,358)
	—	—	(212,358)	(212,358)

Fair Value

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

Valuation technique as at 31 December 2018

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Equities	28,878,037	—	—	28,878,037
	28,878,037	—	—	28,878,037

Valuation technique as at 31 December 2017

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Equities	34,603,768	—	—	34,603,768
	34,603,768	—	—	34,603,768

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Notes to the Financial Statements (continued)

16. Risk Disclosures (continued)

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Counterparty Risk

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. As at balance sheet date, the sub-fund is not exposed to any counterparty risk.

17. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per share of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. The following share classes have exceeded the threshold and, as at the date of signing these accounts, have increased in value by over 10% since 31 December 2018: UK Equity A Acc, I Acc, X Acc, P Acc.

Distribution Tables

For the year ended 31 December 2018

First Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 31 March 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	First Quarter Distribution Paid 2018 Pence per Share	First Quarter Distribution Paid 2017 Pence per Share
UK Equity 'A' Income Shares				
Group 1	1.0113	—	1.0113	0.9467
Group 2	0.1950	0.8163	1.0113	0.9467
UK Equity 'A' Accumulation Shares				
Group 1	1.2566	—	1.2566	1.1418
Group 2	0.6866	0.5700	1.2566	1.1418
UK Equity 'I' Income Shares¹				
Group 1	1.1278	—	1.1278	1.0555
Group 2	1.1278	—	1.1278	1.0555
UK Equity 'I' Accumulation Shares¹				
Group 1	1.4358	—	1.4358	1.2998
Group 2	1.4358	—	1.4358	1.2998
UK Equity 'P' Income Shares				
Group 1	1.1336	—	1.1336	1.0602
Group 2	0.8437	0.2899	1.1336	1.0602
UK Equity 'P' Accumulation Shares				
Group 1	1.4382	—	1.4382	1.3027
Group 2	0.8924	0.5458	1.4382	1.3027
UK Equity 'X' Income Shares¹				
Group 1	1.0357	—	1.0357	0.9679
Group 2	1.0357	—	1.0357	0.9679
UK Equity 'X' Accumulation Shares¹				
Group 1	1.2730	—	1.2730	1.1550
Group 2	1.2730	—	1.2730	1.1550
UK Equity 'Z' Income Shares¹				
Group 1	1.2915	—	1.2915	1.2073
Group 2	1.2915	—	1.2915	1.2073
UK Equity 'Z' Accumulation Shares¹				
Group 1	1.7150	—	1.7150	1.5500
Group 2	1.7150	—	1.7150	1.5500

Distribution Tables (continued)
Interim distribution in pence per share

Group 1: Shares purchased prior to 1 April 2018

Group 2: Shares purchased between 1 April 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
UK Equity 'A' Income Shares				
Group 1	1.3229	—	1.3229	1.1292
Group 2	0.0343	1.2886	1.3229	1.1292
UK Equity 'A' Accumulation Shares				
Group 1	1.6615	—	1.6615	1.3765
Group 2	0.6706	0.9909	1.6615	1.3765
UK Equity 'I' Income Shares				
Group 1	1.4514	—	1.4514	1.2487
Group 2	1.1035	0.3479	1.4514	1.2487
UK Equity 'I' Accumulation Shares¹				
Group 1	1.8643	—	1.8643	1.5489
Group 2	1.8643	—	1.8643	1.5489
UK Equity 'P' Income Shares				
Group 1	1.4556	—	1.4556	1.2528
Group 2	0.5642	0.8914	1.4556	1.2528
UK Equity 'P' Accumulation Shares				
Group 1	1.8652	—	1.8652	1.5512
Group 2	1.4674	0.3978	1.8652	1.5512
UK Equity 'X' Income Shares¹				
Group 1	1.3494	—	1.3494	1.1499
Group 2	1.3494	—	1.3494	1.1499
UK Equity 'X' Accumulation Shares¹				
Group 1	1.6726	—	1.6726	1.3863
Group 2	1.6726	—	1.6726	1.3863
UK Equity 'Z' Income Shares¹				
Group 1	1.6326	—	1.6326	1.4140
Group 2	1.6326	—	1.6326	1.4140
UK Equity 'Z' Accumulation Shares¹				
Group 1	2.1860	—	2.1860	1.8260
Group 2	2.1860	—	2.1860	1.8260

Distribution Tables (continued)
Third Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 30 September 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Third Quarter Distribution Paid 2018 Pence per Share	Third Quarter Distribution Paid 2017 Pence per Share
UK Equity 'A' Income Shares				
Group 1	1.0280	—	1.0280	0.9695
Group 2	—	1.0280	1.0280	0.9695
UK Equity 'A' Accumulation Shares				
Group 1	1.3028	—	1.3028	1.1923
Group 2	0.8262	0.4766	1.3028	1.1923
UK Equity 'I' Income Shares				
Group 1	1.1475	—	1.1475	1.0844
Group 2	—	1.1475	1.1475	1.0844
UK Equity 'I' Accumulation Shares¹				
Group 1	1.4898	—	1.4898	1.3628
Group 2	1.4898	—	1.4898	1.3628
UK Equity 'P' Income Shares				
Group 1	1.1537	—	1.1537	1.0933
Group 2	0.4505	0.7032	1.1537	1.0933
UK Equity 'P' Accumulation Shares				
Group 1	1.4944	—	1.4944	1.3668
Group 2	0.4060	1.0884	1.4944	1.3668
UK Equity 'X' Income Shares¹				
Group 1	1.0424	—	1.0424	0.9959
Group 2	1.0424	—	1.0424	0.9959
UK Equity 'X' Accumulation Shares¹				
Group 1	1.3176	—	1.3176	1.1940
Group 2	1.3176	—	1.3176	1.1940
UK Equity 'Z' Income Shares				
Group 1	1.3176	—	1.3176	1.2504
Group 2	0.1124	1.2052	1.3176	1.2504
UK Equity 'Z' Accumulation Shares¹				
Group 1	1.7890	—	1.7890	1.6350
Group 2	1.7890	—	1.7890	1.6350

Distribution Tables (continued)
Final distribution in pence per share

Group 1: Shares purchased prior to 1 October 2018

Group 2: Shares purchased between 1 October 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
UK Equity 'A' Income Shares¹				
Group 1	0.8847	—	0.8847	0.9173
Group 2	0.8847	—	0.8847	0.9173
UK Equity 'A' Accumulation Shares				
Group 1	1.1296	—	1.1296	1.1358
Group 2	0.4449	0.6847	1.1296	1.1358
UK Equity 'I' Income Shares				
Group 1	0.9942	—	0.9942	1.0349
Group 2	0.1477	0.8465	0.9942	1.0349
UK Equity 'I' Accumulation Shares¹				
Group 1	1.3020	—	1.3020	1.3078
Group 2	1.3020	—	1.3020	1.3078
UK Equity 'P' Income Shares				
Group 1	1.0007	—	1.0007	1.0418
Group 2	0.4444	0.5563	1.0007	1.0418
UK Equity 'P' Accumulation Shares				
Group 1	1.3075	—	1.3075	1.3132
Group 2	0.6432	0.6643	1.3075	1.3132
UK Equity 'X' Income Shares¹				
Group 1	0.9065	—	0.9065	0.9426
Group 2	0.9065	—	0.9065	0.9426
UK Equity 'X' Accumulation Shares¹				
Group 1	1.1448	—	1.1448	1.1503
Group 2	1.1448	—	1.1448	1.1503
UK Equity 'Z' Income Shares¹				
Group 1	1.1511	—	1.1511	1.1994
Group 2	1.1511	—	1.1511	1.1994
UK Equity 'Z' Accumulation Shares²				
Group 1	—	—	—	1.5840
Group 2	—	—	—	1.5840

¹There were no group 2 shares for this period.

²Share class closed on 5 November 2018.

Investment Objective and Policy

Sarasin Responsible Global Equity aims to achieve a balance of capital growth and income over the long term through investment in an internationally diversified equity-based portfolio which reflects a set of ethical (socially responsible) criteria.

The sub-fund will seek to avoid investing in companies which are materially involved in the production and distribution of ethically unacceptable products, including but not limited to alcohol, gambling, tobacco, pornography and armaments; companies which are materially involved in ethically unacceptable practices which may include, but is not limited to, considerations such as corruption, environmental degradation, poor labour practices and breaches of human rights; and companies which persistently, knowingly and materially breach international legal standards.

Subject to investing in accordance with the ethical criteria, the sub-fund's assets are allocated by and invested in accordance with global themes which track long-term worldwide growth trends that are largely independent of any one region or market. The ethical criteria and global themes will be identified and kept under review by the ACD and will change from time to time. It is the intention of the ACD that the majority of the holdings within the sub-fund will be of large and medium size stocks.

The sub-fund may also invest in other transferable securities, units in collective investment schemes, and cash and near cash, and may invest in derivatives for efficient portfolio management purposes (including hedging). The sub-fund may borrow and employ stock lending techniques in accordance with COLL.

Sensitivity Analysis

The sub-fund invests in equities. The sub-fund has the ability to use options on individual stocks for efficient portfolio management purposes.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Responsible Global Equity, as at 31 December 2018, was 9.01% (31 December 2017: 7.66%). The lowest, highest, and average utilisation in the year was 6.90%, 9.03%, and 8.28%, respectively (31 December 2017: 7.65%, 9.65%, and 8.84%, respectively).

Investment Review

Sarasin Responsible Global Equity returned -1.12% for the year ended 31 December 2018 (gross of fees), outperforming the MSCI All Countries World Index by 2.67%.

Global financial markets were mixed in a volatile first quarter of 2018, as concerns of rising inflation and interest preoccupied investors. Markets were unsettled by President Trump's announcement on steel and aluminum tariffs, intensifying political tensions between the US and China and sparking fears of a trade war. Despite this environment, the S&P500 approached all-time highs.

Booking (formerly Priceline), was one of the quarter's best performers as the full financial results show that Booking continued to benefit from the strength of its brands, a diversified global footprint, strong execution and macro factors that remain relatively stable. MasterCard 'A' was also a top contributor, as typical to usual sector patterns in a drawdown, US technology stocks held up well.

On the other hand, Simon Property was the sub-fund's biggest detractor, with a confluence of weak footfall in the retail mall sector and higher interest rates working against the stock price. Global agricultural manufacturer Kubota also had a tough quarter, as full year results released in February revealed healthy top-line growth but currency and selling expenses held back margins.

Throughout the first quarter a number of transactions took place. We sold our holdings in AmerisourceBergen, SES, Total, and Roche and bought investments in Deere & Co, Aramark and ServiceNow. We also took up a position in the London Stock Exchange, which we see as defensive versus other financials and the exchanges universe.

The volatility that we saw in the first quarter continued somewhat into the second quarter. Trade tension between the US and China escalated and Brexit negotiations made little progress. There were early signs of a slowing in Eurozone economic activity and the euro fell to its lowest level for six months against the US dollar having hit a high in April. US Treasury bond yields flirted with new highs and the US equity market ground higher, led by large capitalisation technology companies.

Within the sub-fund, US car retailer Carmax was the second quarter's top contributor. Despite a tricky few quarters prior, the company reported recent results that show a substantial recovery, and the stock performed well overall. Mastercard 'A' also continued to deliver, beating high expectations. Entertainment company, Activision Blizzard posted decent financial and operational performance, contributing well to the portfolio.

Investment Review (continued)

International luggage manufacturer, Samsonite International, was a significant detractor for the sub-fund's performance, with a report alleging a series of accounting malpractices (including inflated earnings). The report was also critical to the CEO, who has since resigned. Nonetheless, the sub-fund put up a staunch and credible defence of the allegations and the stock recovered in the early part of June.

We initiated a position in Danish offshore wind farm design, build and operator Orsted. The Company is a market leader in the sector, with proven operating experience with economies of scale and purchasing power.

During the third quarter of the year, US markets were spurred by strong economic data, a robust currency and earnings growth supported by tax cuts. Brexit talks again made little progress, though there were occasional moments of optimism, which pressured Sterling. Although July was a better month for the Eurozone, as trade worries receded, August brought political concerns from both Italy and Turkey.

A number of our US stocks performed well, as US markets continued to climb. Among the top performers were funeral provider Service Corp International, online retailer Amazon.com, and IT servicer ServiceNow. That said, Japanese Pharmaceutical company, Shionogi & Co was the sub-fund's top performer and contributor. The company's flu pill developments progressed in line with expectation, with the drug beating the placebo and more importantly its rival Tamiflu during tests.

The third quarter was less good for our UK stocks with Associated British Foods and Just Eat struggling. UK markets and Sterling fell amid ongoing uncertainty around Brexit and that impacted some of our UK positions. Just Eat results were somewhat disappointing raising concerns around increasing competition and additional capex to fund their delivery initiative. However, we believe these concerns are overdone and the company retains a strong market position and plenty of room for growth in the UK and importantly its international assets. We exited our remaining position in German telecommunications company, 1&1 Drillisch, after the Company's thesis changed as it became clear that the business' economics would come under pressure after the management buyout from 1&1.

Stock markets around the world had a very negative and volatile end of year. The result is the first year of negative returns for the US market since the credit crisis. Europe and Asia also posted double-digit losses for the year as a whole.

Within the portfolio, CME was the best performer over the quarter. The Company owns and operates the world's largest futures and options exchange and is well-placed to benefit from the growth of exchange traded and cleared products around the world. The company also enjoys a monopolistic position in the majority of the products it offers to clients. NextEra, a leading clean energy company in the US, also performed particularly well on a relative basis.

On the negative side, video game developer, Activision Blizzard, performed poorly. This followed by weaker than expected third quarter operational performance which fed through to lower fourth quarter guidance. In spite of this, we believe the outlook for the stock remains positive. Fresenius Medical Care, which issued a profit warning, also disappointed over the period.

SVB Financial, a US commercial bank, was added to the portfolio over the quarter. This company has unique expertise in lending to the innovation economy and providing additional high value services. Erste Group Bank, one of the largest providers of financial services in Central and Eastern Europe, was another addition. Meanwhile, we sold holdings in Zions Bancorporation and ICICI Bank.

Looking at the year as a whole, the financials sector contributed the most to performance, notably the US derivatives exchange CME, which benefitted from a pick-up in stock market volatility throughout the year. Healthcare was the worst performing sector, with Fresenius Medical Care dragging on returns following a profit warning in the fourth quarter.

Outlook

We are late in the economic cycle and hence face a rising risk of recession. However, the nature of the next recession is difficult to forecast but is highly unlikely to be a replay of 2008 to 2009. Our main concern is the lack of policy tools to offset the effects of an economic downturn as interest rates remain historically low; government borrowing extended and the negative side-effects of unconventional policy may not be so readily tolerated in the next cycle.

Our worries about growth are not in the West though, where unemployment is low and consumer confidence and corporate profits are still robust. Our main concern is in China, where economic visibility is poor with manufacturing survey data now looking consistently weak. The Chinese government will react – probably with tax cuts – but this may offset only some of the trade-related drag.

In terms of opportunity, the past year's correction has left equity markets relatively inexpensive versus recent history. Cash and government bonds offer little yield competition to global equities. Central Banks can afford to be patient so interest rate risk is modest, while the price of oil and other commodities are subdued. We are still finding many genuine thematic growth opportunities that will stand out in a slower growth world.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Investment Review (continued)

Top 10 purchases during the year

Deere & Co
Orsted
SVB Financial
Givaudan
Aramark
London Stock Exchange
Erste Group Bank
ServiceNow
Schneider Electric
Equinix

Top 10 sales during the year

Canadian Pacific Railway
Zions Bancorporation
AmerisourceBergen
Total
Simon Property
Tencent
Taiwan Semiconductor Manufacturing ADR
Mastercard 'A'
Amgen
Ecolab

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 157 to 167 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information (continued)
Comparative Tables
Responsible Global Equity 'A' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	163.48	144.56	124.69
Return before operating charges*	(2.55)	24.19	24.34
Operating charges	(2.87)	(2.70)	(2.24)
Return after operating charges*	(5.42)	21.49	22.10
Distributions on income shares	(2.09)	(2.57)	(2.23)
Closing net asset value per share	155.97	163.48	144.56
* after direct transaction costs of ¹ :	0.07	0.11	0.08
Performance			
Return after charges ²	(3.32)%	14.87%	17.72%
Other Information			
Closing net asset value (£'000)	101	106	87
Closing number of shares	64,418	65,024	59,964
Operating charges ³	1.71%	1.72%	1.72%
Direct transaction costs	0.04%	0.07%	0.06%
Prices			
Highest share price	178.60p	165.80p	147.40p
Lowest share price	153.70p	144.20p	107.10p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Responsible Global Equity 'A' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	183.27	159.46	135.33
Return before operating charges*	(2.94)	26.81	26.55
Operating charges	(3.23)	(3.00)	(2.42)
Return after operating charges*	(6.17)	23.81	24.13
Distributions	(2.35)	(2.85)	(2.42)
Retained distributions on accumulation shares	2.35	2.85	2.42
Closing net asset value per share	177.10	183.27	159.46
* after direct transaction costs of ¹ :	0.08	0.12	0.09
Performance			
Return after charges ²	(3.37)%	14.93%	17.83%
Other Information			
Closing net asset value (£'000)	340	329	248
Closing number of shares	191,924	179,517	155,423
Operating charges ³	1.71%	1.72%	1.72%
Direct transaction costs	0.04%	0.07%	0.06%
Prices			
Highest share price	201.70p	184.80p	161.60p
Lowest share price	173.60p	159.10p	116.20p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)**Comparative Tables (continued)***Responsible Global Equity 'D' Accumulation Shares*

2018¹
(pence per share)

Change in Net Asset Value per Share

Opening net asset value per share	99.64
Return before operating charges*	(4.41)
Operating charges	(0.10)
Return after operating charges*	(4.51)
Distributions	(0.23)
Retained distributions on accumulation shares	0.23
Closing net asset value per share	95.13
* after direct transaction costs of ² :	0.04

Performance

Return after charges ³	(4.53)%
-----------------------------------	---------

Other Information

Closing net asset value (£'000)	1,701
Closing number of shares	1,788,055
Operating charges ⁴	0.65%
Direct transaction costs	0.04%

Prices

Highest share price	103.60p
Lowest share price	93.20p

¹Share class launched 6 November 2018.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Comparative Tables (continued)

Responsible Global Equity 'F' Income Shares

	2018 ¹ (pence per share)
Change in Net Asset Value per Share	
Opening net asset value per share	178.22
Return before operating charges*	(20.65)
Operating charges	(0.50)
Return after operating charges*	(21.15)
Distributions on income shares	(0.41)
Closing net asset value per share	156.66
* after direct transaction costs of ² :	0.07
Performance	
Return after charges ³	(11.87)%
Other Information	
Closing net asset value (£'000)	12
Closing number of shares	7,897
Operating charges ⁴	1.21%
Direct transaction costs	0.04%
Prices	
Highest share price	178.20p
Lowest share price	153.90p

¹Share class became active on 2 October 2018.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Responsible Global Equity 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	171.32	150.43	128.80
Return before operating charges*	(2.75)	25.23	25.33
Operating charges	(1.77)	(1.65)	(1.39)
Return after operating charges*	(4.52)	23.58	23.94
Distributions on income shares	(2.20)	(2.69)	(2.31)
Closing net asset value per share	164.60	171.32	150.43
* after direct transaction costs of ¹ :	0.07	0.12	0.08
Performance			
Return after charges ²	(2.64)%	15.68%	18.59%
Other Information			
Closing net asset value (£'000)	33,664	41,283	43,327
Closing number of shares	20,451,615	24,097,194	28,802,008
Operating charges ³	1.00%	1.01%	1.01%
Direct transaction costs	0.04%	0.07%	0.06%
Prices			
Highest share price	188.10p	173.70p	153.10p
Lowest share price	162.20p	150.10p	110.70p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Responsible Global Equity 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	192.19	166.05	139.91
Return before operating charges*	(3.06)	27.98	27.64
Operating charges	(2.00)	(1.84)	(1.50)
Return after operating charges*	(5.06)	26.14	26.14
Distributions	(2.47)	(2.98)	(2.52)
Retained distributions on accumulation shares	2.47	2.98	2.52
Closing net asset value per share	187.13	192.19	166.05
* after direct transaction costs of ¹ :	0.09	0.13	0.09
Performance			
Return after charges ²	(2.63)%	15.74%	18.68%
Other Information			
Closing net asset value (£'000)	209	215	200
Closing number of shares	111,927	111,791	120,594
Operating charges ³	1.00%	1.01%	1.01%
Direct transaction costs	0.04%	0.07%	0.06%
Prices			
Highest share price	212.60p	193.70p	168.00p
Lowest share price	182.40p	165.70p	120.20p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Responsible Global Equity 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	170.19	149.37	127.86
Return before operating charges*	(2.71)	25.07	25.10
Operating charges	(1.69)	(1.58)	(1.30)
Return after operating charges*	(4.40)	23.49	23.80
Distributions on income shares	(2.18)	(2.67)	(2.29)
Closing net asset value per share	163.61	170.19	149.37
* after direct transaction costs of ¹ :	0.07	0.12	0.08
Performance			
Return after charges ²	(2.59)%	15.73%	18.61%
Other Information			
Closing net asset value (£'000)	3,706	3,498	2,875
Closing number of shares	2,265,419	2,055,474	1,924,698
Operating charges ³	0.96%	0.97%	0.97%
Direct transaction costs	0.04%	0.07%	0.06%
Prices			
Highest share price	186.90p	172.50p	152.00p
Lowest share price	161.20p	149.00p	109.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Responsible Global Equity 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	191.06	164.99	138.96
Return before operating charges*	(3.14)	27.83	27.45
Operating charges	(1.90)	(1.76)	(1.42)
Return after operating charges*	(5.04)	26.07	26.03
Distributions	(2.46)	(2.96)	(2.50)
Retained distributions on accumulation shares	2.46	2.96	2.50
Closing net asset value per share	186.02	191.06	164.99
* after direct transaction costs of ¹ :	0.08	0.13	0.09
Performance			
Return after charges ²	(2.64)%	15.80%	18.73%
Other Information			
Closing net asset value (£'000)	6,817	6,760	3,403
Closing number of shares	3,664,393	3,538,344	2,061,988
Operating charges ³	0.96%	0.97%	0.97%
Direct transaction costs	0.04%	0.07%	0.06%
Prices			
Highest share price	211.40p	192.60p	166.90p
Lowest share price	181.40p	164.60p	119.40p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Responsible Global Equity 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	165.20	145.87	125.63
Return before operating charges*	(2.59)	24.41	24.56
Operating charges	(2.65)	(2.48)	(2.07)
Return after operating charges*	(5.24)	21.93	22.49
Distributions on income shares	(2.11)	(2.60)	(2.25)
Closing net asset value per share	157.85	165.20	145.87
* after direct transaction costs of ¹ :	0.07	0.11	0.08
Performance			
Return after charges ²	(3.17)%	15.03%	17.91%
Other Information			
Closing net asset value (£'000)	2,106	2,028	2,049
Closing number of shares	1,334,017	1,227,874	1,404,827
Operating charges ³	1.56%	1.57%	1.57%
Direct transaction costs	0.04%	0.07%	0.06%
Prices			
Highest share price	180.60p	167.50p	148.60p
Lowest share price	155.50p	145.50p	107.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Responsible Global Equity 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	185.20	160.92	136.34
Return before operating charges*	(2.97)	27.04	26.83
Operating charges	(2.98)	(2.76)	(2.25)
Return after operating charges*	(5.95)	24.28	24.58
Distributions	(2.38)	(2.88)	(2.45)
Retained distributions on accumulation shares	2.38	2.88	2.45
Closing net asset value per share	179.25	185.20	160.92
* after direct transaction costs of ¹ :	0.08	0.13	0.09
Performance			
Return after charges ²	(3.21)%	15.09%	18.03%
Other Information			
Closing net asset value (£'000)	776	649	614
Closing number of shares	433,114	350,345	381,735
Operating charges ³	1.56%	1.57%	1.57%
Direct transaction costs	0.04%	0.07%	0.06%
Prices			
Highest share price	204.00p	186.70p	162.90p
Lowest share price	175.50p	160.50p	117.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Comparative Tables (continued)

Responsible Global Equity 'X EUR' Accumulation Shares

	2018 ¹ (cents per share)
Change in Net Asset Value per Share	
Opening net asset value per share	99.64
Return before operating charges*	(6.81)
Operating charges	(0.23)
Return after operating charges*	(7.04)
Distributions on income shares	–
Distributions	(0.22)
Retained distributions on accumulation shares	0.22
Last quoted share price	–
Closing net asset value per share	92.60
* after direct transaction costs of ² :	0.04
Performance	
Return after charges ³	(7.07)%
Other Information	
Closing net asset value (€'000)	1
Closing number of shares	1,000
Operating charges ⁴	1.56%
Direct transaction costs	0.04%
Prices	
Highest share price	101.60c
Lowest share price	90.30c

¹Share class launched 6 November 2018.

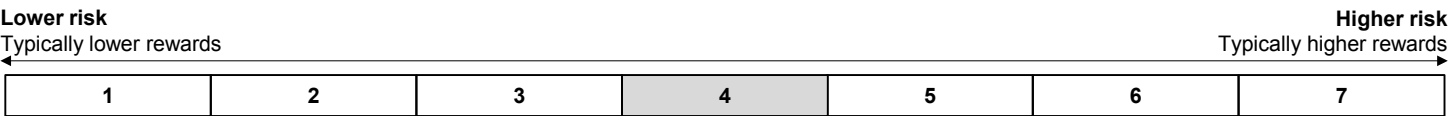
²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean ‘risk-free’.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The following risks may not be fully captured by the Indicator:

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Derivatives: Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

Emerging Market Risk: Emerging markets may face more political, economic or structural challenges than developed markets and shares may be less liquid, meaning that investments may not be sold quickly enough to prevent or minimize a loss; they may therefore involve a higher risk than investing in developed markets.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 6.41% (31 December 2017 - 12.66%)			
4,791	Charter Communications	1,072,182	2.17
3,316	Equinix	918,122	1.85
37,396	Service Corp International	1,180,957	2.39
		3,171,261	6.41
Cyclical Franchise 28.77% (31 December 2017 - 21.66%)			
902	Booking	1,220,172	2.47
10,045	CME	1,483,641	3.00
6,743	Credicorp	1,174,466	2.38
9,961	CSL	1,019,506	2.06
12,741	Deere & Co	1,491,885	3.02
27,573	Erste Group Bank	715,240	1.45
13,509	First Republic Bank	922,167	1.87
86,800	Kubota	968,737	1.96
27,678	London Stock Exchange	1,123,727	2.27
52,222	Prudential	732,153	1.48
281,700	Samsonite International	628,576	1.27
20,492	Schneider Electric	1,098,435	2.22
5,200	Shimano	576,814	1.17
7,147	SVB Financial	1,064,923	2.15
		14,220,442	28.77
Defensive Franchise 26.59% (31 December 2017 - 26.50%)			
8,263	3M	1,235,817	2.50
10,398	Air Products & Chemicals	1,306,771	2.64
22,506	Colgate-Palmolive	1,051,788	2.13
6,992	Costco Wholesale	1,118,467	2.26
10,330	Ecolab	1,195,136	2.42
12,047	EssilorLuxottica	1,194,304	2.42
17,553	Fresenius Medical Care	890,164	1.80
764	Givaudan	1,384,372	2.80
15,394	Henkel	1,179,302	2.38
9,602	Moody's	1,055,798	2.14
11,238	NextEra Energy	1,533,842	3.10
		13,145,761	26.59
Disruptive Growth 34.73% (31 December 2017 - 35.11%)			
22,592	Activision Blizzard	826,623	1.67
195,800	AIA	1,276,343	2.58
1,041	Alphabet 'C'	847,594	1.72
686	Amazon.com	809,729	1.64
7,775	Amgen	1,188,837	2.41
6,617	ASML	814,271	1.65
56,109	Associated British Foods	1,146,307	2.32
2,900	BlackRock	894,888	1.81
23,713	CarMax	1,167,962	2.36
139,034	Just Eat	815,851	1.65
9,894	Mastercard 'A'	1,465,455	2.96

Portfolio Statement (continued)

	Holding	Investment	Bid Market Value £	% of Net Assets
Disruptive Growth (continued)				
	32,588	Novozymes 'B'	1,138,268	2.30
	30,127	Orsted	1,577,011	3.19
	5,808	ServiceNow	811,278	1.64
	29,800	Shionogi & Co	1,336,311	2.70
	33,813	Umicore	1,051,616	2.13
			17,168,344	34.73
Special Situation 1.78% (31 December 2017 - 2.06%)				
	38,645	Aramark	878,433	1.78
			878,433	1.78
Strategic Holdings 0.00% (31 December 2017 - 0.05%)				
		Total Value of Investments 98.28%		
		(31 December 2017 - 98.04%)	48,584,241	98.28
		Net Other Assets	849,171	1.72
		Net assets	49,433,412	100.00
All holdings are ordinary shares of stock and are listed on an official stock exchange unless otherwise stated.				
Asset Allocation of Portfolio of Investments is as follows:				
		Equities	48,584,241	98.28
		Net Other Assets	849,171	1.72
			49,433,412	100.00

Statement of Total Return

For the year ended 31 December 2018

			31.12.2018		31.12.2017
	Notes ¹	£	£	£	£
Income					
Net capital (losses)/gains	4		(1,634,026)		7,794,341
Revenue	6	766,384		1,058,065	
Expenses	7	(557,412)		(577,865)	
Interest payable and similar charges	9	(100)		(22)	
Net revenue before taxation		208,872		480,178	
Taxation	8	(86,963)		(119,812)	
Net revenue after taxation for the year			121,909		360,366
Total returns before distributions			(1,512,117)		8,154,707
Distributions	9		(668,623)		(927,193)
Changes in net assets attributable to shareholders from investment activities			(2,180,740)		7,227,514

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

			31.12.2018		31.12.2017
	Note ¹	£	£	£	£
Opening net assets attributable to shareholders			54,868,093		52,802,585
Movement due to sales and repurchases of shares:					
Amounts received on issue of shares		9,411,107		6,927,407	
Less: amounts paid on cancellation of shares		(12,780,564)		(12,210,146)	
			(3,369,457)		(5,282,739)
Single swing price adjustment			3,852		7,178
Changes in net assets attributable to shareholders from investment activities (see above)			(2,180,740)		7,227,514
Retained distribution on accumulation shares	9		111,664		113,555
Closing net assets attributable to shareholders			49,433,412		54,868,093

¹The notes to these accounts can be found on pages 173 to 181.

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		48,584,241	53,807,587
Current assets:			
Debtors	10	125,745	139,073
Cash and bank balances	11	988,640	1,257,347
Total assets		<u>49,698,626</u>	<u>55,204,007</u>
Liabilities			
Investment liabilities		–	(14,595)
Creditors:			
Bank overdrafts	12	(3,943)	(3,718)
Distribution payable on income shares	9	(213,485)	(268,579)
Other creditors	13	(47,786)	(49,022)
Total liabilities		<u>(265,214)</u>	<u>(335,914)</u>
Net assets attributable to shareholders		<u>49,433,412</u>	<u>54,868,093</u>

¹The notes to these accounts can be found on pages 173 to 181.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(1,660,475)	7,885,771
Losses on derivative securities	(38)	(79,823)
Losses on forward currency contracts	(760)	–
Currency gains/(losses)	27,297	(11,496)
Transaction charges	(50)	(111)
Net capital (losses)/gains	<u>(1,634,026)</u>	<u>7,794,341</u>

5. Purchases, Sales, and Transaction Costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Corporate Actions	1,254,259	711,016
Derivatives	203,700	182,018
Equities	16,012,533	15,789,273
Commissions:		
Equities total value paid	8,797	24,907
Taxes:		
Equities total value paid	10,285	1,156
Total purchase transaction costs	<u>19,082</u>	<u>26,063</u>
Gross purchases total	<u>17,489,574</u>	<u>16,708,370</u>

Analysis of total sale costs:

Gross sales in year before transaction costs		
Corporate Actions	1,254,259	711,016
Derivatives	351,684	74,873
Equities	19,443,480	22,611,819
Commissions:		
Equities total value paid	(7,855)	(21,189)
Taxes:		
Equities total value paid	(11)	(1)
Total sales costs	<u>(7,866)</u>	<u>(21,190)</u>
Total sales net of transaction costs	<u>21,041,557</u>	<u>23,376,518</u>

Notes to the Financial Statements (continued)
5. Purchases, Sales, and Transaction Costs (continued)

	31.12.2018 %	31.12.2017 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV ¹	0.02	0.04
Equities percentage of purchases total	0.05	0.16
Taxes:		
Equities percentage of average NAV ¹	0.02	–
Equities percentage of purchases total	0.06	0.01

Analysis of total sale costs:

Commissions:		
Equities percentage of average NAV ¹	0.01	0.04
Equities percentage of sales total	0.04	0.09
Taxes:		
Equities percentage of average NAV ¹	–	–
Equities percentage of sales total	–	–

The average portfolio dealing spread as at 31 December 2018 was 0.08% (31 December 2017: 0.05%).

¹Excluding single swing price adjustment.

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	1,744	127
Franked UK dividends	65,441	46,344
Overseas dividends	699,199	1,011,594
	<u>766,384</u>	<u>1,058,065</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	464,976	483,877
	<u>464,976</u>	<u>483,877</u>
Other expenses:		
Fixed operating charge ¹	89,936	91,001
Sundry expenses	2,500	2,987
	<u>92,436</u>	<u>93,988</u>
	<u>557,412</u>	<u>577,865</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	86,963	119,812
Current tax (note 8b)	86,963	119,812
Deferred tax (note 8c)	–	–
Total tax charge	<u>86,963</u>	<u>119,812</u>

b) Factors affecting taxation charge for the year:

The tax assessed for the period is higher (2017: higher) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	208,872	480,178
Corporation tax at 20%	41,774	96,036
Effects of:		
UK dividend revenue not subject to corporation tax	(13,088)	(9,269)
Overseas tax irrecoverable	86,963	119,812
Excess management expenses	105,147	104,544
Overseas dividend revenue not subject to corporation tax	(132,773)	(189,368)
Double taxation relief	<u>(1,060)</u>	<u>(1,943)</u>
Sub-total	<u>45,189</u>	<u>23,776</u>
Current year tax charge (note 8a)	<u>86,963</u>	<u>119,812</u>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	–	–
Deferred tax charge for the year	–	–
Provision at end of year	<u>–</u>	<u>–</u>

The sub-fund has not recognised a deferred tax asset of £731,112 (31 December 2017: £625,965) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
Interim Distribution	339,871	543,471
Interim Accumulation	63,872	68,284
Final Distribution	213,485	268,579
Final Accumulation	<u>47,792</u>	<u>45,271</u>
	<u>665,020</u>	<u>925,605</u>
Add: Amounts deducted on cancellation of shares	23,206	29,025
Less: Amounts added on creation of shares	<u>(19,603)</u>	<u>(27,437)</u>
Distributions	<u>668,623</u>	<u>927,193</u>
Interest payable and similar charges	<u>100</u>	<u>22</u>
Total distributions	<u>668,723</u>	<u>927,215</u>

Notes to the Financial Statements (continued)

9. Distributions (continued)

	31.12.2018 £	31.12.2017 £
Net revenue after taxation	121,909	360,366
Add: Capitalised expenses	557,411	577,865
Less: Equalisation uplift on unit conversions	(4,046)	–
Add: Undistributed revenue brought forward	19	10
Less: Undistributed revenue carried forward	(22)	(19)
Tax effect of fees offset to capital	(6,648)	(11,029)
Distributions	668,623	927,193

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	60,567	77,101
Amount receivable for creation of shares	19,911	25,706
Overseas tax recoverable	45,267	36,266
	125,745	139,073

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	988,640	1,257,347
	988,640	1,257,347

12. Bank Overdrafts

	31.12.2018 £	31.12.2017 £
Bank overdrafts	3,943	3,718
	3,943	3,718

13. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	3,307	1,239
Accrued expenses	44,479	47,783
	47,786	49,022

14. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

15. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £37,186 (31 December 2017: £40,118).

At the year end, Sarasin Responsible Global Equity held no shares in any other sub-fund or collective investment scheme managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

At the year end, The LankellyChase Foundation owned 42.46% shares in the sub-fund on behalf of multiple beneficiaries. BNY (OCS) Nominees Limited owned below the 25% threshold in the sub-fund on behalf of multiple beneficiaries (31 December 2017: 59.46%).

Notes to the Financial Statements (continued)

16. Shareholders' Funds

The sub-fund has 11 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Responsible Global Equity 'A' Income Shares

Opening shares	65,024
Shares Created	–
Shares Liquidated	(606)
Shares Converted	–
Closing shares	64,418

Responsible Global Equity 'A' Accumulation Shares

Opening shares	179,517
Shares Created	21,645
Shares Liquidated	(819)
Shares Converted	(8,419)
Closing shares	191,924

Responsible Global Equity 'D' Accumulation Shares

Opening shares	–
Shares Created	345,529
Shares Liquidated	–
Shares Converted	1,442,526
Closing shares	1,788,055

Responsible Global Equity 'F' Income Shares

Opening shares	–
Shares Created	7,897
Shares Liquidated	–
Shares Converted	–
Closing shares	7,897

Responsible Global Equity 'I' Income Shares

Opening shares	24,097,194
Shares Created	1,193,468
Shares Liquidated	(4,839,047)
Shares Converted	–
Closing shares	20,451,615

Responsible Global Equity 'I' Accumulation Shares

Opening shares	111,791
Shares Created	732,909
Shares Liquidated	(155)
Shares Converted	(732,618)
Closing shares	111,927

Responsible Global Equity 'P' Income Shares

Opening shares	2,055,474
Shares Created	614,103
Shares Liquidated	(404,158)
Shares Converted	–
Closing shares	2,265,419

Notes to the Financial Statements (continued)
16. Shareholders' Funds (continued)
Responsible Global Equity 'P' Accumulation Shares

Opening shares	3,538,344
Shares Created	2,004,742
Shares Liquidated	(1,880,771)
Shares Converted	2,078
Closing shares	3,664,393

Responsible Global Equity 'X' Income Shares

Opening shares	1,227,874
Shares Created	61,663
Shares Liquidated	(14,407)
Shares Converted	58,887
Closing shares	1,334,017

Responsible Global Equity 'X' Accumulation Shares

Opening shares	350,345
Shares Created	157,864
Shares Liquidated	(28,724)
Shares Converted	(46,371)
Closing shares	433,114

Responsible Global Equity 'X EUR' Accumulation Shares

Opening shares	—
Shares Created	1,000
Shares Liquidated	—
Shares Converted	—
Closing shares	1,000

17. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 153. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	—	1,019,506	1,019,506	2.06
Danish kroner	6,828	2,715,279	2,722,107	5.51
Euro	16,862	6,943,332	6,960,194	14.08
Hong Kong dollar	—	1,904,919	1,904,919	3.85
Japanese yen	12,660	2,881,862	2,894,522	5.86
Sterling	758,001	3,818,038	4,576,039	9.26
Swiss franc	21,577	1,384,372	1,405,949	2.84
US dollar	33,243	27,916,933	27,950,176	56.54
	849,171	48,584,241	49,433,412	100.00

Notes to the Financial Statements (continued)
17. Risk Disclosures (continued)

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	1,082,461	1,082,461	1.97
Canadian dollar	305	–	305	–
Danish kroner	4,615	1,493,924	1,498,539	2.73
Euro	31,015	9,290,150	9,321,165	16.99
Hong Kong dollar	–	3,062,133	3,062,133	5.58
Japanese yen	9,277	2,853,850	2,863,127	5.22
Sterling	972,225	3,102,358	4,074,583	7.43
Swedish krona	1,100	–	1,100	–
Swiss franc	15,222	834,931	850,153	1.55
US dollar	41,342	32,073,185	32,114,527	58.53
	<u>1,075,101</u>	<u>53,792,992</u>	<u>54,868,093</u>	<u>100.00</u>

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	–	–	1,019,506	1,019,506
Danish kroner	–	–	2,722,107	2,722,107
Euro	–	–	6,960,194	6,960,194
Hong Kong dollar	–	–	1,904,919	1,904,919
Japanese yen	–	–	2,894,522	2,894,522
Sterling	980,454	–	3,856,856	4,837,310
Swiss franc	–	–	1,405,949	1,405,949
US dollar	8,186	–	27,945,933	27,954,119
	<u>988,640</u>	<u>–</u>	<u>48,709,986</u>	<u>49,698,626</u>

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	–	–	(261,271)	(261,271)
US dollar	(3,943)	–	–	(3,943)
	<u>(3,943)</u>	<u>–</u>	<u>(261,271)</u>	<u>(265,214)</u>

Notes to the Financial Statements (continued)
17. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	–	–	1,082,461	1,082,461
Canadian dollar	–	–	305	305
Danish kroner	–	–	1,498,539	1,498,539
Euro	–	–	9,321,165	9,321,165
Hong Kong dollar	–	–	3,062,133	3,062,133
Japanese yen	–	–	2,863,127	2,863,127
Sterling	1,249,811	–	3,142,373	4,392,184
Swedish krona	–	–	1,100	1,100
Swiss franc	–	–	850,153	850,153
US dollar	7,536	–	32,125,304	32,132,840
	<u>1,257,347</u>	<u>–</u>	<u>53,946,660</u>	<u>55,204,007</u>

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	–	–	(317,601)	(317,601)
US dollar	(3,718)	–	(14,595)	(18,313)
	<u>(3,718)</u>	<u>–</u>	<u>(332,196)</u>	<u>(335,914)</u>

Fair Value

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

Valuation technique as at 31 December 2018

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Equities	48,584,241	–	–	48,584,241
	<u>48,584,241</u>	<u>–</u>	<u>–</u>	<u>48,584,241</u>

Valuation technique as at 31 December 2017

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Equities	53,765,564	–	–	53,765,564
Options	42,023	–	–	42,023
	<u>53,807,587</u>	<u>–</u>	<u>–</u>	<u>53,807,587</u>

Financial Liabilities

Options	(14,595)	–	–	(14,595)
	<u>(14,595)</u>	<u>–</u>	<u>–</u>	<u>(14,595)</u>

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Notes to the Financial Statements (continued)

17. Risk Disclosures (continued)

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Counterparty Risk

During the year, the sub-fund did not make use of 'Over The Counter' (OTC) Derivative Instruments. Whereas applicable, these types of transactions introduce Counterparty Risk, where a counterparty may fail to meet its financial commitments.

As at 31 December 2018, the sub-fund is not exposed to any counterparty risk.

In order to reduce this risk, collateral may be held by the sub-fund. The counterparties to these transactions and any collateral held by the sub-fund as at 31 December 2017 are shown below:

Counterparty Name as at 31 December 2017	Exposure £	Cash Collateral £
Goldman Sachs International	42,023	—

Positive exposure represents the mark to market value of derivative contracts and the sub-fund's exposure to that counterparty.

18. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per share of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no share classes where the net asset value per share has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the year end.

Distribution Tables

For the year ended 31 December 2018

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Responsible Global Equity 'A' Income Shares¹				
Group 1	1.2470	—	1.2470	1.6361
Group 2	1.2470	—	1.2470	1.6361
Responsible Global Equity 'A' Accumulation Shares				
Group 1	1.3978	—	1.3978	1.8048
Group 2	0.7345	0.6633	1.3978	1.8048
Responsible Global Equity 'I' Income Shares				
Group 1	1.3094	—	1.3094	1.7064
Group 2	1.1111	0.1983	1.3094	1.7064
Responsible Global Equity 'I' Accumulation Shares¹				
Group 1	1.4689	—	1.4689	1.8835
Group 2	1.4689	—	1.4689	1.8835
Responsible Global Equity 'P' Income Shares				
Group 1	1.3009	—	1.3009	1.6945
Group 2	0.9330	0.3679	1.3009	1.6945
Responsible Global Equity 'P' Accumulation Shares				
Group 1	1.4605	—	1.4605	1.8718
Group 2	0.9061	0.5544	1.4605	1.8718
Responsible Global Equity 'X' Income Shares				
Group 1	1.2606	—	1.2606	1.6518
Group 2	0.3552	0.9054	1.2606	1.6518
Responsible Global Equity 'X' Accumulation Shares				
Group 1	1.4132	—	1.4132	1.8221
Group 2	0.4987	0.9145	1.4132	1.8221

Distribution Tables (continued)
Final distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Responsible Global Equity 'A' Income Shares¹				
Group 1	0.8424	—	0.8424	0.9372
Group 2	0.8424	—	0.8424	0.9372
Responsible Global Equity 'A' Accumulation Shares				
Group 1	0.9515	—	0.9515	1.0446
Group 2	0.5689	0.3826	0.9515	1.0446
Responsible Global Equity 'D' Accumulation Shares²				
Group 1	0.2295	—	0.2295	—
Group 2	0.1875	0.0420	0.2295	—
Responsible Global Equity 'F' Income Shares³				
Group 1	0.4110	—	0.4110	—
Group 2	0.3962	0.0148	0.4110	—
Responsible Global Equity 'I' Income Shares				
Group 1	0.8877	—	0.8877	0.9807
Group 2	0.5626	0.3251	0.8877	0.9807
Responsible Global Equity 'I' Accumulation Shares				
Group 1	1.0037	—	1.0037	1.0940
Group 2	0.5530	0.4507	1.0037	1.0940
Responsible Global Equity 'P' Income Shares				
Group 1	0.8824	—	0.8824	0.9742
Group 2	0.5624	0.3200	0.8824	0.9742
Responsible Global Equity 'P' Accumulation Shares				
Group 1	0.9979	—	0.9979	1.0874
Group 2	0.5902	0.4077	0.9979	1.0874
Responsible Global Equity 'X' Income Shares¹				
Group 1	0.8524	—	0.8524	0.9467
Group 2	0.8524	—	0.8524	0.9467
Responsible Global Equity 'X' Accumulation Shares				
Group 1	0.9627	—	0.9627	1.0553
Group 2	0.3214	0.6413	0.9627	1.0553

Distribution Tables (continued)

Final distribution in EUR cents per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 31 December 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Final Distribution Paid 2019 Cents per Share	Final Distribution Paid 2018 Cents per Share
Responsible Global Equity 'X EUR' Accumulation Shares²				
Group 1	0.2217	—	0.2217	—
Group 2	0.1872	0.0345	0.2217	—

¹There were no group 2 shares for this period.

²Share class launched 6 November 2018.

³Share class became active on 2 October 2018.

Investment Objective and Policy

Sarasin Responsible Global Equity (Sterling Hedged) aims to achieve a balance of capital growth in Pounds Sterling terms, and income over the long term through investment in an internationally diversified equity-based portfolio which reflects a set of ethical (socially responsible) criteria determined by the ACD.

The sub-fund will seek to avoid investing in companies which are materially involved in the production and distribution of ethically unacceptable products, including but not limited to alcohol, gambling, tobacco, pornography, and armaments; companies which are materially involved in ethically unacceptable practices, which may include, but is not limited to, considerations such as corruption, environmental degradation, poor labour practices and breaches of human rights; and companies which persistently, knowingly, and materially breach international legal standards.

Subject to investing in accordance with the ethical criteria, the sub-fund's assets are allocated by and invested in accordance with global themes which track long-term worldwide growth trends that are largely independent of any one region or market. The ethical criteria and global themes will be identified and kept under review by the ACD and will change from time to time. It is the intention of the ACD that the majority of the holdings within the sub-fund will be of large and medium size stocks, and that any foreign currency exposure will be hedged back into Pounds Sterling.

The sub-fund may also invest in other transferable securities, units in collective investment schemes, and cash and near cash, and may invest in derivatives for efficient portfolio management purposes (including hedging). The sub-fund may borrow and employ stock lending techniques in accordance with COLL.

Sensitivity Analysis

The sub-fund invests in equities. The sub-fund has the ability to use options on individual stocks for efficient portfolio management purposes. In addition, the sub-fund will sell currency exposures gained from overseas equity holdings. This is done through the use of FX forwards, and the Sterling exposure range is from 85% to 100%.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Responsible Global Equity (Sterling Hedged), as at 31 December 2018, was 8.14% (31 December 2017: 9.10%). The lowest, highest, and average utilisation in the year was 6.24%, 9.09%, and 7.93%, respectively (31 December 2017: 8.47%, 11.63%, and 10.11%, respectively).

Investment Review

Sarasin Responsible Global Equity (Sterling Hedged) returned -6.38% for the year ending 31 December 2018 (gross of fees), outperforming the MSCI All Countries World (GBP) Index by 1.30%.

Global financial markets were mixed in a volatile first quarter of 2018, as concerns of rising inflation and interest preoccupied investors. Markets were unsettled by President Trump's announcement on steel and aluminium tariffs, intensifying political tensions between the US and China and sparking fears of a trade war. Despite this environment, the S&P500 approached all-time highs.

Booking (formerly Priceline) was one of the quarter's best performers as the full financial results show that Booking continued to benefit from the strength of its brands, a diversified global footprint, strong execution and macro factors that remain relatively stable. MasterCard 'A' was also a top contributor, as atypical to usual sector patterns in a drawdown, US technology stocks held up well.

On the other hand, Simon Property was the sub-fund's biggest detractor, with a confluence of weak footfall in the retail mall sector and higher interest rates working against the stock price. Global agricultural manufacturer Kubota also had a tough quarter, as full year results released in February revealed healthy top-line growth but currency and selling expenses held back margins.

Throughout the first quarter, a number of transactions took place. We sold our holdings in AmerisourceBergen, SES, Total, and Roche and bought investments in Deere & Co, Aramark and ServiceNow. We also took up a position in the London Stock Exchange, which we see as defensive versus other financials and the exchanges universe.

The volatility that we saw in the first quarter continued somewhat into the second quarter. Trade tension between the US and China escalated and Brexit negotiations made little progress. There were early signs of a slowing in Eurozone economic activity and the euro fell to its lowest level for six months against the US dollar having hit a high in April. US Treasury bond yields flirted with new highs and the US equity market ground higher, led by large capitalisation technology companies.

Within the sub-fund, US car retailer CarMax was the second quarter's top contributor. Despite a tricky few quarters prior, the company reported recent results that show a substantial recovery, and the stock performed well overall. Mastercard 'A' also continued to deliver, beating high expectations. Entertainment company Activision Blizzard posted decent financial and operational performance, contributing well to the portfolio.

Investment Review (continued)

International luggage manufacturer Samsonite International was a significant detractor for the sub-fund's performance, with a report alleging a series of accounting malpractices (including inflated earnings). The report was also critical of the CEO, who has since resigned. Nonetheless, the company put up a staunch and credible defence of the allegations and the stock recovered in the early part of June.

We initiated a position in Danish offshore wind farm design, build and operator Orsted. The company is a market leader in the sector, with proven operating experience with economies of scale and purchasing power.

During the third quarter of the year, US markets were spurred by strong economic data, a robust currency and earnings growth supported by tax cuts. Brexit talks again made little progress, though there were occasional moments of optimism, which pressured Sterling. Although July was a better month for the Eurozone, as trade worries receded, August brought political concerns from both Italy and Turkey.

A number of our US stocks performed well, as US markets continued to climb. Among the top performers were funeral provider Service Corp International, online retailer Amazon.com, and IT servicer ServiceNow. That said Japanese pharmaceutical company, Shionogi & Co, was the sub-fund's top performer and contributor. The company's flu pill developments progressed in line with expectation, with the drug beating the placebo and more importantly its rival Tamiflu during tests.

The third quarter was less good for our UK stocks with Associated British Foods and Just Eat struggling. UK markets and Sterling fell amid ongoing uncertainty around Brexit and that impacted some of our UK positions. Just Eat results were somewhat disappointing raising concerns around increasing competition and additional capex to fund their delivery initiative. However, we believe these concerns are overdone and the company retains a strong market position and plenty of room for growth in the UK and importantly its international assets.

We exited our remaining position in German telecommunications stock Drillisch after the company's thesis changed as it became clear that the business' economics would come under pressure after the management buyout from 1&1.

Stock markets around the world had a very negative – and volatile – end of the year. The result is the first year of negative returns for the US market since the credit crisis. Europe and Asia also posted double-digit losses for the year as a whole.

Within the portfolio, CME was the best performer over the quarter. The company owns and operates the world's largest futures and options exchange and is well-placed to benefit from the growth in exchange traded and cleared products around the world. The firm also enjoys a monopolistic position in the majority of the products it offers to clients. NextEra Energy, a leading clean energy company in the US, also performed particularly well on a relative basis.

On the negative side, video game developer Activision Blizzard performed poorly. This followed some weaker than expected third quarter operational performance which fed through to lower fourth quarter guidance. In spite of this, we believe the outlook for the stock remains positive. Fresenius Medical Care, which issued a profit warning, also disappointed over the period.

SVB Financial, a US commercial bank, was added to the portfolio over the quarter. This company has unique expertise in lending to the innovation economy and providing additional high value services. Erste Group Bank, one of the largest providers of financial services in Central and Eastern Europe, was another addition. Meanwhile, we sold holdings in Zions Bancorporation and ICICI Bank ADR.

Looking at the year as a whole, the financials sector contributed the most to performance, notably the US derivatives exchange CME, which benefitted from a pick-up in stock market volatility throughout the year. Healthcare was the worst performing sector, with Fresenius Medical Care dragging on returns following a profit warning in the fourth quarter.

Outlook

We are late in the economic cycle and hence face a rising risk of recession. However, the nature of the next recession is difficult to forecast but is highly unlikely to be a replay of 2008-9. Our main concern is the lack of policy tools to offset the effects of an economic downturn as interest rates remain historically low, government borrowing extended and the negative side-effects of unconventional policy may not be so readily tolerated in the next cycle.

Our worries about growth are not in the West though, where unemployment is low and consumer confidence and corporate profits are still robust. Our main concern is in China, where economic visibility is poor with manufacturing survey data now looking consistently weak. The Chinese government will react – probably with tax cuts – but this may offset only some of the trade-related drag.

In terms of opportunity, the past year's correction has left equity markets relatively inexpensive versus recent history. Cash and government bonds offer little yield competition to global equities. Central Banks can afford to be patient so interest rate risk is modest while the price of oil and other commodities are subdued. We are still finding many genuine thematic growth opportunities that will stand out in a slower growth world.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Investment Review (continued)

Top 10 purchases during the year

Deere & Co
Orsted
SVB Financial
Givaudan
Aramark
London Stock Exchange
Erste Group Bank
ServiceNow
Schneider Electric
Associated British Foods

Top 10 sales during the year

Canadian Pacific Railway
Zions Bancorporation
AmerisourceBergen
Total
Mastercard 'A'
Tencent
Simon Property
Taiwan Semiconductor Manufacturing ADR
Amgen
Ecolab

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 189 to 197 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

SARASIN Responsible Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables

Responsible Global Equity (Sterling Hedged) 'A' Income Shares

	2018 ¹ (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	146.63	122.71	125.38
Return before operating charges*	0.08	28.49	1.50
Operating charges	(2.08)	(2.35)	(2.05)
Return after operating charges*	(2.00)	26.14	(0.55)
Distributions on income shares	(1.13)	(2.22)	(2.12)
Last quoted share price	143.50	—	—
Closing net asset value per share	—	146.63	122.71
* after direct transaction costs of ² :	0.06	0.10	0.13
Performance			
Return after charges ³	(1.36)%	21.30%	(0.44)%
Other Information			
Closing net asset value (£'000)	—	7	6
Closing number of shares	—	4,970	4,970
Operating charges ⁴	1.72%	1.72%	1.72%
Direct transaction costs	—%	0.07%	0.11%
Prices			
Highest share price	154.40p	147.90p	125.70p
Lowest share price	138.00p	122.70p	104.50p

¹Share class closed on 5 November 2018.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Responsible Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Responsible Global Equity (Sterling Hedged) 'A' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	164.54	135.49	136.11
Return before operating charges*	(12.26)	31.66	1.62
Operating charges	(2.85)	(2.61)	(2.24)
Return after operating charges*	(15.11)	29.05	(0.62)
Distributions	(2.04)	(2.47)	(2.30)
Retained distributions on accumulation shares	2.04	2.47	2.30
Closing net asset value per share	149.43	164.54	135.49
* after direct transaction costs of ¹ :	0.07	0.11	0.14
Performance			
Return after charges ²	(9.18)%	21.44%	(0.45)%
Other Information			
Closing net asset value (£'000)	27	32	26
Closing number of shares	18,184	19,576	19,576
Operating charges ³	1.72%	1.72%	1.72%
Direct transaction costs	0.04%	0.07%	0.11%
Prices			
Highest share price	173.90p	165.10p	137.80p
Lowest share price	145.90p	135.40p	113.40p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Responsible Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Responsible Global Equity (Sterling Hedged) 'F' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	150.25	125.07	127.20
Return before operating charges*	(11.16)	29.16	1.50
Operating charges	(1.85)	(1.70)	(1.48)
Return after operating charges*	(13.01)	27.46	0.02
Distributions on income shares	(1.86)	(2.28)	(2.15)
Closing net asset value per share	135.38	150.25	125.07
* after direct transaction costs of ¹ :	0.06	0.10	0.13
Performance			
Return after charges ²	(8.66)%	21.96%	0.02%
Other Information			
Closing net asset value (£'000)	8	8	7
Closing number of shares	5,600	5,600	5,600
Operating charges ³	1.22%	1.22%	1.22%
Direct transaction costs	0.04%	0.07%	0.11%
Prices			
Highest share price	158.20p	151.60p	127.90p
Lowest share price	132.80p	125.00p	106.10p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Responsible Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Responsible Global Equity (Sterling Hedged) 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	153.36	127.41	129.29
Return before operating charges*	(11.44)	29.70	1.56
Operating charges	(1.57)	(1.43)	(1.25)
Return after operating charges*	(13.01)	28.27	0.31
Distributions on income shares	(1.90)	(2.32)	(2.19)
Closing net asset value per share	138.45	153.36	127.41
* after direct transaction costs of ¹ :	0.07	0.10	0.13
Performance			
Return after charges ²	(8.48)%	22.19%	0.24%
Other Information			
Closing net asset value (£'000)	6,690	13,539	13,624
Closing number of shares	4,832,313	8,827,919	10,693,667
Operating charges ³	1.01%	1.01%	1.01%
Direct transaction costs	0.04%	0.07%	0.11%
Prices			
Highest share price	161.70p	154.70p	130.20p
Lowest share price	135.80p	127.40p	107.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Responsible Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Responsible Global Equity (Sterling Hedged) 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	172.55	141.08	140.70
Return before operating charges*	(12.98)	33.07	1.75
Operating charges	(1.77)	(1.60)	(1.37)
Return after operating charges*	(14.75)	31.47	0.38
Distributions	(2.14)	(2.58)	(2.39)
Retained distributions on accumulation shares	2.14	2.58	2.39
Closing net asset value per share	157.80	172.55	141.08
* after direct transaction costs of ¹ :	0.07	0.12	0.14
Performance			
Return after charges ²	(8.55)%	22.31%	0.27%
Other Information			
Closing net asset value (£'000)	50	63	52
Closing number of shares	31,588	36,588	36,588
Operating charges ³	1.01%	1.01%	1.01%
Direct transaction costs	0.04%	0.07%	0.11%
Prices			
Highest share price	183.30p	173.10p	143.20p
Lowest share price	154.00p	141.00p	117.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Responsible Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Responsible Global Equity (Sterling Hedged) 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	151.46	125.75	127.54
Return before operating charges*	(11.30)	29.37	1.55
Operating charges	(1.48)	(1.37)	(1.18)
Return after operating charges*	(12.78)	28.00	0.37
Distributions on income shares	(1.88)	(2.29)	(2.16)
Closing net asset value per share	136.80	151.46	125.75
* after direct transaction costs of ¹ :	0.07	0.10	0.13
Performance			
Return after charges ²	(8.44)%	22.27%	0.29%
Other Information			
Closing net asset value (£'000)	859	941	545
Closing number of shares	627,930	621,234	433,378
Operating charges ³	0.97%	0.97%	0.97%
Direct transaction costs	0.04%	0.07%	0.11%
Prices			
Highest share price	159.70p	152.80p	128.50p
Lowest share price	134.20p	125.70p	106.40p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Responsible Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Responsible Global Equity (Sterling Hedged) 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	171.51	140.17	139.76
Return before operating charges*	(12.89)	32.87	1.71
Operating charges	(1.68)	(1.53)	(1.30)
Return after operating charges*	(14.57)	31.34	0.41
Distributions	(2.13)	(2.56)	(2.37)
Retained distributions on accumulation shares	2.13	2.56	2.37
Closing net asset value per share	156.94	171.51	140.17
* after direct transaction costs of ¹ :	0.07	0.12	0.14
Performance			
Return after charges ²	(8.50)%	22.36%	0.29%
Other Information			
Closing net asset value (£'000)	2,362	1,599	1,196
Closing number of shares	1,504,877	932,168	853,590
Operating charges ³	0.97%	0.97%	0.97%
Direct transaction costs	0.04%	0.07%	0.11%
Prices			
Highest share price	182.30p	172.00p	142.30p
Lowest share price	153.20p	140.10p	116.60p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Responsible Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Responsible Global Equity (Sterling Hedged) 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	148.17	123.77	126.30
Return before operating charges*	(10.97)	28.82	1.49
Operating charges	(2.34)	(2.17)	(1.89)
Return after operating charges*	(13.31)	26.65	(0.40)
Distributions on income shares	(1.83)	(2.25)	(2.13)
Closing net asset value per share	133.03	148.17	123.77
* after direct transaction costs of ¹ :	0.06	0.10	0.13
Performance			
Return after charges ²	(8.98)%	21.53%	(0.31)%
Other Information			
Closing net asset value (£'000)	4,544	4,753	4,022
Closing number of shares	3,416,032	3,207,706	3,249,193
Operating charges ³	1.57%	1.57%	1.57%
Direct transaction costs	0.04%	0.07%	0.11%
Prices			
Highest share price	155.90p	149.43p	126.70p
Lowest share price	130.50p	123.69p	105.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Responsible Global Equity (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Responsible Global Equity (Sterling Hedged) 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	166.38	136.82	137.21
Return before operating charges*	(12.43)	31.96	1.68
Operating charges	(2.63)	(2.40)	(2.07)
Return after operating charges*	(15.06)	29.56	(0.39)
Distributions	(2.06)	(2.50)	(2.32)
Retained distributions on accumulation shares	2.06	2.50	2.32
Closing net asset value per share	151.32	166.38	136.82
* after direct transaction costs of ¹ :	0.07	0.11	0.14
Performance			
Return after charges ²	(9.05)%	21.61%	(0.29)%
Other Information			
Closing net asset value (£'000)	1,231	1,284	1,371
Closing number of shares	813,786	771,685	1,001,796
Operating charges ³	1.57%	1.57%	1.57%
Direct transaction costs	0.04%	0.07%	0.11%
Prices			
Highest share price	176.00p	166.86p	139.00p
Lowest share price	147.70p	136.72p	114.30p

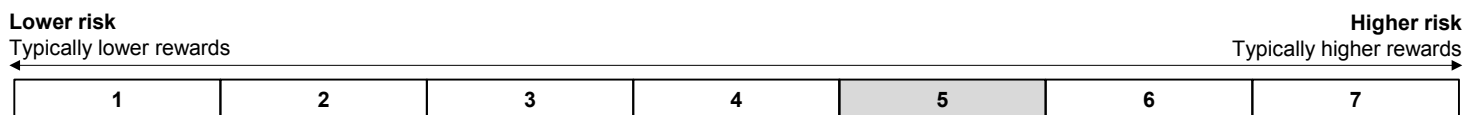
¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of the monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 5 reflecting observed historical returns. The sub-fund is in this category because it has shown higher levels of volatility historically. The prior year rating was 4 and it has increased due to increased volatility within the sub-fund.

The following risks may not be fully captured by the Indicator:

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Derivatives: Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

Emerging Market Risk: Emerging markets may face more political, economic or structural challenges than developed markets and shares may be less liquid, meaning that investments may not be sold quickly enough to prevent or minimize a loss; they may therefore involve a higher risk than investing in developed markets.

Currency Hedged Class: Hedging activities may not be entirely effective in achieving the purpose for which they have been entered into. Currency hedging can also reduce and may completely offset gains in market circumstances that would otherwise have been beneficial had the position not been hedged.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 6.27% (31 December 2017 - 12.54%)			
1,499	Charter Communications	335,462	2.13
1,039	Equinix	287,675	1.82
11,587	Service Corp International	365,915	2.32
		989,052	6.27
Cyclical Franchise 28.30% (31 December 2017 - 21.37%)			
286	Booking	386,884	2.45
3,075	CME	454,176	2.88
2,146	Credicorp	373,781	2.37
3,122	CSL	319,536	2.03
3,998	Deere & Co	468,139	2.97
8,655	Erste Group Bank	224,510	1.42
4,216	First Republic Bank	287,797	1.82
27,000	Kubota	301,335	1.91
8,750	London Stock Exchange	355,250	2.25
16,526	Prudential	231,694	1.47
87,300	Samsonite International	194,798	1.24
6,408	Schneider Electric	343,489	2.18
1,700	Shimano	188,574	1.20
2,238	SVB Financial	333,468	2.11
		4,463,431	28.30
Defensive Franchise 26.26% (31 December 2017 - 26.13%)			
2,553	3M	381,827	2.42
3,275	Air Products & Chemicals	411,586	2.61
7,247	Colgate-Palmolive	338,679	2.15
2,189	Costco Wholesale	350,161	2.22
3,235	Ecolab	374,275	2.37
3,791	EssilorLuxottica	375,829	2.38
5,502	Fresenius Medical Care	279,023	1.77
243	Givaudan	440,317	2.79
4,834	Henkel	370,323	2.35
3,017	Moody's	331,737	2.11
3,571	NextEra Energy	487,396	3.09
		4,141,153	26.26
Disruptive Growth 34.07% (31 December 2017 - 34.69%)			
7,185	Activision Blizzard	262,893	1.67
60,600	AIA	395,027	2.50
318	Alphabet 'C'	258,919	1.64
220	Amazon.com	259,680	1.65
2,439	Amgen	372,936	2.36
2,033	ASML	250,176	1.59
17,584	Associated British Foods	359,241	2.28
915	BlackRock	282,353	1.79
7,590	CarMax	373,838	2.37
42,905	Just Eat	251,767	1.60
3,110	Mastercard 'A'	460,639	2.92

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Disruptive Growth (continued)			
10,214	Novozymes 'B'	356,765	2.26
9,500	Orsted	497,282	3.15
1,836	ServiceNow	256,458	1.62
9,100	Shionogi & Co	408,068	2.59
10,531	Umicore	327,524	2.08
		5,373,566	34.07
Special Situation 1.75% (31 December 2017 - 2.01%)			
12,149	Aramark	276,157	1.75
		276,157	1.75
Strategic Holdings 0.00% (31 December 2017 - 0.05%)			
Forward Currency Contracts 0.59% (31 December 2017 - 0.45%)			
AUD (510,400)	Sold AUD, Bought GBP 291,100 for settlement on 20/03/2019	9,620	0.06
CHF (452,000)	Sold CHF, Bought GBP 364,722 for settlement on 20/03/2019	3,504	0.02
DKK (6,696,500)	Sold DKK, Bought GBP 813,620 for settlement on 20/03/2019	5,767	0.04
EUR (2,635,600)	Sold EUR, Bought GBP 2,388,855 for settlement on 20/03/2019	16,980	0.11
USD 388,000	Bought USD, Sold GBP 303,732 for settlement on 20/03/2019	(177)	—
EUR 122,000	Bought EUR, Sold GBP 109,208 for settlement on 20/03/2019	584	—
USD 267,000	Bought USD, Sold GBP 209,897 for settlement on 20/03/2019	(1,008)	(0.01)
USD 196,000	Bought USD, Sold GBP 153,852 for settlement on 20/03/2019	(510)	—
JPY 15,250,000	Bought JPY, Sold GBP 108,742 for settlement on 20/03/2019	651	—
USD 350,000	Bought USD, Sold GBP 275,260 for settlement on 20/03/2019	(1,434)	(0.01)
EUR 97,300	Bought EUR, Sold GBP 88,127 for settlement on 20/03/2019	(563)	—
USD 277,000	Bought USD, Sold GBP 218,912 for settlement on 20/03/2019	(2,199)	(0.01)
EUR 99,800	Bought EUR, Sold GBP 90,056 for settlement on 20/03/2019	(242)	—
JPY (133,830,000)	Sold JPY, Bought GBP 940,841 for settlement on 20/03/2019	(19,169)	(0.12)
USD (117,000)	Sold USD, Bought GBP 91,232 for settlement on 20/03/2019	(304)	—
USD (228,000)	Sold USD, Bought GBP 179,464 for settlement on 20/03/2019	1,086	0.01
USD (12,761,200)	Sold USD, Bought GBP 10,062,847 for settlement on 20/03/2019	79,016	0.50

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Forward Currency Contracts (continued)			
USD (140,800)	Sold USD, Bought GBP 110,959 for settlement on 20/03/2019	803	—
		92,405	0.59
Total Value of Investments 97.24% (31 December 2017 - 97.24%)			
		15,335,764	97.24
Net Other Assets		435,577	2.76
Net assets		15,771,341	100.00

All holdings are ordinary shares of stock and are listed on an official stock exchange unless otherwise stated.

Asset Allocation of Portfolio of Investments is as follows:

Equities	15,243,359	96.65
Forward Currency Contracts	92,405	0.59
Net Other Assets	435,577	2.76
	15,771,341	100.00

Statement of Total Return

For the year ended 31 December 2018

	Notes ¹	£	31.12.2018 £	31.12.2017 £
Income				
Net capital (losses)/gains	4		(1,272,081)	4,349,329
Revenue	6	241,136		423,397
Expenses	7	(209,558)		(260,567)
Interest payable and similar charges	9	<u>(76)</u>	<u>(43)</u>	
Net revenue before taxation		31,502		162,787
Taxation	8	<u>(30,226)</u>	<u>(47,745)</u>	
Net revenue after taxation for the year			<u>1,276</u>	<u>115,042</u>
Total returns before distributions			(1,270,805)	4,464,371
Distributions	9		<u>(208,835)</u>	<u>(371,231)</u>
Changes in net assets attributable to shareholders from investment activities			<u>(1,479,640)</u>	<u>4,093,140</u>

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

	Note ¹	£	31.12.2018 £	31.12.2017 £
Opening net assets attributable to shareholders			22,226,234	20,849,330
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		2,322,280		1,969,363
Less: amounts paid on cancellation of shares		<u>(7,345,573)</u>	<u>(4,735,327)</u>	
			(5,023,293)	(2,765,964)
Single swing price adjustment			3,791	3,383
Changes in net assets attributable to shareholders from investment activities (see above)			(1,479,640)	4,093,140
Retained distribution on accumulation shares	9		<u>44,249</u>	<u>46,345</u>
Closing net assets attributable to shareholders			<u>15,771,341</u>	<u>22,226,234</u>

¹The notes to these accounts can be found on pages 204 to 212.

SARASIN Responsible Global Equity (Sterling Hedged)

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		15,361,370	21,653,185
Current assets:			
Debtors	10	37,944	50,406
Cash and bank balances	11	477,240	693,357
Total assets		<u>15,876,554</u>	<u>22,396,948</u>
Liabilities			
Investment liabilities		(25,606)	(40,248)
Creditors:			
Distribution payable on income shares	9	(62,986)	(108,580)
Other creditors	12	(16,621)	(21,886)
Total liabilities		<u>(105,213)</u>	<u>(170,714)</u>
Net assets attributable to shareholders		<u>15,771,341</u>	<u>22,226,234</u>

¹The notes to these accounts can be found on pages 204 to 212.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(516,670)	3,183,907
Losses on derivative securities	(3,757)	(32,868)
(Losses)/gains on forward currency contracts	(416,418)	1,108,331
Currency (losses)/gains	(335,184)	90,036
Transaction charges	(52)	(77)
Net capital (losses)/gains	<u>(1,272,081)</u>	<u>4,349,329</u>

5. Purchases, Sales, and Transaction Costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Corporate Actions	397,148	279,914
Derivatives	86,042	74,949
Equities	5,868,691	7,129,453
Commissions:		
Equities total value paid	3,427	10,591
Taxes:		
Equities total value paid	3,273	419
Total purchase transaction costs	<u>6,700</u>	<u>11,010</u>
Gross purchases total	<u>6,358,581</u>	<u>7,495,326</u>

Analysis of total sale costs:

Gross sales in year before transaction costs		
Corporate Actions	397,148	279,914
Derivatives	138,932	30,830
Equities	11,576,254	9,887,757
Commissions:		
Equities total value paid	(4,574)	(8,928)
Taxes:		
Equities total value paid	—	(1)
Total sales costs	<u>(4,574)</u>	<u>(8,929)</u>
Total sales net of transaction costs	<u>12,107,760</u>	<u>10,189,572</u>

Notes to the Financial Statements (continued)

5. Purchases, Sales, and Transaction Costs (continued)

	31.12.2018 %	31.12.2017 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV ¹	0.02	0.05
Equities percentage of purchases total	0.06	0.15
Taxes:		
Equities percentage of average NAV ¹	0.02	—
Equities percentage of purchases total	0.06	0.01

Analysis of total sale costs:

Commissions:		
Equities percentage of average NAV ¹	0.03	0.04
Equities percentage of sales total	0.04	0.09
Taxes:		
Equities percentage of average NAV ¹	—	—
Equities percentage of sales total	—	—

The average portfolio dealing spread as at 31 December 2018 was 0.08% (31 December 2017: 0.05%).

¹Excluding single swing price adjustment.

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	592	56
Franked UK dividends	20,544	18,830
Overseas dividends	220,000	404,511
	<u>241,136</u>	<u>423,397</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	<u>175,475</u>	<u>219,424</u>
	<u>175,475</u>	<u>219,424</u>
Other expenses:		
Fixed operating charge ¹	31,583	38,643
Sundry expenses	<u>2,500</u>	<u>2,500</u>
	<u>34,083</u>	<u>41,143</u>
	<u>209,558</u>	<u>260,567</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	30,226	47,745
Current tax (note 8b)	30,226	47,745
Deferred tax (note 8c)	—	—
Total tax charge	<u>30,226</u>	<u>47,745</u>

b) Factors affecting taxation charge for the year:

The tax assessed for the period is higher (2017: higher) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	31,502	162,787
Corporation tax at 20%	6,300	32,557
Effects of:		
UK dividend revenue not subject to corporation tax	(4,109)	(3,766)
Overseas tax irrecoverable	30,226	47,745
Excess management expenses	39,934	47,740
Overseas dividend revenue not subject to corporation tax	(41,794)	(75,760)
Double taxation relief	<u>(331)</u>	<u>(771)</u>
Sub-total	<u>23,926</u>	<u>15,188</u>
Current year tax charge (note 8a)	<u>30,226</u>	<u>47,745</u>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	—	—
Deferred tax charge for the year	—	—
Provision at end of year	<u>—</u>	<u>—</u>

The sub-fund has not recognised a deferred tax asset of £744,438 (31 December 2017: £704,504) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

Notes to the Financial Statements (continued)

9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
Interim Distribution	101,704	204,448
Interim Accumulation	25,242	29,636
Final Distribution	62,986	108,580
Final Accumulation	19,007	16,709
	<u>208,939</u>	<u>359,373</u>
Add: Amounts deducted on cancellation of shares	4,964	17,455
Less: Amounts added on creation of shares	<u>(5,068)</u>	<u>(5,597)</u>
Distributions	<u>208,835</u>	<u>371,231</u>
Interest payable and similar charges	76	43
Total distributions	<u>208,911</u>	<u>371,274</u>
Net revenue after taxation	1,276	115,042
Add: Capitalised expenses	209,558	260,567
Add: Undistributed revenue brought forward	10	5
Less: Undistributed revenue carried forward	(4)	(10)
Tax effect of fees offset to capital	<u>(2,005)</u>	<u>(4,373)</u>
Distributions	<u>208,835</u>	<u>371,231</u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	18,914	30,584
Amount receivable for creation of shares	1,854	1,838
Overseas tax recoverable	17,176	17,984
	<u>37,944</u>	<u>50,406</u>

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	477,240	693,357
	<u>477,240</u>	<u>693,357</u>

12. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	40	266
Accrued expenses	16,581	21,620
	<u>16,621</u>	<u>21,886</u>

13. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

Notes to the Financial Statements (continued)**14. Related Parties**

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £14,031 (31 December 2017: £18,359).

At the year end, Sarasin Responsible Global Equity (Sterling Hedged) held no shares in any other sub-fund or collective investment schemes managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

At the year end, BNY (OCS) Nominees Limited owned below the 25% threshold in the sub-fund on behalf of multiple beneficiaries (31 December 2017: 45.92%).

15. Shareholders' Funds

The sub-fund has 9 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Responsible Global Equity (Sterling Hedged) 'A' Income Shares

Opening shares	4,970
Shares Created	–
Shares Liquidated	(4,970)
Shares Converted	–
Closing shares	–

Responsible Global Equity (Sterling Hedged) 'A' Accumulation Shares

Opening shares	19,576
Shares Created	2,890
Shares Liquidated	–
Shares Converted	(4,282)
Closing shares	18,184

Responsible Global Equity (Sterling Hedged) 'F' Income Shares

Opening shares	5,600
Shares Created	–
Shares Liquidated	–
Shares Converted	–
Closing shares	5,600

Responsible Global Equity (Sterling Hedged) 'I' Income Shares

Opening shares	8,827,919
Shares Created	100,577
Shares Liquidated	(4,096,183)
Shares Converted	–
Closing shares	4,832,313

Responsible Global Equity (Sterling Hedged) 'I' Accumulation Shares

Opening shares	36,588
Shares Created	–
Shares Liquidated	(5,000)
Shares Converted	–
Closing shares	31,588

Responsible Global Equity (Sterling Hedged) 'P' Income Shares

Opening shares	621,234
Shares Created	237,742
Shares Liquidated	(231,046)
Shares Converted	–
Closing shares	627,930

Notes to the Financial Statements (continued)
15. Shareholders' Funds (continued)
Responsible Global Equity (Sterling Hedged) 'P' Accumulation Shares

Opening shares	932,168
Shares Created	810,988
Shares Liquidated	(238,279)
Shares Converted	–
Closing shares	1,504,877

Responsible Global Equity (Sterling Hedged) 'X' Income Shares

Opening shares	3,207,706
Shares Created	162,953
Shares Liquidated	(661)
Shares Converted	46,034
Closing shares	3,416,032

Responsible Global Equity (Sterling Hedged) 'X' Accumulation Shares

Opening shares	771,685
Shares Created	97,873
Shares Liquidated	(19,014)
Shares Converted	(36,758)
Closing shares	813,786

16. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 185. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	38,056	38,056	0.24
Danish kroner	3,068	46,194	49,262	0.31
Euro	6,572	86,166	92,738	0.59
Hong Kong dollar	–	589,826	589,826	3.74
Japanese yen	3,979	47,360	51,339	0.33
Sterling	404,090	14,883,806	15,287,896	96.93
Swiss franc	7,536	79,099	86,635	0.55
US dollar	10,332	(434,743)	(424,411)	(2.69)
	435,577	15,335,764	15,771,341	100.00

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	129,650	129,650	0.58
Danish kroner	2,369	103,799	106,168	0.48
Euro	13,459	124,542	138,001	0.62
Hong Kong dollar	–	1,215,565	1,215,565	5.47
Japanese yen	3,717	136,815	140,532	0.63
Sterling	568,928	20,929,704	21,498,632	96.73
Swiss franc	8,621	44,196	52,817	0.24
US dollar	16,203	(1,071,334)	(1,055,131)	(4.75)
	613,297	21,612,937	22,226,234	100.00

Notes to the Financial Statements (continued)

16. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	319,536	319,536
Danish kroner	—	—	857,115	857,115
Euro	—	—	2,464,613	2,464,613
Hong Kong dollar	—	—	589,826	589,826
Japanese yen	—	—	1,011,350	1,011,350
Sterling	475,925	—	16,449,364	16,925,289
Swiss franc	—	—	447,853	447,853
US dollar	1,315	—	9,938,175	9,939,490
	477,240	—	32,077,832	32,555,072

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Australian dollar	—	—	(281,480)	(281,480)
Danish kroner	—	—	(807,853)	(807,853)
Euro	—	—	(2,371,875)	(2,371,875)
Japanese yen	—	—	(960,011)	(960,011)
Sterling	—	—	(1,637,393)	(1,637,393)
Swiss franc	—	—	(361,218)	(361,218)
US dollar	—	—	(10,363,901)	(10,363,901)
	—	—	(16,783,731)	(16,783,731)

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	437,285	437,285
Danish kroner	—	—	588,802	588,802
Euro	—	—	3,754,557	3,754,557
Hong Kong dollar	—	—	1,215,565	1,215,565
Japanese yen	—	—	1,140,519	1,140,519
Sterling	691,852	—	20,937,246	21,629,098
Swiss franc	—	—	348,875	348,875
US dollar	1,505	—	12,829,482	12,830,987
	693,357	—	41,252,331	41,945,688

Notes to the Financial Statements (continued)

16. Risk Disclosures (continued)

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Australian dollar	–	–	(307,635)	(307,635)
Danish kroner	–	–	(482,634)	(482,634)
Euro	–	–	(3,616,556)	(3,616,556)
Japanese yen	–	–	(999,987)	(999,987)
Sterling	–	–	(130,466)	(130,466)
Swiss franc	–	–	(296,058)	(296,058)
US dollar	–	–	(13,886,118)	(13,886,118)
	–	–	(19,719,454)	(19,719,454)

Fair Value

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

Valuation technique as at 31 December 2018

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Equities	15,243,359	–	–	15,243,359
Forward Currency Contracts	–	118,011	–	118,011
	<u>15,243,359</u>	<u>118,011</u>	<u>–</u>	<u>15,361,370</u>

Financial Liabilities

Forward Currency Contracts	–	(25,606)	–	(25,606)
	<u>–</u>	<u>(25,606)</u>	<u>–</u>	<u>(25,606)</u>

Valuation technique as at 31 December 2017

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Equities	21,501,158	–	–	21,501,158
Forward Currency Contracts	–	134,722	–	134,722
Options	17,305	–	–	17,305
	<u>21,518,463</u>	<u>134,722</u>	<u>–</u>	<u>21,653,185</u>

Financial Liabilities

Forward Currency Contracts	–	(34,238)	–	(34,238)
Options	(6,010)	–	–	(6,010)
	<u>(6,010)</u>	<u>(34,238)</u>	<u>–</u>	<u>(40,248)</u>

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Notes to the Financial Statements (continued)**16. Risk Disclosures (continued)****Counterparty Risk**

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. The counterparties to these transactions and any collateral held by the sub-fund at the balance sheet date are shown below:

Counterparty Name as at 31 December 2018	Exposure £	Cash Collateral £
The Bank of New York Mellon	118,011	–
Counterparty Name as at 31 December 2017	Exposure £	Cash Collateral £
Goldman Sachs International	17,305	–
The Bank of New York Mellon	134,722	–

Positive exposure represents the mark to market value of derivative contracts and the sub-fund's exposure to that counterparty.

17. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per share of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. The following share classes have exceeded the threshold and, as at the date of signing these accounts, have increased in value by over 10% since 31 December 2018: Responsible Global Equity (Sterling Hedged) A Acc, I Inc, I Acc, X Inc, X Acc, F Inc, P Inc, P Acc.

SARASIN Responsible Global Equity (Sterling Hedged)

Distribution Tables

For the year ended 31 December 2018

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Responsible Global Equity (Sterling Hedged) 'A' Income Shares¹				
Group 1	1.1300	—	1.1300	1.3991
Group 2	1.1300	—	1.1300	1.3991
Responsible Global Equity (Sterling Hedged) 'A' Accumulation Shares¹				
Group 1	1.2631	—	1.2631	1.5460
Group 2	1.2631	—	1.2631	1.5460
Responsible Global Equity (Sterling Hedged) 'F' Income Shares¹				
Group 1	1.1548	—	1.1548	1.4292
Group 2	1.1548	—	1.1548	1.4292
Responsible Global Equity (Sterling Hedged) 'I' Income Shares¹				
Group 1	1.1798	—	1.1798	1.4569
Group 2	1.1798	—	1.1798	1.4569
Responsible Global Equity (Sterling Hedged) 'I' Accumulation Shares¹				
Group 1	1.3272	—	1.3272	1.6132
Group 2	1.3272	—	1.3272	1.6132
Responsible Global Equity (Sterling Hedged) 'P' Income Shares				
Group 1	1.1652	—	1.1652	1.4382
Group 2	0.5595	0.6057	1.1652	1.4382
Responsible Global Equity (Sterling Hedged) 'P' Accumulation Shares				
Group 1	1.3186	—	1.3186	1.6031
Group 2	0.7527	0.5659	1.3186	1.6031
Responsible Global Equity (Sterling Hedged) 'X' Income Shares				
Group 1	1.1379	—	1.1379	1.4129
Group 2	0.2670	0.8709	1.1379	1.4129
Responsible Global Equity (Sterling Hedged) 'X' Accumulation Shares				
Group 1	1.2778	—	1.2778	1.5618
Group 2	0.8007	0.4771	1.2778	1.5618

SARASIN Responsible Global Equity (Sterling Hedged)

Distribution Tables (continued)

Final distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Responsible Global Equity (Sterling Hedged) 'A' Income Shares²				
Group 1	—	—	—	0.8234
Group 2	—	—	—	0.8234
Responsible Global Equity (Sterling Hedged) 'A' Accumulation Shares				
Group 1	0.7747	—	0.7747	0.9243
Group 2	0.4775	0.2972	0.7747	0.9243
Responsible Global Equity (Sterling Hedged) 'F' Income Shares¹				
Group 1	0.7033	—	0.7033	0.8487
Group 2	0.7033	—	0.7033	0.8487
Responsible Global Equity (Sterling Hedged) 'I' Income Shares				
Group 1	0.7203	—	0.7203	0.8649
Group 2	0.6372	0.0831	0.7203	0.8649
Responsible Global Equity (Sterling Hedged) 'I' Accumulation Shares¹				
Group 1	0.8168	—	0.8168	0.9678
Group 2	0.8168	—	0.8168	0.9678
Responsible Global Equity (Sterling Hedged) 'P' Income Shares				
Group 1	0.7119	—	0.7119	0.8541
Group 2	0.5213	0.1906	0.7119	0.8541
Responsible Global Equity (Sterling Hedged) 'P' Accumulation Shares				
Group 1	0.8125	—	0.8125	0.9617
Group 2	0.6169	0.1956	0.8125	0.9617
Responsible Global Equity (Sterling Hedged) 'X' Income Shares				
Group 1	0.6929	—	0.6929	0.8365
Group 2	0.2763	0.4166	0.6929	0.8365
Responsible Global Equity (Sterling Hedged) 'X' Accumulation Shares				
Group 1	0.7841	—	0.7841	0.9342
Group 2	0.2833	0.5008	0.7841	0.9342

¹There were no group 2 shares for this period.

²Share class closed on 5 November 2018.

Investment Objective and Policy

Sarasin Global Dividend seeks to achieve long-term capital growth whilst also generating an income yield of at least 15% higher than the MSCI All Countries World Index (Net).

In order to achieve the investment objective, it is intended that the sub-fund will invest predominantly in global equities which satisfy one or more investment themes identified by the ACD which are expected to be key drivers of corporate profitability, investment performance and yield.

The sub-fund may also invest in transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities and deposits. Cash and near cash may also be held by the sub-fund.

The sub-fund may use derivatives to reduce volatility, or protect investors' capital. The sub-fund may also borrow and employ stock lending techniques in accordance with the rules in COLL.

Sensitivity Analysis

The sub-fund invests in equities with a bias to equities with higher yields.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Global Dividend, as at 31 December 2018, was 8.98% (31 December 2017: 7.60%). The lowest, highest, and average utilisation in the year was 6.63%, 10.67%, and 8.39%, respectively (31 December 2017: 7.57%, 9.15%, and 8.49%, respectively).

Investment Review

2018 was an unusual year for investors. It may also go down in infamy. It is exceptionally rare for all major asset classes to decline simultaneously, yet in 2018, most bond, equity and commodity markets did just that. Unhedged UK-based global investors were, once again, helped by the weakness of Sterling against the Dollar. This dampened some of the impact of declining asset values overseas, helping preserve capital denominated in Pounds.

A retrospective narrative for these declines goes something like this: Trumpian economic policy (hugely stimulative at a time when this was simply not required) led to much higher US bond yields. Ten-year Treasuries peaked in third quarter at a mite over 3.2%. A little over two years earlier, they were trading at under 1.6%. Several major central banks rolled back their asset buying programmes. The era of ultra-cheap money peaked and competition from cash returned. China, whether due to the well-publicised trade war with the US or because of decelerating credit growth, slowed in the second half, with consequences around the world. This series of events did not sit palatably with valuations which started the year above long term averages.

The relative performance of the Sarasin Global Dividend fund was markedly different in the second half of the year than it was in the first. Like many income funds in the first half, the defensive positioning and absence of large, zero-yielding tech stocks (FANG, etc) did us no favours and the sub-fund lagged the benchmark by over 2% at the mid-year stage. A turnaround ensued in the latter half of the year, with the sub-fund outperforming by over 5%. During this period, markets were weak, cyclicals underperformed the broader market and Facebook et al gave back most of their year to date gains. Upside participation with downside protection is a key intention of the sub-fund. It was gratifying to see it hold up so well during this difficult time.

This year, our sector and geographic weightings were mixed in their outcome. We tend to be overweight in the UK due to the strong dividend culture, zero withholding tax and, thanks to Brexit, valuations. This overweight was unhelpful in 2018. Conversely, we tend to be underweight in emerging markets where we struggle to find either the quality, governance standards or dividend culture we target. This underweight was helpful. By sector, we tend to be underweight in low-yielding Information Technology. This hurt us in the first half, but helped in the second. Over the year, it was a modest headwind. Most other weights did not have a material bearing on our performance.

Where we flourished this year was in our stock picking. This reflected some excellent recommendations from our analysts, combined with a renewed prudence in the market that suited the sub-fund's skew to quality. CME, US-based derivatives exchanges, was our top contributor to performance this year. It is a cash generative, capital light business with enormous barriers to entry. It tends to prefer volatile markets, as this results in more trading activity, and thus, performed particularly well in the second half. Mastercard 'A' also performed very well. This company is a quintessential amalgamation of thematic growth and quality.

Investment Review (continued)

It, too, generates plenty of free cash, has a net cash balance sheet and deep barriers to entry. We continue to believe both companies are well worth their premium multiples.

Other positive contributors include the US pharmaceutical company, Pfizer, where the feared political interference in drug pricing never materialised, and where the success of their oncology franchise continues. New holding Deere & Co, the US agricultural machinery company, also fared well as a compelling valuation coincided with a stabilisation in the agricultural cycle. Utility NextEra Energy continues to flourish. Its unique expertise in US onshore wind power is proving a sustainable (in many senses) and profitable source of growth.

Our most significant detractor from performance in 2018 was Samsonite International, the Hong Kong-listed luggage maker. After finishing 2017 on a high, the company came under attack by a well-publicised short seller in the second quarter. Whilst we dispute the accuracy or the materiality of most of the report, it did uncover some embarrassing revelations about the company's CEO who was forced to resign. In our view, this is of limited consequence. However, the stock struggled to recover later in the year due to fears of a slowdown in China, a key growth market.

Most other key detractors reflect weakness in the financials sector. ING Groep, the Dutch-listed bank, Prudential and Lloyds Banking in the UK and BlackRock, the US-listed asset manager, all caused pain. Whilst we firmly believe that the banks we hold lend prudently and have substantially derisked balance sheets compared to the past, they are still banks; inherently leveraged entities. Therefore, weak asset markets, weak European growth and flattening yield curves all took their toll. We resisted the temptation to add on weakness, but believe that their high, well supported dividend yields continue to justify their existence in the portfolio.

During the year, we sold positions in satellite operator SES (fears of a dividend cut), utility National Grid (concerns of regulatory interference), oil services company Schlumberger (inexplicable valuation given the long term outlook for oil demand), telco 1&1 Drillisch (capital allocation concerns), drug distributor AmerisourceBergen (social concerns), Hong Kong property company Sun Hung Kai Properties (macro) and funeral and cemetery company Service Corp International (valuation).

As well as adding to some existing holdings, we initiated several new positions in addition to the previously mentioned Deere & Co. In the 'Climate Change' theme, we bought a stake in Danish utility Orsted, the world's largest developer of offshore windfarms. In the 'Discount Retail' theme, a subset of 'Evolving Consumption', we repurchased Associated British Foods, owner of apparel retailer Primark. The Primark concept has a long runway for profitable growth across the continent and beyond. We like the business, the valuation and the prudence of the management team. We also took a position in Marriott International 'A', the hotel company. This is an asset-light brand and management company with an extraordinary competitive position. Most revenues are recurring fees from hotel owners who use their brands under long term contracts. Travel is another area of structural growth.

We started a small position in German company Henkel, an amalgam of a consumer staples and an adhesives business. The adhesives industry is immensely attractive, and continues to win share from other forms of 'bonding' across many end markets, from clothing to aerospace. Adhesives are stronger, neater, lighter and less time consuming to utilise than the alternatives. Henkel is the global leader. Another addition was Texas Instruments, the world's leading manufacturer of semiconductors used to convert analogue signals to digital. Its scale provides sustainable competitive advantages; it has the financial muscle necessary to invest in low cost capacity and its reach in distribution allows it to outgrow its end markets. It enters under our 'Digitalisation' theme, an area where funds with an income target can struggle to participate.

We also invested in Bridgestone, the Japanese tyre company. Tyre demand is driven by replacement so is therefore reasonably acyclical. The company generates huge amounts of free cash and the typical Japanese prudence means a healthy net cash position. Therefore, the cash can support a high and sustainable dividend yield. Finally, we took a position in Investor, a very well run Swedish holding company with stakes in many public and unlisted companies, predominantly in the healthcare and industrial sectors.

This turnover was higher than we would normally like, but it is gratifying to note that the changes we made during the year added about 0.8% to performance. We also note that the final dividend yield of the sub-fund was c 2.8%, modestly ahead of our target; a net 15% premium to the yield of the MSCI ACWI index.

Investment Review (continued)

Outlook

We have no great insight into how the economy and markets will perform in 2019; macro-economic forecasting is not the core part of what we do. However, it is instructional to note that pessimism amongst the financial community is high. The list of culprits is familiar; the US-Sino trade war, Chinese leverage, the comedown from the Trumpian US sugar rush, Brexit, the Euro etc etc. No doubt some additional factors will augment this list in the coming year. We do lose sleep over some of these factors - China, particularly, and the reality that the US expansion is long in the tooth. However, it is reassuring to note that the market is worrying. There is no excess of euphoria at this stage, certain parts of the technology sector excepted.

It is part and parcel of a professional investor's job to worry on a client's behalf. Yet it is useful to remember some truisms that may make a rational optimist of the most extreme bear. With apologies to thinkers such as Hans Rosling (author of 'Factfulness') and Steven Pinker ('Enlightenment Now'), it is important to remember that the prosperity of humanity has consistently increased, despite the persistent cultural negativity that emanates from many commentators. Caution and concern are modern hallmarks of seriousness and responsibility. These voices are important; they strive to make the world a better place. Yet, they can drown out two critical realities; that prosperity continues to sweep the world and that educated humans in countries with strong institutions have an extraordinary record of overcoming problems. Climate change clearly presents one of humanity's biggest challenges, but we see exciting changes in autos and power generation that herald early progress in the vital process of decarbonisation.

We will continue to invest the sub-fund in a broad range of growing, lifetime annuities; high quality equities which consistently generate cash, that we judge to have sustainable competitive advantages, attractive valuations and, wherever possible, powerful thematic tailwinds. Our opinion is that, by most yardsticks, current valuations are perfectly acceptable. We tend to focus on free cash flow yields – the amount of cash a company generates each year in excess of its internal capital requirements. 5 or 6% is typical for our holdings which have very strong balance sheets and compelling thematic drivers. 7 or 8% is the norm for our investments which carry a bit more leverage and are more mature. It is this free cash that underpins the well covered dividends in our funds. Numbers this high compound quickly, and the patient investor should see their wealth accumulate.

2019, no doubt, will bring challenges. At the end of the year, it is inevitable there will be stocks we wished we'd never owned. By focusing on quality, thematic, valuation and balance sheet strength, we hope to minimise their frequency.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Top 10 purchases during the year

Deere & Co
Investor
Texas Instruments
Marriott International 'A'
Bridgestone
Associated British Foods
Henkel
Orsted
Compass
Crown Castle International

Top 10 sales during the year

1&1 Drillisch
Service Corp International
Mastercard 'A'
Sun Hung Kai Properties
3M
Schlumberger
Union Pacific
Total
Home Depot
AmerisourceBergen

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 219 to 232 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information (continued)**Comparative Tables***Global Dividend 'A' Income Shares*

2018¹
(pence per share)

Change in Net Asset Value per Share

Opening net asset value per share	141.00
Return before operating charges*	3.11
Operating charges	(1.70)
Return after operating charges*	1.41
Distributions on income shares	(2.78)
Closing net asset value per share	139.63
* after direct transaction costs of ² :	0.07

Performance

Return after charges ³	1.00%
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Other Information

Closing net asset value (£'000)	31
Closing number of shares	22,000
Operating charges ⁴	1.73%
Direct transaction costs	0.04%

Prices

Highest share price	154.50p
Lowest share price	134.20p

¹Share class launched 5 December 2013. Share class became active on 1 May 2018.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'A' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	161.81	147.48	118.84
Return before operating charges*	0.17	17.01	30.96
Operating charges	(2.81)	(2.68)	(2.32)
Return after operating charges*	(2.64)	14.33	28.64
Distributions	(4.41)	(4.37)	(3.73)
Retained distributions on accumulation shares	4.41	4.37	3.73
Closing net asset value per share	159.17	161.81	147.48
* after direct transaction costs of ¹ :	0.07	0.17	0.16
Performance			
Return after charges ²	(1.63)%	9.72%	24.10%
Other Information			
Closing net asset value (£'000)	160	244	168
Closing number of shares	100,823	150,551	113,890
Operating charges ³	1.73%	1.73%	1.73%
Direct transaction costs	0.04%	0.11%	0.12%
Prices			
Highest share price	173.90p	162.90p	148.50p
Lowest share price	149.20p	145.40p	108.10p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'D' Income Shares

	2018 ¹ (pence per share)	2017 (pence per share)	2016 ² (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	151.07	140.03	117.65
Return before operating charges*	4.31	16.09	25.96
Operating charges	(0.77)	(0.94)	(0.84)
Return after operating charges*	3.54	15.15	25.12
Distributions on income shares	(3.19)	(4.11)	(2.74)
Last quoted share price	151.42	–	–
Closing net asset value per share	–	151.07	140.03
* after direct transaction costs of ³ :	0.06	0.16	0.15
Performance			
Return after charges ⁴	2.34%	10.82%	21.35%
Other Information			
Closing net asset value (£'000)	–	1	32
Closing number of shares	–	750	22,564
Operating charges ⁵	0.65%	0.65%	0.65%
Direct transaction costs	–%	0.11%	0.12%
Prices			
Highest share price	161.20p	153.00p	141.60p
Lowest share price	139.70p	138.20p	103.90p

¹Share class closed on 5 November 2018.

²Share class launched 1 April 2016.

³Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

⁴The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁵Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'D' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	167.04	150.66	125.55
Return before operating charges*	0.12	17.41	26.00
Operating charges	(1.10)	(1.03)	(0.89)
Return after operating charges*	(0.98)	16.38	25.11
Distributions	(4.58)	(4.48)	(2.75)
Retained distributions on accumulation shares	4.58	4.48	2.75
Closing net asset value per share	166.06	167.04	150.66
* after direct transaction costs of ² :	0.07	0.18	0.16
Performance			
Return after charges ³	(0.59)%	10.87%	20.00%
Other Information			
Closing net asset value (£'000)	41	83	112
Closing number of shares	24,740	49,479	74,219
Operating charges ⁴	0.65%	0.65%	0.65%
Direct transaction costs	0.04%	0.11%	0.12%
Prices			
Highest share price	180.80p	168.10p	151.70p
Lowest share price	154.40p	148.70p	109.50p

¹Share class launched 22 April 2016.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'F' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	165.03	149.93	120.26
Return before operating charges*	0.07	17.02	31.30
Operating charges	(2.05)	(1.92)	(1.63)
Return after operating charges*	(1.98)	15.10	29.67
Distributions	(4.51)	(4.44)	(3.78)
Retained distributions on accumulation shares	4.51	4.44	3.78
Closing net asset value per share	163.05	165.03	149.93
* after direct transaction costs of ¹ :	0.07	0.17	0.16
Performance			
Return after charges ²	(1.20)%	10.07%	24.67%
Other Information			
Closing net asset value (£'000)	1	1	6
Closing number of shares	809	809	4,341
Operating charges ³	1.23%	1.23%	1.23%
Direct transaction costs	0.04%	0.11%	0.12%
Prices			
Highest share price	177.90p	166.20p	151.00p
Lowest share price	152.40p	147.90p	109.50p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	148.98	138.66	114.16
Return before operating charges*	0.18	15.84	29.29
Operating charges	(1.49)	(1.44)	(1.24)
Return after operating charges*	(1.31)	14.40	28.05
Distributions on income shares	(4.04)	(4.08)	(3.55)
Closing net asset value per share	143.63	148.98	138.66
* after direct transaction costs of ¹ :	0.07	0.16	0.15
Performance			
Return after charges ²	(0.88)%	10.39%	24.57%
Other Information			
Closing net asset value (£'000)	89,675	142,327	163,531
Closing number of shares	62,435,779	95,536,194	117,936,430
Operating charges ³	1.00%	1.00%	1.00%
Direct transaction costs	0.04%	0.11%	0.12%
Prices			
Highest share price	158.60p	150.90p	140.20p
Lowest share price	137.60p	136.80p	103.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	166.00	150.25	120.24
Return before operating charges*	0.21	17.32	31.34
Operating charges	(1.68)	(1.57)	(1.33)
Return after operating charges*	(1.47)	15.75	30.01
Distributions	(4.54)	(4.46)	(3.78)
Retained distributions on accumulation shares	4.54	4.46	3.78
Closing net asset value per share	164.53	166.00	150.25
* after direct transaction costs of ¹ :	0.07	0.18	0.16
Performance			
Return after charges ²	(0.89)%	10.48%	24.96%
Other Information			
Closing net asset value (£'000)	23,374	8,171	22,262
Closing number of shares	14,206,958	4,922,300	14,816,906
Operating charges ³	1.00%	1.00%	1.00%
Direct transaction costs	0.04%	0.11%	0.12%
Prices			
Highest share price	179.30p	167.10p	151.30p
Lowest share price	153.30p	148.20p	109.50p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	149.00	138.64	114.10
Return before operating charges*	0.22	15.86	29.33
Operating charges	(1.47)	(1.42)	(1.24)
Return after operating charges*	(1.25)	14.44	28.09
Distributions on income shares	(4.04)	(4.08)	(3.55)
Closing net asset value per share	143.71	149.00	138.64
* after direct transaction costs of ¹ :	0.07	0.16	0.15
Performance			
Return after charges ²	(0.84)%	10.42%	24.62%
Other Information			
Closing net asset value (£'000)	254	169	131
Closing number of shares	176,599	113,539	94,438
Operating charges ³	0.98%	0.98%	0.98%
Direct transaction costs	0.04%	0.11%	0.12%
Prices			
Highest share price	158.60p	150.90p	140.20p
Lowest share price	137.60p	136.80p	103.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	166.38	150.43	120.36
Return before operating charges*	0.22	17.51	31.38
Operating charges	(1.65)	(1.56)	(1.31)
Return after operating charges*	(1.43)	15.95	30.07
Distributions	(4.56)	(4.47)	(3.81)
Retained distributions on accumulation shares	4.56	4.47	3.81
Closing net asset value per share	164.95	166.38	150.43
* after direct transaction costs of ¹ :	0.07	0.18	0.16
Performance			
Return after charges ²	(0.86)%	10.60%	24.99%
Other Information			
Closing net asset value (£'000)	552	299	64
Closing number of shares	334,544	179,466	42,862
Operating charges ³	0.98%	0.98%	0.98%
Direct transaction costs	0.04%	0.11%	0.12%
Prices			
Highest share price	179.70p	167.40p	151.50p
Lowest share price	153.70p	148.50p	109.60p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	145.42	136.15	112.72
Return before operating charges*	0.19	15.49	28.88
Operating charges	(2.29)	(2.23)	(1.95)
Return after operating charges*	(2.10)	13.26	26.93
Distributions on income shares	(3.93)	(3.99)	(3.50)
Closing net asset value per share	139.39	145.42	136.15
* after direct transaction costs of ¹ :	0.06	0.16	0.15
Performance			
Return after charges ²	(1.44)%	9.74%	23.89%
Other Information			
Closing net asset value (£'000)	15,567	18,172	22,080
Closing number of shares	11,167,609	12,496,248	16,217,710
Operating charges ³	1.58%	1.58%	1.58%
Direct transaction costs	0.04%	0.11%	0.12%
Prices			
Highest share price	154.20p	147.30p	137.70p
Lowest share price	134.20p	134.20p	102.60p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	162.23	147.67	118.86
Return before operating charges*	0.18	17.01	30.92
Operating charges	(2.58)	(2.45)	(2.11)
Return after operating charges*	(2.40)	14.56	28.81
Distributions	(4.43)	(4.37)	(3.73)
Retained distributions on accumulation shares	4.43	4.37	3.73
Closing net asset value per share	159.83	162.23	147.67
* after direct transaction costs of ¹ :	0.07	0.17	0.16
Performance			
Return after charges ²	(1.48)%	9.86%	24.23%
Other Information			
Closing net asset value (£'000)	5,300	6,355	8,704
Closing number of shares	3,316,239	3,917,046	5,894,182
Operating charges ³	1.58%	1.58%	1.58%
Direct transaction costs	0.04%	0.11%	0.12%
Prices			
Highest share price	174.50p	163.20p	148.70p
Lowest share price	149.60p	145.60p	108.10p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'I EUR' Income Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	169.21	162.77	156.46
Return before operating charges*	(1.80)	12.78	12.05
Operating charges	(1.50)	(1.64)	(1.46)
Return after operating charges*	(3.30)	11.14	10.59
Distributions on income shares	(4.59)	(4.70)	(4.28)
Closing net asset value per share	161.32	169.21	162.77
* after direct transaction costs of ¹ :	0.07	0.18	0.17
Performance			
Return after charges ²	(1.95)%	6.84%	6.77%
Other Information			
Closing net asset value (€'000)	6	7	6
Closing number of shares	3,990	3,990	3,990
Operating charges ³	1.00%	1.00%	1.00%
Direct transaction costs	0.04%	0.11%	0.12%
Prices			
Highest share price	178.90c	172.30c	194.60c
Lowest share price	159.10c	156.60c	156.10c

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'X EUR' Income Shares

	2018 ¹ (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	164.93	159.68	154.42
Return before operating charges*	(14.35)	12.36	11.72
Operating charges	(1.66)	(2.52)	(2.26)
Return after operating charges*	(16.01)	9.84	9.46
Distributions on income shares	(3.48)	(4.59)	(4.20)
Last quoted share price	145.44	—	—
Closing net asset value per share	—	164.93	159.68
* after direct transaction costs of ² :	0.06	0.18	0.17
Performance			
Return after charges ³	(9.71)%	6.16%	6.13%
Other Information			
Closing net asset value (€'000)	—	1	50
Closing number of shares	—	750	31,200
Operating charges ⁴	1.58%	1.58%	1.58%
Direct transaction costs	—%	0.11%	0.12%
Prices			
Highest share price	173.50c	168.90c	189.90c
Lowest share price	154.80c	153.00c	153.80c

¹Share class closed on 5 November 2018.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Dividend 'X EUR' Accumulation Shares

	2018 (cents per share)	2017 (cents per share)	2016 ¹ (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	182.88	172.07	132.65
Return before operating charges*	(2.22)	13.57	41.85
Operating charges	(2.58)	(2.76)	(2.43)
Return after operating charges*	(4.80)	10.81	39.42
Distributions	(4.99)	(5.00)	(4.30)
Retained distributions on accumulation shares	4.99	5.00	4.30
Closing net asset value per share	178.08	182.88	172.07
* after direct transaction costs of ² :	0.07	0.20	0.18
Performance			
Return after charges ³	(2.62)%	6.28%	29.72%
Other Information			
Closing net asset value (€'000)	301	309	365
Closing number of shares	168,919	168,919	211,923
Operating charges ⁴	1.58%	1.58%	1.58%
Direct transaction costs	0.04%	0.11%	0.12%
Prices			
Highest share price	196.80c	185.00c	203.90c
Lowest share price	171.70c	167.50c	160.80c

¹Share class launched 25 January 2016.

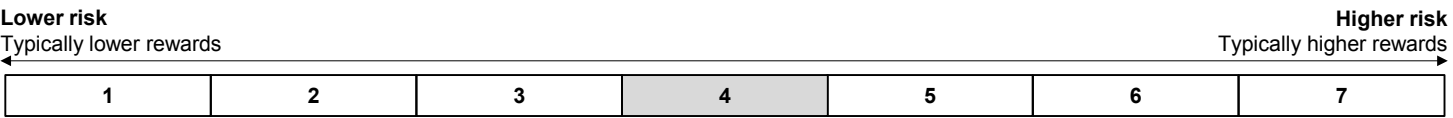
²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean ‘risk-free’.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The following risks may not be fully captured by the Indicator:

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Derivatives: Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

Emerging Market Risk: Emerging markets may face more political, economic or structural challenges than developed markets and shares may be less liquid, meaning that investments may not be sold quickly enough to prevent or minimize a loss; they may therefore involve a higher risk than investing in developed markets.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 27.09% (31 December 2017 - 29.52%)			
85,800	Bridgestone	2,598,567	1.92
1,261,010	BT	3,001,834	2.22
48,720	Crown Castle International	4,155,889	3.07
713,707	Enel	3,229,929	2.39
9,728	Equinix	2,693,455	1.99
87,033	KAR Auction Services	3,261,004	2.41
130,739	Royal Dutch Shell 'B'	3,055,370	2.26
244,583	Sonic Healthcare	2,987,845	2.21
114,197	Taiwan Semiconductor Manufacturing ADR	3,307,732	2.45
39,441	Texas Instruments	2,926,487	2.16
64,699	Total	2,681,771	1.98
25,229	Union Pacific	2,737,433	2.03
		36,637,316	27.09
Cyclical Franchise 29.48% (31 December 2017 - 30.26%)			
57,300	Bank of Nova Scotia	2,237,999	1.65
24,170	CME	3,569,895	2.64
35,634	Deere & Co	4,172,502	3.08
12,617	Home Depot	1,702,839	1.26
226,248	ING Groep	1,910,929	1.41
42,916	JPMorgan Chase	3,292,832	2.43
4,406,881	Lloyds Banking	2,281,442	1.69
27,904	Marriott International 'A'	2,378,281	1.76
119,552	Pfizer	4,096,458	3.03
175,201	Prudential	2,456,318	1.82
13,588	Roche	2,633,692	1.95
1,004,100	Samsonite International	2,240,517	1.66
27,044	United Parcel Service	2,070,768	1.53
30,349	United Technologies	2,536,629	1.88
63,105	Wells Fargo	2,283,691	1.69
		39,864,792	29.48
Defensive Franchise 27.81% (31 December 2017 - 27.35%)			
12,029	3M	1,799,061	1.33
152,861	Admiral	3,113,779	2.30
29,021	Air Products & Chemicals	3,647,221	2.70
84,735	Cinemark	2,382,506	1.76
48,224	Colgate-Palmolive	2,253,684	1.67
233,292	Compass	3,837,653	2.84
16,851	Costco Wholesale	2,695,551	1.99
29,731	Ecolab	3,439,748	2.54
1,911	Givaudan	3,462,742	2.56
21,869	Henkel	1,675,339	1.24
21,313	NextEra Energy	2,908,950	2.15
79,592	Unilever	3,270,037	2.42
1,568,000	Wal-Mart De Mexico	3,125,127	2.31
		37,611,398	27.81

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Disruptive Growth 10.16% (31 December 2017 - 10.01%)			
19,115	Amgen	2,922,782	2.16
108,710	Associated British Foods	2,220,945	1.64
8,870	BlackRock	2,737,122	2.03
23,612	Mastercard 'A'	3,497,305	2.59
45,014	Orsted	2,356,278	1.74
		13,734,432	10.16
Special Situation 4.06% (31 December 2017 - 1.57%)			
97,328	Investor	3,227,158	2.39
17,119	Simon Property	2,258,159	1.67
		5,485,317	4.06
	Total Value of Investments 98.60%		
	(31 December 2017 - 98.71%)	133,333,255	98.60
	Net Other Assets	1,898,492	1.40
	Net assets	135,231,747	100.00

All holdings are ordinary shares of stock and are listed on an official stock exchange unless otherwise stated.

Statement of Total Return

For the year ended 31 December 2018

	Notes ¹	£	31.12.2018 £	31.12.2017 £
Income				
Net capital (losses)/gains	4		(4,048,801)	15,351,873
Revenue	6	4,128,333		6,188,110
Expenses	7	(1,500,377)		(2,144,355)
Interest payable and similar charges	9	<u>(2,746)</u>		<u>(1,883)</u>
Net revenue before taxation		2,625,210		4,041,872
Taxation	8	<u>(366,739)</u>		<u>(611,078)</u>
Net revenue after taxation for the year			<u>2,258,471</u>	<u>3,430,794</u>
Total returns before distributions			(1,790,330)	18,782,667
Distributions	9		<u>(3,709,940)</u>	<u>(5,523,653)</u>
Changes in net assets attributable to shareholders from investment activities			<u>(5,500,270)</u>	<u>13,259,014</u>

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

	Note ¹	£	31.12.2018 £	31.12.2017 £
Opening net assets attributable to shareholders			176,102,617	217,451,310
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		30,595,463		14,394,798
Less: amounts paid on cancellation of shares		<u>(66,444,821)</u>		<u>(69,529,097)</u>
			(35,849,358)	(55,134,299)
Single swing price adjustment			34,493	39,447
Changes in net assets attributable to shareholders from investment activities (see above)			(5,500,270)	13,259,014
Retained distribution on accumulation shares	9		<u>444,265</u>	<u>487,145</u>
Closing net assets attributable to shareholders			<u>135,231,747</u>	<u>176,102,617</u>

¹The notes to these accounts can be found on pages 238 to 246.

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		133,333,255	173,827,612
Current assets:			
Debtors	10	507,261	529,572
Cash and bank balances	11	2,323,854	3,061,227
Total assets		<u>136,164,370</u>	<u>177,418,411</u>
Liabilities			
Creditors:			
Bank overdrafts	12	(136,898)	(121,358)
Distribution payable on income shares	9	(665,361)	(1,032,560)
Other creditors	13	(130,364)	(161,876)
Total liabilities		<u>(932,623)</u>	<u>(1,315,794)</u>
Net assets attributable to shareholders		<u>135,231,747</u>	<u>176,102,617</u>

¹The notes to these accounts can be found on pages 238 to 246.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(4,077,647)	15,108,016
Losses on forward currency contracts	–	(44,008)
Currency gains	28,878	287,982
Transaction charges	(32)	(117)
Net capital (losses)/gains	<u>(4,048,801)</u>	<u>15,351,873</u>

5. Purchases, Sales, and Transaction Costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Corporate Actions	–	6,498,010
Equities	47,983,713	51,990,532
Commissions:		
Equities total value paid	35,463	81,401
Taxes:		
Equities total value paid	27,846	87,976
Total purchase transaction costs	<u>63,309</u>	<u>169,377</u>
Gross purchases total	<u>48,047,022</u>	<u>58,657,919</u>
Analysis of total sale costs:		
Gross sales in year before transaction costs		
Collective Investment Schemes	–	931,423
Corporate Actions	–	6,498,010
Equities	84,495,718	106,228,502
Commissions:		
Collective Investment Schemes total value paid	–	(1,829)
Equities total value paid	(31,983)	(87,376)
Total sales costs	<u>(31,983)</u>	<u>(89,205)</u>
Total sales net of transaction costs	<u>84,463,735</u>	<u>113,568,730</u>

Notes to the Financial Statements (continued)

5. Purchases, Sales, and Transaction Costs (continued)

	31.12.2018 %	31.12.2017 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV ¹	0.03	0.04
Equities percentage of purchases total	0.07	0.16
Taxes:		
Equities percentage of average NAV ¹	0.02	0.04
Equities percentage of purchases total	0.06	0.17

Analysis of total sale costs:

Commissions:		
Collective Investment Schemes percentage of average NAV ¹	—	—
Collective Investment Schemes percentage of sales total	—	0.20
Equities percentage of average NAV ¹	0.02	0.04
Equities percentage of sales total	0.04	0.08

The average portfolio dealing spread as at 31 December 2018 was 0.07% (31 December 2017: 0.05%).

¹Excluding single swing price adjustment.

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	4,753	2,165
Franked UK dividends	962,711	1,400,876
Offshore dividend CIS revenue	—	13,819
Overseas dividends	3,160,869	4,771,250
	<u>4,128,333</u>	<u>6,188,110</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	1,274,268	1,822,165
	<u>1,274,268</u>	<u>1,822,165</u>
Other expenses:		
Fixed operating charge ¹	223,609	319,520
Sundry expenses	2,500	2,670
	<u>226,109</u>	<u>322,190</u>
	<u>1,500,377</u>	<u>2,144,355</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	366,739	611,078
Current tax (note 8b)	366,739	611,078
Deferred tax (note 8c)	—	—
Total tax charge	<u>366,739</u>	<u>611,078</u>

b) Factors affecting taxation charge for the year:

The tax assessed for the period is lower (2017: lower) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	2,625,210	4,041,872
Corporation tax at 20%	525,042	808,374
Effects of:		
UK dividend revenue not subject to corporation tax	(192,542)	(280,175)
Overseas tax irrecoverable	366,739	611,078
Excess management expenses	251,180	377,421
Overseas dividend revenue not subject to corporation tax	(575,122)	(893,787)
Offshore dividend CIS revenue	—	(2,764)
Double taxation relief	(8,558)	(9,069)
Sub-total	<u>(158,303)</u>	<u>(197,296)</u>
Current year tax charge (note 8a)	<u>366,739</u>	<u>611,078</u>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	—	—
Deferred tax charge for the year	—	—
Provision at end of year	<u>—</u>	<u>—</u>

The sub-fund has not recognised a deferred tax asset of £1,428,673 (31 December 2017: £1,177,493) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

Notes to the Financial Statements (continued)
9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
First Quarter Distribution	788,092	1,097,356
First Quarter Accumulation	79,333	106,367
Interim Distribution	929,075	1,873,073
Interim Accumulation	96,855	183,138
Third Quarter Distribution	748,639	933,690
Third Quarter Accumulation	82,035	99,118
Final Distribution	665,361	1,032,560
Final Accumulation	186,042	98,522
	<u>3,575,432</u>	<u>5,423,824</u>
Add: Amounts deducted on cancellation of shares	190,476	128,393
Less: Amounts added on creation of shares	<u>(55,968)</u>	<u>(28,564)</u>
Distributions	<u>3,709,940</u>	<u>5,523,653</u>
Interest payable and similar charges	2,746	1,883
Total distributions	<u>3,712,686</u>	<u>5,525,536</u>
Net revenue after taxation	2,258,471	3,430,794
Add: Capitalised expenses	1,500,377	2,144,355
Less: Equalisation uplift on unit conversions	(70)	–
Add: Undistributed revenue brought forward	99	53
Less: Undistributed revenue carried forward	(41)	(99)
Tax effect of fees offset to capital	<u>(48,896)</u>	<u>(51,450)</u>
Distributions	<u>3,709,940</u>	<u>5,523,653</u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	308,268	352,538
Amount receivable for creation of shares	21,995	–
Overseas tax recoverable	176,998	177,034
	<u>507,261</u>	<u>529,572</u>

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	2,323,854	3,061,227
	<u>2,323,854</u>	<u>3,061,227</u>

12. Bank Overdrafts

	31.12.2018 £	31.12.2017 £
Bank overdrafts	136,898	121,358
	<u>136,898</u>	<u>121,358</u>

Notes to the Financial Statements (continued)
13. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	1,911	12
Accrued expenses	128,453	161,864
	<u>130,364</u>	<u>161,876</u>

14. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

15. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £109,267 (31 December 2017: £137,703).

At the year end, Sarasin Global Dividend held no shares in any other sub-fund or collective investment schemes managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

At the year end, BNY (OCS) Nominees Limited owned below the 25% threshold in the sub-fund on behalf of multiple beneficiaries (31 December 2017: 44.78%).

16. Shareholders' Funds

The sub-fund has 14 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Global Dividend 'A' Income Shares

Opening shares	–
Shares Created	–
Shares Liquidated	–
Shares Converted	22,000
Closing shares	22,000

Global Dividend 'A' Accumulation Shares

Opening shares	150,551
Shares Created	28,383
Shares Liquidated	(78,111)
Shares Converted	–
Closing shares	100,823

Global Dividend 'D' Income Shares

Opening shares	750
Shares Created	–
Shares Liquidated	(750)
Shares Converted	–
Closing shares	–

Global Dividend 'D' Accumulation Shares

Opening shares	49,479
Shares Created	9,282
Shares Liquidated	(34,021)
Shares Converted	–
Closing shares	24,740

Notes to the Financial Statements (continued)

16. Shareholders' Funds (continued)

Global Dividend 'F' Accumulation Shares

Opening shares	809
Shares Created	–
Shares Liquidated	–
Shares Converted	–
Closing shares	809

Global Dividend 'I' Income Shares

Opening shares	95,536,194
Shares Created	4,640,695
Shares Liquidated	(37,741,110)
Shares Converted	–
Closing shares	62,435,779

Global Dividend 'I' Accumulation Shares

Opening shares	4,922,300
Shares Created	12,126,922
Shares Liquidated	(2,842,264)
Shares Converted	–
Closing shares	14,206,958

Global Dividend 'P' Income Shares

Opening shares	113,539
Shares Created	115,779
Shares Liquidated	(52,719)
Shares Converted	–
Closing shares	176,599

Global Dividend 'P' Accumulation Shares

Opening shares	179,466
Shares Created	193,313
Shares Liquidated	(38,235)
Shares Converted	–
Closing shares	334,544

Global Dividend 'X' Income Shares

Opening shares	12,496,248
Shares Created	1,433,870
Shares Liquidated	(2,748,317)
Shares Converted	(14,192)
Closing shares	11,167,609

Global Dividend 'X' Accumulation Shares

Opening shares	3,917,046
Shares Created	355,727
Shares Liquidated	(949,534)
Shares Converted	(7,000)
Closing shares	3,316,239

Global Dividend 'I EUR' Income Shares

Opening shares	3,990
Shares Created	–
Shares Liquidated	–
Shares Converted	–
Closing shares	3,990

Notes to the Financial Statements (continued)
16. Shareholders' Funds (continued)
Global Dividend 'X EUR' Income Shares

Opening shares	750
Shares Created	–
Shares Liquidated	(750)
Shares Converted	–
Closing shares	–

Global Dividend 'X EUR' Accumulation Shares

Opening shares	168,919
Shares Created	–
Shares Liquidated	–
Shares Converted	–
Closing shares	168,919

17. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 215. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	2,987,845	2,987,845	2.21
Canadian dollar	25,043	2,237,999	2,263,042	1.67
Danish kroner	9,690	2,356,278	2,365,968	1.75
Euro	83,172	9,497,967	9,581,139	7.08
Hong Kong dollar	–	2,240,517	2,240,517	1.66
Japanese yen	44,210	2,598,567	2,642,777	1.95
Mexican Nuevo peso	–	3,125,127	3,125,127	2.31
Sterling	1,450,982	23,237,380	24,688,362	18.26
Swedish krona	–	3,227,158	3,227,158	2.39
Swiss franc	132,984	6,096,434	6,229,418	4.61
US dollar	152,411	75,727,983	75,880,394	56.11
	1,898,492	133,333,255	135,231,747	100.00

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	3,739,866	3,739,866	2.12
Canadian dollar	30,172	3,516,915	3,547,087	2.02
Danish kroner	9,601	–	9,601	0.01
Euro	107,658	19,072,412	19,180,070	10.89
Hong Kong dollar	–	7,961,233	7,961,233	4.52
Mexican Nuevo peso	–	3,525,744	3,525,744	2.00
Sterling	1,788,684	28,243,028	30,031,712	17.05
Swiss franc	119,515	7,339,605	7,459,120	4.24
US dollar	219,375	100,428,809	100,648,184	57.15
	2,275,005	173,827,612	176,102,617	100.00

Notes to the Financial Statements (continued)
17. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	–	–	2,987,845	2,987,845
Canadian dollar	–	–	2,263,042	2,263,042
Danish kroner	–	–	2,365,968	2,365,968
Euro	24,468	–	9,581,139	9,605,607
Hong Kong dollar	–	–	2,240,517	2,240,517
Japanese yen	–	–	2,642,777	2,642,777
Mexican Nuevo peso	–	–	3,125,127	3,125,127
Sterling	2,129,987	–	23,354,100	25,484,087
Swedish krona	–	–	3,227,158	3,227,158
Swiss franc	112,430	–	6,229,418	6,341,848
US dollar	56,969	–	75,823,425	75,880,394
	<u>2,323,854</u>	<u>–</u>	<u>133,840,516</u>	<u>136,164,370</u>

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Euro	(24,468)	–	–	(24,468)
Sterling	–	–	(795,725)	(795,725)
Swiss franc	(112,430)	–	–	(112,430)
	<u>(136,898)</u>	<u>–</u>	<u>(795,725)</u>	<u>(932,623)</u>

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	–	–	3,739,866	3,739,866
Canadian dollar	–	–	3,547,087	3,547,087
Danish kroner	–	–	9,601	9,601
Euro	14,256	–	19,180,070	19,194,326
Hong Kong dollar	–	–	7,961,233	7,961,233
Mexican Nuevo peso	–	–	3,525,744	3,525,744
Sterling	2,878,486	–	28,347,662	31,226,148
Swiss franc	107,102	–	7,459,120	7,566,222
US dollar	61,383	–	100,586,801	100,648,184
	<u>3,061,227</u>	<u>–</u>	<u>174,357,184</u>	<u>177,418,411</u>

Notes to the Financial Statements (continued)

17. Risk Disclosures (continued)

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Euro	(14,256)	—	—	(14,256)
Sterling	—	—	(1,194,436)	(1,194,436)
Swiss franc	(107,102)	—	—	(107,102)
	<u>(121,358)</u>	<u>—</u>	<u>(1,194,436)</u>	<u>(1,315,794)</u>

Fair Value

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

Valuation technique as at 31 December 2018

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Equities	133,333,255	—	—	133,333,255
	<u>133,333,255</u>	<u>—</u>	<u>—</u>	<u>133,333,255</u>

Valuation technique as at 31 December 2017

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Equities	173,827,612	—	—	173,827,612
	<u>173,827,612</u>	<u>—</u>	<u>—</u>	<u>173,827,612</u>

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Counterparty Risk

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. As at balance sheet date, the sub-fund is not exposed to any counterparty risk.

18. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per shares of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no share classes where the net asset value per shares has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the year end.

SARASIN Global Dividend

Distribution Tables

For the year ended 31 December 2018

First Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 31 March 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	First Quarter Distribution Paid 2018 Pence per Share	First Quarter Distribution Paid 2017 Pence per Share
Global Dividend 'A' Accumulation Shares				
Group 1	0.9324	—	0.9324	0.8749
Group 2	0.4726	0.4598	0.9324	0.8749
Global Dividend 'D' Income Shares¹				
Group 1	0.8786	—	0.8786	0.8323
Group 2	0.8786	—	0.8786	0.8323
Global Dividend 'D' Accumulation Shares¹				
Group 1	0.9643	—	0.9643	0.8953
Group 2	0.9643	—	0.9643	0.8953
Global Dividend 'F' Accumulation Shares¹				
Group 1	0.9506	—	0.9506	0.8900
Group 2	0.9506	—	0.9506	0.8900
Global Dividend 'I' Income Shares				
Group 1	0.8596	—	0.8596	0.8236
Group 2	0.5719	0.2877	0.8596	0.8236
Global Dividend 'I' Accumulation Shares				
Group 1	0.9577	—	0.9577	0.8930
Group 2	0.5048	0.4529	0.9577	0.8930
Global Dividend 'P' Income Shares				
Group 1	0.8597	—	0.8597	0.8235
Group 2	0.4477	0.4120	0.8597	0.8235
Global Dividend 'P' Accumulation Shares				
Group 1	0.9600	—	0.9600	0.8941
Group 2	0.5984	0.3616	0.9600	0.8941
Global Dividend 'X' Income Shares				
Group 1	0.8383	—	0.8383	0.8079
Group 2	0.2274	0.6109	0.8383	0.8079
Global Dividend 'X' Accumulation Shares				
Group 1	0.9351	—	0.9351	0.8763
Group 2	0.7449	0.1902	0.9351	0.8763

Distribution Tables (continued)

First Quarter distribution in EUR cents per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 31 March 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	First Quarter Distribution Paid 2018 Cents per Share	First Quarter Distribution Paid 2017 Cents per Share
Global Dividend 'I EUR' Income Shares¹				
Group 1	0.9907	—	0.9907	0.9786
Group 2	0.9907	—	0.9907	0.9786
Global Dividend 'X EUR' Income Shares¹				
Group 1	0.9599	—	0.9599	0.9592
Group 2	0.9599	—	0.9599	0.9592
Global Dividend 'X EUR' Accumulation Shares¹				
Group 1	1.0672	—	1.0672	1.0335
Group 2	1.0672	—	1.0672	1.0335

Distribution Tables (continued)

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 April 2018

Group 2: Shares purchased between 1 April 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Global Dividend 'A' Income Shares²				
Group 1	0.8834	—	0.8834	—
Group 2	0.8834	—	0.8834	—
Global Dividend 'A' Accumulation Shares				
Group 1	1.3438	—	1.3438	1.5478
Group 2	0.6921	0.6517	1.3438	1.5478
Global Dividend 'D' Income Shares¹				
Group 1	1.2520	—	1.2520	1.4670
Group 2	1.2520	—	1.2520	1.4670
Global Dividend 'D' Accumulation Shares				
Group 1	1.3924	—	1.3924	1.5872
Group 2	1.2193	0.1731	1.3924	1.5872
Global Dividend 'F' Accumulation Shares¹				
Group 1	1.3721	—	1.3721	1.5763
Group 2	1.3721	—	1.3721	1.5763
Global Dividend 'I' Income Shares				
Group 1	1.2330	—	1.2330	1.4507
Group 2	0.6145	0.6185	1.2330	1.4507
Global Dividend 'I' Accumulation Shares				
Group 1	1.3824	—	1.3824	1.5807
Group 2	0.2174	1.1650	1.3824	1.5807
Global Dividend 'P' Income Shares				
Group 1	1.2332	—	1.2332	1.4478
Group 2	0.2159	1.0173	1.2332	1.4478
Global Dividend 'P' Accumulation Shares				
Group 1	1.3858	—	1.3858	1.5841
Group 2	0.2693	1.1165	1.3858	1.5841
Global Dividend 'X' Income Shares				
Group 1	1.2009	—	1.2009	1.4214
Group 2	0.9138	0.2871	1.2009	1.4214
Global Dividend 'X' Accumulation Shares				
Group 1	1.3480	—	1.3480	1.5505
Group 2	0.9749	0.3731	1.3480	1.5505

Distribution Tables (continued)

Interim distribution in EUR cents per share

Group 1: Shares purchased prior to 1 April 2018

Group 2: Shares purchased between 1 April 2018 and 30 June 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Interim Distribution Paid 2018 Cents per Share	Interim Distribution Paid 2017 Cents per Share
Global Dividend 'I EUR' Income Shares¹				
Group 1	1.4049	—	1.4049	1.6635
Group 2	1.4049	—	1.4049	1.6635
Global Dividend 'X EUR' Income Shares¹				
Group 1	1.3650	—	1.3650	1.6285
Group 2	1.3650	—	1.3650	1.6285
Global Dividend 'X EUR' Accumulation Shares¹				
Group 1	1.5220	—	1.5220	1.7649
Group 2	1.5220	—	1.5220	1.7649

Distribution Tables (continued)

Third Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 30 September 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Third Quarter Distribution Paid 2018 Pence per Share	Third Quarter Distribution Paid 2017 Pence per Share
Global Dividend 'A' Income Shares²				
Group 1	1.0115	—	1.0115	—
Group 2	1.0115	—	1.0115	—
Global Dividend 'A' Accumulation Shares				
Group 1	1.1405	—	1.1405	0.9098
Group 2	0.2901	0.8504	1.1405	0.9098
Global Dividend 'D' Income Shares¹				
Group 1	1.0640	—	1.0640	0.8426
Group 2	1.0640	—	1.0640	0.8426
Global Dividend 'D' Accumulation Shares¹				
Group 1	1.1851	—	1.1851	0.9357
Group 2	1.1851	—	1.1851	0.9357
Global Dividend 'F' Accumulation Shares¹				
Group 1	1.1681	—	1.1681	0.9160
Group 2	1.1681	—	1.1681	0.9160
Global Dividend 'I' Income Shares				
Group 1	1.0388	—	1.0388	0.8435
Group 2	0.4950	0.5438	1.0388	0.8435
Global Dividend 'I' Accumulation Shares¹				
Group 1	1.1737	—	1.1737	0.9296
Group 2	1.1737	—	1.1737	0.9296
Global Dividend 'P' Income Shares				
Group 1	1.0408	—	1.0408	0.8487
Group 2	0.6693	0.3715	1.0408	0.8487
Global Dividend 'P' Accumulation Shares				
Group 1	1.1783	—	1.1783	0.9332
Group 2	0.5134	0.6649	1.1783	0.9332
Global Dividend 'X' Income Shares				
Group 1	1.0110	—	1.0110	0.8267
Group 2	0.5374	0.4736	1.0110	0.8267
Global Dividend 'X' Accumulation Shares				
Group 1	1.1450	—	1.1450	0.9112
Group 2	0.6359	0.5091	1.1450	0.9112

Distribution Tables (continued)

Third Quarter distribution in EUR cents per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 30 September 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Third Quarter Distribution Paid 2018 Cents per Share	Third Quarter Distribution Paid 2017 Cents per Share
Global Dividend 'I EUR' Income Shares¹				
Group 1	1.1820	—	1.1820	0.9661
Group 2	1.1820	—	1.1820	0.9661
Global Dividend 'X EUR' Income Shares¹				
Group 1	1.1590	—	1.1590	0.9410
Group 2	1.1590	—	1.1590	0.9410
Global Dividend 'X EUR' Accumulation Shares¹				
Group 1	1.2889	—	1.2889	1.0292
Group 2	1.2889	—	1.2889	1.0292

Distribution Tables (continued)

Final distribution in pence per share

Group 1: Shares purchased prior to 1 October 2018

Group 2: Shares purchased between 1 October 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Global Dividend 'A' Income Shares²				
Group 1	0.8813	—	0.8813	—
Group 2	0.8813	—	0.8813	—
Global Dividend 'A' Accumulation Shares				
Group 1	0.9978	—	0.9978	1.0339
Group 2	0.6638	0.3340	0.9978	1.0339
Global Dividend 'D' Income Shares³				
Group 1	—	—	—	0.9706
Group 2	—	—	—	0.9706
Global Dividend 'D' Accumulation Shares¹				
Group 1	1.0400	—	1.0400	1.0663
Group 2	1.0400	—	1.0400	1.0663
Global Dividend 'F' Accumulation Shares¹				
Group 1	1.0186	—	1.0186	1.0532
Group 2	1.0186	—	1.0186	1.0532
Global Dividend 'I' Income Shares				
Group 1	0.9055	—	0.9055	0.9573
Group 2	0.4727	0.4328	0.9055	0.9573
Global Dividend 'I' Accumulation Shares				
Group 1	1.0305	—	1.0305	1.0599
Group 2	0.7081	0.3224	1.0305	1.0599
Global Dividend 'P' Income Shares				
Group 1	0.9064	—	0.9064	0.9575
Group 2	0.6593	0.2471	0.9064	0.9575
Global Dividend 'P' Accumulation Shares				
Group 1	1.0331	—	1.0331	1.0622
Group 2	0.4908	0.5423	1.0331	1.0622
Global Dividend 'X' Income Shares				
Group 1	0.8791	—	0.8791	0.9351
Group 2	0.7648	0.1143	0.8791	0.9351
Global Dividend 'X' Accumulation Shares				
Group 1	1.0017	—	1.0017	1.0365
Group 2	0.7878	0.2139	1.0017	1.0365

Distribution Tables (continued)

Final distribution in EUR cents per share

Group 1: Shares purchased prior to 1 October 2018

Group 2: Shares purchased between 1 October 2018 and 31 December 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Final Distribution Paid 2019 Cents per Share	Final Distribution Paid 2018 Cents per Share
Global Dividend 'I EUR' Income Shares¹				
Group 1	1.0165	—	1.0165	1.0873
Group 2	1.0165	—	1.0165	1.0873
Global Dividend 'X EUR' Income Shares³				
Group 1	—	—	—	1.0578
Group 2	—	—	—	1.0578
Global Dividend 'X EUR' Accumulation Shares¹				
Group 1	1.1162	—	1.1162	1.1684
Group 2	1.1162	—	1.1162	1.1684

¹There were no group 2 shares for this period.

²Share class became active on 1 May 2018.

³Share class closed on 5 November 2018.

Investment Objective and Policy

Sarasin Global Dividend (Sterling Hedged) seeks to achieve long-term capital growth in Pounds Sterling terms whilst also generating an income yield of at least 15% higher than the MSCI All Countries World Index (Net).

In order to achieve the investment objective, it is intended that the sub-fund will invest predominantly in global equities which satisfy one or more investment themes identified by the ACD which are expected to be key drivers of corporate profitability, investment performance and yield.

The sub-fund may also invest in transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities and deposits. Cash and near cash may also held by the sub-fund.

It is the intention of the ACD that any foreign currency exposure should be hedged back into Pounds Sterling. This will typically be achieved via a currency future or currency option.

The sub-fund may use derivatives to reduce volatility or protect investors' capital. The sub-fund may also borrow and employ stocklending techniques in accordance with the rules in COLL.

Sensitivity Analysis

The sub-fund invests in equities with a bias to equities with higher yields. In addition, the sub-fund will sell currency exposures gained from overseas equity holdings. This is done through the use of FX forwards, and the Sterling exposure range is from 85% to 100%.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Global Dividend (Sterling Hedged), as at 31 December 2018, was 7.69% (31 December 2017: 8.53%). The lowest, highest, and average utilisation in the year was 5.60%, 8.58%, and 7.43%, respectively (31 December 2017: 8.07%, 11.02%, and 9.46%, respectively).

Investment Review

2018 was an unusual year for investors. It may also go down in infamy. It is exceptionally rare for all major asset classes to decline simultaneously, yet in 2018, most bond, equity and commodity markets did just that. Unhedged UK-based global investors were, once again, helped by the weakness of Sterling against the Dollar. This dampened some of the impact of declining asset values overseas, helping preserve capital denominated in Pounds.

A retrospective narrative for these declines goes something like this: Trumpian economic policy (hugely stimulative at a time when this was simply not required) led to much higher US bond yields. Ten year treasuries peaked in third quarter at a mite over 3.2%. A little over two years earlier, they were trading at under 1.6%. Several major central banks rolled back their asset buying programmes. The era of ultra-cheap money peaked and competition from cash returned. China, whether due to the well-publicised trade war with the US or because of decelerating credit growth, slowed in the second half, with consequences around the world. This series of events did not sit palatably with valuations which started the year above long-term averages.

The relative performance of the Sarasin Global Dividend (Sterling Hedged) was markedly different in the second half of the year than it was in the first. Like many income funds in the first half, the defensive positioning and absence of large, zero-yielding technology stocks (FANG, etc) did us no favours and the sub-fund lagged the benchmark by over 2% at the mid-year stage. A turnaround ensued in the latter half of the year, with the sub-fund outperforming by over 5%. During this period, markets were weak, cyclical underperformed the broader market and Facebook et al gave back most of their year to date gains. Upside participation with downside protection is a key intention of the sub-fund. It was gratifying to see it hold up so well during this difficult time.

This year, our sector and geographic weightings were mixed in their outcome. We tend to be overweight UK due to the strong dividend culture, zero withholding tax and, thanks to Brexit, valuations. This overweight was unhelpful in 2018. Conversely, we tend to be underweight in emerging markets where we struggle to find either the quality, governance standards or dividend culture we target. This underweight was helpful. By sector, we tend to be underweight low-yielding Information Technology. This hurt us in the first half, but helped in the second. Over the year, it was a modest headwind. Most other weights did not have a material bearing on our performance.

Where we flourished this year was in our stock picking. This reflected some excellent recommendations from our analysts, combined with a renewed prudence in the market that suited the funds skew to quality. CME, US-based derivatives exchanges, was our top contributor to performance this year. It is a cash generative, capital light business with enormous barriers to entry. It tends to prefer volatile markets, as this results in more trading activity, and thus performed particularly well in the second half. Mastercard 'A' also performed very well. This company is a quintessential amalgamation of thematic growth and quality.

Investment Review (continued)

It, too, generates plenty of free cash, has a net cash balance sheet and deep barriers to entry. We continue to believe both companies are well worth their premium multiples.

Other positive contributors include the US pharmaceutical company, Pfizer, where the feared political interference in drug pricing never materialised, and where the success of their oncology franchise continues. New holding Deere & Co, the US agricultural machinery company, also fared well as a compelling valuation coincided with a stabilisation in the agricultural cycle. Utility company, Nextera Energy, continues to flourish. Its unique expertise in US onshore wind power is proving a sustainable (in many senses) and profitable source of growth.

Our most significant detractor from performance in 2018 was Samsonite International, the Hong Kong-listed luggage maker. After finishing 2017 on a high, the company came under attack by a well-publicised short seller in the second quarter. Whilst we dispute the accuracy or the materiality of most of the report, it did uncover some embarrassing revelations about the company's CEO who was forced to resign. In our view, this is of limited consequence. However, the stock struggled to recover later in the year due to fears of a slowdown in China, a key growth market.

Most other key detractors reflect weakness in the financials sector. ING Groep, a Dutch-listed bank, Prudential and Lloyds Banking in UK and BlackRock, the US-listed asset manager, all caused pain. Whilst we firmly believe that the banks we hold lend prudently and have substantially derisked balance sheets compared to the past, they are still banks; inherently leveraged entities. Therefore, weak asset markets, weak European growth and flattening yield curves all took their toll. We resisted the temptation to add on weakness, but believe that their high, well supported dividend yields continue to justify their existence in the portfolio.

During the year, we sold positions in satellite operator SES (fears of a dividend cut), utility National Grid (concerns of regulatory interference), oil services company Schlumberger (inexplicable valuation given the long term outlook for oil demand), telco 1&1 Drillisch (capital allocation concerns), drug distributor AmerisourceBergen (social concerns), Hong Kong property company Sun Hung Kai Properties (macro) and funeral and cemetery company Service Corp International (valuation).

As well as adding to some existing holdings, we initiated several new positions in addition to the previously mentioned Deere & Co. In the 'Climate Change' theme, we bought a stake in Danish utility, Orsted, the world's largest developer of offshore windfarms. In the 'Discount Retail' theme, a subset of 'Evolving Consumption', we repurchased Associated British Foods, owner of apparel retailer Primark. The Primark concept has a long runway for profitable growth across the continent and beyond. We like the business, the valuation and the prudence of the management team. We also took a position in Marriott International 'A', the hotel company. This is an asset-light brand and management company with an extraordinary competitive position.

Most revenues are recurring fees from hotel owners who use their brands under long term contracts. Travel is another area of structural growth.

We started a small position in German company, Henkel, an amalgam of a consumer staples and an adhesives business. The adhesives industry is immensely attractive, and continues to win share from other forms of 'bonding' across many end markets, from clothing to aerospace. Adhesives are stronger, neater, lighter and less time consuming to utilise than the alternatives. Henkel is the global leader. Another addition was Texas Instruments, the world's leading manufacturer of semiconductors used to convert analogue signals to digital. Its scale provides sustainable competitive advantages; it has the financial muscle necessary to invest in low cost capacity and its reach in distribution allows it to outgrow its end markets. It enters under our 'Digitalisation' theme, an area where funds with an income target can struggle to participate.

We also invested in Bridgestone, the Japanese tyre company. Tyre demand is driven by replacement so is therefore reasonably acyclical. The company generates huge amounts of free cash and the typical Japanese prudence means a healthy net cash position. Therefore, the cash can support a high and sustainable dividend yield. Finally, we took a position in Investor, a very well run Swedish holding company with stakes in many public and unlisted companies, predominantly in the healthcare and industrial sectors.

This turnover was higher than we would normally like, but it is gratifying to note that the changes we made during the year added about 0.8% to performance. We also note that the final dividend yield of the fund was 2.8%, modestly ahead of our target; a net 15% premium to the yield of the MSCI ACWI index.

Outlook

We have no great insight into how the economy and markets will perform in 2019; macro-economic forecasting is not the core part of what we do. However, it is instructional to note that pessimism amongst the financial community is high. The list of culprits is familiar; the US-Sino trade war, Chinese leverage, the comedown from the Trumpian US sugar rush, Brexit, the Euro, etc. No doubt some additional factors will augment this list in the coming year. We do lose sleep over some of these factors - China, particularly, and the reality that the US expansion is long in the tooth. However, it is reassuring to note that the market is worrying. There is no excess of euphoria at this stage, certain parts of the technology sector excepted.

It is part and parcel of a professional investors job to worry on a client's behalf. Yet, it is useful to remember some truisms that may make a rational optimist of the most extreme bear. With apologies to thinkers such as Hans Rosling (author of 'Factfulness') and Steven Pinker ('Enlightenment Now'), it is important to remember that the prosperity of humanity has consistently increased, despite the persistent cultural negativity that emanates from many commentators.

Investment Review (continued)

Caution and concern are modern hallmarks of seriousness and responsibility. These voices are important; they strive to make the world a better place. Yet, they can drown out two critical realities; that prosperity continues to sweep the world and that educated humans in countries with strong institutions have an extraordinary record of overcoming problems. Climate change clearly presents one of humanity's biggest challenges, but we see exciting changes in autos and power generation that herald early progress in the vital process of decarbonisation.

We will continue to invest the sub-fund in a broad range of growing, lifetime annuities; high quality equities which consistently generate cash, that we judge to have sustainable competitive advantages, attractive valuations and, wherever possible, powerful thematic tailwinds. Our opinion is that, by most yardsticks, current valuations are perfectly acceptable. We tend to focus on free cash flow yields – the amount of cash a company generates each year in excess of its internal capital requirements. 5 or 6% is typical for our holdings which have very strong balance sheets and compelling thematic drivers. 7 or 8% is the norm for our investments which carry a bit more leverage and are more mature. It is this free cash that underpins the well covered dividends in our funds. Numbers this high compound quickly, and the patient investor should see their wealth accumulate.

2019, no doubt, will bring challenges. At the end of the year, it is inevitable there will be stocks we wished we'd never owned. By focusing on quality, thematic, valuation and balance sheet strength, we hope to minimise their frequency.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Top 10 purchases during the year

Deere & Co
Investor
Texas Instruments
Marriott International 'A'
Associated British Foods
Bridgestone
Orsted
Henkel
Compass
Crown Castle International

Top 10 sales during the year

1&1 Drillisch
Service Corp International
Mastercard 'A'
Sun Hung Kai Properties
3M
Schlumberger
Home Depot
CME
Total
AmerisourceBergen

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 259 to 267 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

SARASIN Global Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables

Global Dividend (Sterling Hedged) 'A' Income Shares

	2018 ¹ (pence per share)
Change in Net Asset Value per Share	
Opening net asset value per share	124.29
Return before operating charges*	(4.85)
Operating charges	(0.97)
Return after operating charges*	(5.82)
Distributions on income shares	(2.38)
Closing net asset value per share	116.09
* after direct transaction costs of ² :	0.09
Performance	
Return after charges ³	(4.68)%
Other Information	
Closing net asset value (£'000)	19
Closing number of shares	16,400
Operating charges ⁴	1.16%
Direct transaction costs	0.07%
Prices	
Highest share price	131.30p
Lowest share price	114.60p

¹Share class launched 5 December 2013. Share class became active on 1 May 2018.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Dividend (Sterling Hedged) 'D' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	130.55	115.22	115.25
Return before operating charges*	(5.57)	19.57	0.84
Operating charges	(0.85)	(0.80)	(0.76)
Return after operating charges*	(6.42)	18.77	0.08
Distributions on income shares	(3.53)	(3.44)	(0.11)
Closing net asset value per share	120.60	130.55	115.22
* after direct transaction costs of ² :	0.09	0.17	0.16
Performance			
Return after charges ³	(4.92)%	16.29%	0.07%
Other Information			
Closing net asset value (£'000)	680	737	650
Closing number of shares	564,236	564,236	564,236
Operating charges ⁴	0.65%	0.65%	0.66%
Direct transaction costs	0.07%	0.14%	0.14%
Prices			
Highest share price	135.50p	131.50p	116.00p
Lowest share price	119.00p	115.30p	98.50p

¹Share class launched 29 December 2016.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Dividend (Sterling Hedged) 'D' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	145.90	125.26	117.22
Return before operating charges*	(6.37)	21.52	8.83
Operating charges	(0.96)	(0.88)	(0.79)
Return after operating charges*	(7.33)	20.64	8.04
Distributions	(3.99)	(3.77)	(3.47)
Retained distributions on accumulation shares	3.99	3.77	3.47
Closing net asset value per share	138.57	145.90	125.26
* after direct transaction costs of ¹ :	0.10	0.18	0.17
Performance			
Return after charges ²	(5.02)%	16.48%	6.86%
Other Information			
Closing net asset value (£'000)	43	47	46
Closing number of shares	30,919	32,080	36,661
Operating charges ³	0.65%	0.65%	0.66%
Direct transaction costs	0.07%	0.14%	0.14%
Prices			
Highest share price	153.70p	146.10p	125.90p
Lowest share price	135.90p	125.40p	104.10p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Dividend (Sterling Hedged) 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	129.56	114.75	110.94
Return before operating charges*	(5.52)	19.45	8.17
Operating charges	(1.29)	(1.22)	(1.12)
Return after operating charges*	(6.81)	18.23	7.05
Distributions on income shares	(3.50)	(3.42)	(3.24)
Closing net asset value per share	119.25	129.56	114.75
* after direct transaction costs of ¹ :	0.09	0.17	0.15
Performance			
Return after charges ²	(5.26)%	15.89%	6.36%
Other Information			
Closing net asset value (£'000)	46,377	58,431	56,110
Closing number of shares	38,889,490	45,100,214	48,896,608
Operating charges ³	1.00%	1.00%	1.01%
Direct transaction costs	0.07%	0.14%	0.14%
Prices			
Highest share price	134.40p	130.60p	116.00p
Lowest share price	117.70p	114.80p	98.50p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Global Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Dividend (Sterling Hedged) 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	144.56	124.57	117.00
Return before operating charges*	(6.27)	21.32	8.77
Operating charges	(1.45)	(1.33)	(1.20)
Return after operating charges*	(7.72)	19.99	7.57
Distributions	(3.95)	(3.74)	(3.45)
Retained distributions on accumulation shares	3.95	3.74	3.45
Closing net asset value per share	136.84	144.56	124.57
* after direct transaction costs of ¹ :	0.10	0.18	0.17
Performance			
Return after charges ²	(5.34)%	16.05%	6.47%
Other Information			
Closing net asset value (£'000)	25,125	20,937	36,068
Closing number of shares	18,361,155	14,483,260	28,954,625
Operating charges ³	1.00%	1.00%	1.01%
Direct transaction costs	0.07%	0.14%	0.14%
Prices			
Highest share price	151.90p	144.80p	125.20p
Lowest share price	134.20p	124.70p	103.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Global Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Dividend (Sterling Hedged) 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	129.72	114.80	110.96
Return before operating charges*	(5.51)	19.53	8.17
Operating charges	(1.23)	(1.19)	(1.09)
Return after operating charges*	(6.74)	18.34	7.08
Distributions on income shares	(3.51)	(3.42)	(3.24)
Closing net asset value per share	119.47	129.72	114.80
* after direct transaction costs of ¹ :	0.09	0.17	0.15
Performance			
Return after charges ²	(5.20)%	15.98%	6.38%
Other Information			
Closing net asset value (£'000)	2,275	12	11
Closing number of shares	1,904,365	9,289	9,837
Operating charges ³	0.98%	0.98%	0.99%
Direct transaction costs	0.07%	0.14%	0.14%
Prices			
Highest share price	134.60p	130.70p	116.00p
Lowest share price	117.90p	114.90p	98.50p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Global Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Dividend (Sterling Hedged) 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	144.73	124.67	117.00
Return before operating charges*	(6.28)	21.38	8.88
Operating charges	(1.43)	(1.32)	(1.21)
Return after operating charges*	(7.71)	20.06	7.67
Distributions	(3.95)	(3.75)	(3.44)
Retained distributions on accumulation shares	3.95	3.75	3.44
Closing net asset value per share	137.02	144.73	124.67
* after direct transaction costs of ¹ :	0.10	0.18	0.17
Performance			
Return after charges ²	(5.33)%	16.09%	6.56%
Other Information			
Closing net asset value (£'000)	320	319	288
Closing number of shares	233,574	220,322	231,350
Operating charges ³	0.98%	0.98%	0.99%
Direct transaction costs	0.07%	0.14%	0.14%
Prices			
Highest share price	152.10p	144.90p	125.30p
Lowest share price	134.40p	124.80p	103.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Dividend (Sterling Hedged) 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	126.61	112.79	109.67
Return before operating charges*	(5.35)	19.06	8.05
Operating charges	(1.98)	(1.89)	(1.74)
Return after operating charges*	(7.33)	17.17	6.31
Distributions on income shares	(3.41)	(3.35)	(3.19)
Closing net asset value per share	115.87	126.61	112.79
* after direct transaction costs of ¹ :	0.09	0.16	0.15
Performance			
Return after charges ²	(5.79)%	15.22%	5.75%
Other Information			
Closing net asset value (£'000)	17,541	20,194	19,024
Closing number of shares	15,138,624	15,950,486	16,866,533
Operating charges ³	1.58%	1.58%	1.59%
Direct transaction costs	0.07%	0.14%	0.14%
Prices			
Highest share price	131.30p	127.60p	114.20p
Lowest share price	114.40p	112.90p	97.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Global Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Dividend (Sterling Hedged) 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	141.29	122.45	115.64
Return before operating charges*	(6.12)	20.92	8.67
Operating charges	(2.23)	(2.08)	(1.86)
Return after operating charges*	(8.35)	18.84	6.81
Distributions	(3.84)	(3.67)	(3.41)
Retained distributions on accumulation shares	3.84	3.67	3.41
Closing net asset value per share	132.94	141.29	122.45
* after direct transaction costs of ¹ :	0.10	0.18	0.16
Performance			
Return after charges ²	(5.91)%	15.39%	5.89%
Other Information			
Closing net asset value (£'000)	7,899	10,682	10,897
Closing number of shares	5,941,508	7,560,224	8,898,789
Operating charges ³	1.58%	1.58%	1.59%
Direct transaction costs	0.07%	0.14%	0.14%
Prices			
Highest share price	147.80p	141.50p	123.10p
Lowest share price	130.40p	122.50p	102.60p

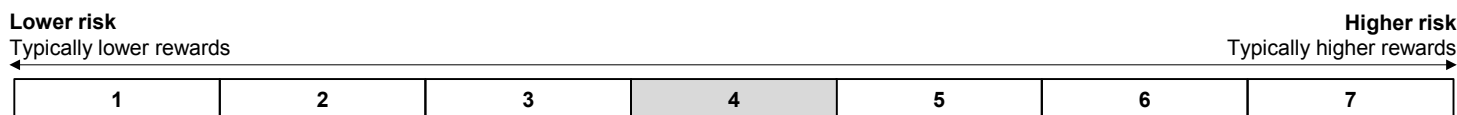
¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The following risks may not be fully captured by the Indicator:

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Derivatives: Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

Emerging Market Risk: Emerging markets may face more political, economic or structural challenges than developed markets and shares may be less liquid, meaning that investments may not be sold quickly enough to prevent or minimize a loss; they may therefore involve a higher risk than investing in developed markets.

Currency Hedged Class: Hedging activities may not be entirely effective in achieving the purpose for which they have been entered into. Currency hedging can also reduce and may completely offset gains in market circumstances that would otherwise have been beneficial had the position not been hedged.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

SARASIN Global Dividend (Sterling Hedged)

Portfolio Statement

As at 31 December 2018

Holding	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 27.15% (31 December 2017 - 29.24%)			
63,100	Bridgestone	1,911,067	1.91
931,869	BT	2,218,314	2.21
36,275	Crown Castle International	3,094,312	3.09
532,496	Enel	2,409,846	2.41
6,776	Equinix	1,876,116	1.87
64,976	KAR Auction Services	2,434,559	2.43
100,851	Royal Dutch Shell 'B'	2,356,888	2.35
182,415	Sonic Healthcare	2,228,396	2.22
84,925	Taiwan Semiconductor Manufacturing ADR	2,459,864	2.45
29,602	Texas Instruments	2,196,442	2.19
48,195	Total	1,997,681	1.99
18,785	Union Pacific	2,038,237	2.03
		27,221,722	27.15
Cyclical Franchise 29.53% (31 December 2017 - 30.43%)			
42,589	Bank of Nova Scotia	1,663,423	1.66
18,030	CME	2,663,021	2.66
26,812	Deere & Co	3,139,505	3.13
9,374	Home Depot	1,265,151	1.26
168,056	ING Groep	1,419,429	1.41
32,010	JPMorgan Chase	2,456,043	2.45
3,273,804	Lloyds Banking	1,694,848	1.69
20,773	Marriott International 'A'	1,770,500	1.76
88,101	Pfizer	3,018,787	3.01
129,959	Prudential	1,822,025	1.82
10,147	Roche	1,966,741	1.96
744,600	Samsonite International	1,661,477	1.66
20,122	United Parcel Service	1,540,748	1.54
22,006	United Technologies	1,839,305	1.83
46,805	Wells Fargo	1,693,815	1.69
		29,614,818	29.53
Defensive Franchise 28.00% (31 December 2017 - 27.44%)			
9,001	3M	1,346,192	1.34
112,624	Admiral	2,294,151	2.29
21,594	Air Products & Chemicals	2,713,831	2.71
63,257	Cinemark	1,778,606	1.77
35,836	Colgate-Palmolive	1,674,748	1.67
173,322	Compass	2,851,147	2.84
12,515	Costco Wholesale	2,001,948	2.00
22,142	Ecolab	2,561,733	2.55
1,455	Givaudan	2,636,468	2.63
16,220	Henkel	1,242,580	1.24
15,844	NextEra Energy	2,162,502	2.16
58,866	Unilever	2,418,510	2.41
1,204,300	Wal-Mart De Mexico	2,400,249	2.39
		28,082,665	28.00

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Disruptive Growth 10.15% (31 December 2017 - 10.03%)			
14,216	Amgen	2,173,699	2.17
80,195	Associated British Foods	1,638,384	1.63
6,586	BlackRock	2,032,321	2.03
17,416	Mastercard 'A'	2,579,581	2.57
33,455	Orsted	1,751,217	1.75
		10,175,202	10.15
Special Situation 4.06% (31 December 2017 - 1.53%)			
73,344	Investor	2,431,907	2.42
12,436	Simon Property	1,640,427	1.64
		4,072,334	4.06
Forward Currency Contracts 0.60% (31 December 2017 - 0.49%)			
AUD (2,928,000)	Sold AUD, Bought GBP 1,669,946 for settlement on 20/03/2019	55,188	0.06
CAD (2,741,000)	Sold CAD, Bought GBP 1,619,535 for settlement on 20/03/2019	46,714	0.05
CHF (5,166,000)	Sold CHF, Bought GBP 4,168,482 for settlement on 20/03/2019	40,047	0.04
DKK (9,150,000)	Sold DKK, Bought GBP 1,111,719 for settlement on 20/03/2019	7,880	0.01
EUR (7,660,400)	Sold EUR, Bought GBP 6,943,233 for settlement on 20/03/2019	49,352	0.05
EUR 369,000	Bought EUR, Sold GBP 333,480 for settlement on 20/03/2019	(1,403)	—
USD 1,260,000	Bought USD, Sold GBP 989,050 for settlement on 20/03/2019	(3,278)	—
USD 1,495,000	Bought USD, Sold GBP 1,175,268 for settlement on 20/03/2019	(5,642)	(0.01)
USD 992,000	Bought USD, Sold GBP 780,165 for settlement on 20/03/2019	(4,065)	—
USD 1,635,000	Bought USD, Sold GBP 1,279,904 for settlement on 20/03/2019	(748)	—
USD 1,381,000	Bought USD, Sold GBP 1,087,014 for settlement on 20/03/2019	(6,577)	(0.01)
JPY 5,904,686	Bought JPY, Sold GBP 42,190 for settlement on 07/01/2019	69	—
USD 1,030,000	Bought USD, Sold GBP 814,004 for settlement on 20/03/2019	(8,175)	(0.01)
JPY (225,600,000)	Sold JPY, Bought GBP 1,619,038 for settlement on 20/03/2019	728	—
MXN (49,850,000)	Sold MXN, Bought GBP 1,915,841 for settlement on 20/03/2019	(41,979)	(0.04)
SEK (22,619,000)	Sold SEK, Bought GBP 1,990,163 for settlement on 20/03/2019	(17,719)	(0.02)
USD (76,880,400)	Sold USD, Bought GBP 60,624,059 for settlement on 20/03/2019	476,034	0.47

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Forward Currency Contracts (continued)			
USD (2,520,000)	Sold USD, Bought GBP 1,985,910 for settlement on 20/03/2019	14,366	0.01
		600,792	0.60
Total Value of Investments 99.49% (31 December 2017 - 99.16%)			
		99,767,533	99.49
	Net Other Assets	511,097	0.51
	Net assets	100,278,630	100.00

All holdings are ordinary shares of stock and are listed on an official stock exchange unless otherwise stated.

Asset Allocation of Portfolio of Investments is as follows:

Equities	99,166,741	98.89
Forward Currency Contracts	600,792	0.60
Net Other Assets	511,097	0.51
	100,278,630	100.00

SARASIN Global Dividend (Sterling Hedged)

Statement of Total Return

For the year ended 31 December 2018

	Notes ¹	£	31.12.2018 £	31.12.2017 £
Income				
Net capital (losses)/gains	4		(7,538,006)	15,691,149
Revenue	6	3,205,054		3,828,478
Expenses	7	(1,211,562)		(1,399,293)
Interest payable and similar charges	9	(190)		(111)
Net revenue before taxation		1,993,302		2,429,074
Taxation	8	(298,298)		(385,407)
Net revenue after taxation for the year			<u>1,695,004</u>	<u>2,043,667</u>
Total returns before distributions			(5,843,002)	17,734,816
Distributions	9		<u>(2,869,102)</u>	<u>(3,411,013)</u>
Changes in net assets attributable to shareholders from investment activities			<u>(8,712,104)</u>	<u>14,323,803</u>

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

	Note ¹	£	31.12.2018 £	31.12.2017 £
Opening net assets attributable to shareholders			111,359,112	123,093,563
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		21,062,042		14,770,258
Less: amounts paid on cancellation of shares		<u>(24,382,364)</u>		<u>(42,005,516)</u>
			(3,320,322)	(27,235,258)
Single swing price adjustment			10,353	19,370
Changes in net assets attributable to shareholders from investment activities (see above)			(8,712,104)	14,323,803
Retained distribution on accumulation shares	9		<u>941,591</u>	<u>1,157,634</u>
Closing net assets attributable to shareholders			<u>100,278,630</u>	<u>111,359,112</u>

¹The notes to these accounts can be found on pages 274 to 283.

SARASIN Global Dividend (Sterling Hedged)

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		99,857,119	110,613,454
Current assets:			
Debtors	10	1,386,575	331,532
Cash and bank balances	11	917,030	1,216,239
Total assets		<u>102,160,724</u>	<u>112,161,225</u>
Liabilities			
Investment liabilities		(89,586)	(184,246)
Creditors:			
Distribution payable on income shares	9	(423,015)	(508,211)
Other creditors	12	(1,369,493)	(109,656)
Total liabilities		<u>(1,882,094)</u>	<u>(802,113)</u>
Net assets attributable to shareholders		<u>100,278,630</u>	<u>111,359,112</u>

¹The notes to these accounts can be found on pages 274 to 283.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	12/31/2018 £	12/31/2017 £
(Losses)/gains on non-derivative securities	(2,734,452)	9,437,283
(Losses)/gains on forward currency contracts	(2,792,984)	5,950,594
Currency (losses)/gains	(2,010,450)	303,726
Transaction charges	(20)	(174)
Derivative transaction charges	(100)	(280)
Net capital (losses)/gains	<u>(7,538,006)</u>	<u>15,691,149</u>

5. Purchases, Sales, and Transaction Costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Corporate Actions	–	4,122,373
Equities	47,001,039	50,422,709
Commissions:		
Equities total value paid	23,066	66,441
Taxes:		
Equities total value paid	38,990	62,835
Total purchase transaction costs	<u>62,056</u>	<u>129,276</u>
Gross purchases total	<u>47,063,095</u>	<u>54,674,358</u>

Analysis of total sale costs:

Gross sales in year before transaction costs		
Collective Investment Schemes	–	557,895
Corporate Actions	–	4,122,373
Equities	55,070,642	70,501,815
Commissions:		
Collective Investment Schemes total value paid	–	(1,095)
Equities total value paid	(20,687)	(54,336)
Taxes:		
Equities total value paid	–	(10)
Total sales costs	<u>(20,687)</u>	<u>(55,441)</u>
Total sales net of transaction costs	<u>55,049,955</u>	<u>75,126,642</u>

Notes to the Financial Statements (continued)

5. Purchases, Sales, and Transaction Costs (continued)

	31.12.2018 %	31.12.2017 %
Analysis of total purchase costs:		
Commissions:		
Bonds percentage of purchases total	—	—
Equities percentage of average NAV ¹	0.02	0.05
Equities percentage of purchases total	0.05	0.13
Taxes:		
Equities percentage of average NAV ¹	0.04	0.05
Equities percentage of purchases total	0.08	0.12

Analysis of total sale costs:

Commissions:		
Collective Investment Schemes percentage of average NAV ¹	—	—
Collective Investment Schemes percentage of sales total	—	0.20
Equities percentage of average NAV ¹	0.02	0.04
Equities percentage of sales total	0.04	0.08
Taxes:		
Equities percentage of average NAV ¹	—	—
Equities percentage of sales total	—	—

The average portfolio dealing spread as at 31 December 2018 was 0.07% (31 December 2017: 0.05%).

¹Excluding single swing price adjustment.

6. Revenue

	12/31/2018 £	12/31/2017 £
Bank interest	1,538	198
Franked UK dividends	747,649	862,212
Offshore dividend CIS revenue	—	8,329
Overseas dividends	2,455,867	2,957,739
	<u>3,205,054</u>	<u>3,828,478</u>

7. Expenses

	12/31/2018 £	12/31/2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	1,026,565	1,188,693
	<u>1,026,565</u>	<u>1,188,693</u>
Other expenses:		
Fixed operating charge ¹	179,997	207,931
Sundry expenses	5,000	2,669
	<u>184,997</u>	<u>210,600</u>
	<u>1,211,562</u>	<u>1,399,293</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	12/31/2018 £	12/31/2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	298,298	385,407
Current tax (note 8b)	298,298	385,407
Deferred tax (note 8c)	—	—
Total tax charge	<u>298,298</u>	<u>385,407</u>

b) Factors affecting taxation charge for the year:

The tax assessed for the period is lower (2017: lower) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	1,993,302	2,429,074
Corporation tax at 20%	398,660	485,815
Effects of:		
UK dividend revenue not subject to corporation tax	(149,530)	(172,442)
Overseas tax irrecoverable	298,298	385,407
Excess management expenses	205,729	247,893
Overseas dividend revenue not subject to corporation tax	(448,450)	(557,923)
Offshore dividend CIS revenue	—	(1,666)
Taxation due to timing differences	—	3,961
Double taxation relief	<u>(6,409)</u>	<u>(5,638)</u>
Sub-total	<u>(100,362)</u>	<u>(100,408)</u>
Current year tax charge (note 8a)	<u>298,298</u>	<u>385,407</u>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	—	—
Deferred tax charge for the year	—	—
Provision at end of year	<u>—</u>	<u>—</u>

The sub-fund has not recognised a deferred tax asset of £924,669 (31 December 2017: £718,940) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

Notes to the Financial Statements (continued)

9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	12/31/2018 £	12/31/2017 £
First Quarter Distribution	430,682	457,696
First Quarter Accumulation	194,679	278,720
Interim Distribution	593,304	770,801
Interim Accumulation	287,460	493,044
Third Quarter Distribution	506,939	465,740
Third Quarter Accumulation	249,644	182,352
Final Distribution	423,015	508,211
Final Accumulation	209,808	203,518
	<u>2,895,531</u>	<u>3,360,082</u>
Add: Amounts deducted on cancellation of shares	41,624	75,258
Less: Amounts added on creation of shares	<u>(68,053)</u>	<u>(24,327)</u>
Distributions	<u>2,869,102</u>	<u>3,411,013</u>
Interest payable and similar charges	190	111
Total distributions	<u>2,869,292</u>	<u>3,411,124</u>
Net revenue after taxation	1,695,004	2,043,667
Add: Capitalised expenses	1,211,561	1,399,293
Less: Equalisation uplift on unit conversions	(45)	–
Add: Undistributed revenue brought forward	57	75
Less: Undistributed revenue carried forward	(23)	(57)
Tax effect of fees offset to capital	<u>(37,452)</u>	<u>(31,965)</u>
Distributions	<u>2,869,102</u>	<u>3,411,013</u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	223,167	226,358
Amount receivable for creation of shares	1,060,851	26,060
Overseas tax recoverable	102,557	79,114
	<u>1,386,575</u>	<u>331,532</u>

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	917,030	1,216,239
	<u>917,030</u>	<u>1,216,239</u>

Notes to the Financial Statements (continued)

12. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	137	–
Accrued expenses	97,908	109,653
Currency deals awaiting settlement	34,550	3
Purchases awaiting settlement	1,236,898	–
	<u>1,369,493</u>	<u>109,656</u>

13. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

14. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £83,069 (31 December 2017: £93,306).

At the year end, Sarasin Global Dividend (Sterling Hedged) held no shares in any other sub-fund or collective investment scheme managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

15. Shareholders' Funds

The sub-fund has 9 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Global Dividend (Sterling Hedged) 'A' Income Shares

Opening shares	–
Shares Created	–
Shares Liquidated	–
Shares Converted	16,400
Closing shares	16,400

Global Dividend (Sterling Hedged) 'D' Income Shares

Opening shares	564,236
Shares Created	–
Shares Liquidated	–
Shares Converted	–
Closing shares	564,236

Global Dividend (Sterling Hedged) 'D' Accumulation Shares

Opening shares	32,080
Shares Created	–
Shares Liquidated	(1,161)
Shares Converted	–
Closing shares	30,919

Global Dividend (Sterling Hedged) 'I' Income Shares

Opening shares	45,100,214
Shares Created	6,246,968
Shares Liquidated	(13,635,100)
Shares Converted	1,177,408
Closing shares	38,889,490

Notes to the Financial Statements (continued)**15. Shareholders' Funds (continued)***Global Dividend (Sterling Hedged) 'I' Accumulation Shares*

Opening shares	14,483,260
Shares Created	5,554,274
Shares Liquidated	(627,972)
Shares Converted	(1,048,407)
Closing shares	18,361,155

Global Dividend (Sterling Hedged) 'P' Income Shares

Opening shares	9,289
Shares Created	1,904,793
Shares Liquidated	(9,717)
Shares Converted	—
Closing shares	1,904,365

Global Dividend (Sterling Hedged) 'P' Accumulation Shares

Opening shares	220,322
Shares Created	74,328
Shares Liquidated	(61,076)
Shares Converted	—
Closing shares	233,574

Global Dividend (Sterling Hedged) 'X' Income Shares

Opening shares	15,950,486
Shares Created	1,400,522
Shares Liquidated	(2,247,303)
Shares Converted	34,919
Closing shares	15,138,624

Global Dividend (Sterling Hedged) 'X' Accumulation Shares

Opening shares	7,560,224
Shares Created	637,045
Shares Liquidated	(2,209,761)
Shares Converted	(46,000)
Closing shares	5,941,508

Notes to the Financial Statements (continued)

16. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 255. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	613,638	613,638	0.61
Canadian dollar	17,689	90,602	108,291	0.11
Danish kroner	9,515	647,379	656,894	0.65
Euro	49,569	507,733	557,302	0.56
Hong Kong dollar	–	1,661,477	1,661,477	1.66
Japanese yen	31,792	335,016	366,808	0.37
Mexican Nuevo peso	–	442,429	442,429	0.44
Sterling	213,010	94,441,118	94,654,128	94.39
Swedish krona	–	424,024	424,024	0.42
Swiss franc	79,015	474,774	553,789	0.55
US dollar	110,507	129,343	239,850	0.24
	511,097	99,767,533	100,278,630	100.00

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	320,166	320,166	0.29
Canadian dollar	18,318	613,579	631,897	0.57
Danish kroner	9,428	–	9,428	0.01
Euro	60,121	447,310	507,431	0.45
Hong Kong dollar	–	4,901,089	4,901,089	4.40
Mexican Nuevo peso	3	667,383	667,386	0.60
Sterling	650,859	107,087,283	107,738,142	96.75
Swiss franc	48,223	738,789	787,012	0.71
US dollar	142,952	(4,346,391)	(4,203,439)	(3.78)
	929,904	110,429,208	111,359,112	100.00

Notes to the Financial Statements (continued)

16. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	2,228,396	2,228,396
Canadian dollar	—	—	1,681,112	1,681,112
Danish kroner	—	—	1,760,732	1,760,732
Euro	—	—	7,451,183	7,451,183
Hong Kong dollar	—	—	1,661,477	1,661,477
Japanese yen	—	—	1,985,118	1,985,118
Mexican Nuevo peso	—	—	2,400,249	2,400,249
Sterling	876,542	—	102,071,169	102,947,711
Swedish krona	—	—	2,431,907	2,431,907
Swiss franc	—	—	4,682,224	4,682,224
US dollar	40,488	—	62,318,930	62,359,418
	917,030	—	190,672,497	191,589,527

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Australian dollar	—	—	(1,614,758)	(1,614,758)
Canadian dollar	—	—	(1,572,821)	(1,572,821)
Danish kroner	—	—	(1,103,838)	(1,103,838)
Euro	—	—	(6,893,881)	(6,893,881)
Japanese yen	—	—	(1,618,310)	(1,618,310)
Mexican Nuevo peso	—	—	(1,957,820)	(1,957,820)
Sterling	—	—	(8,293,583)	(8,293,583)
Swedish krona	—	—	(2,007,883)	(2,007,883)
Swiss franc	—	—	(4,128,435)	(4,128,435)
US dollar	—	—	(62,119,568)	(62,119,568)
	—	—	(91,310,897)	(91,310,897)

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	2,367,986	2,367,986
Canadian dollar	—	—	2,247,853	2,247,853
Danish kroner	—	—	9,428	9,428
Euro	—	—	12,740,873	12,740,873
Hong Kong dollar	—	—	4,901,089	4,901,089
Mexican Nuevo peso	—	—	2,313,607	2,313,607
Sterling	1,177,529	—	109,163,259	110,340,788
Swiss franc	—	—	4,718,729	4,718,729
US dollar	38,710	—	64,866,139	64,904,849
	1,216,239	—	203,328,963	204,545,202

Notes to the Financial Statements (continued)

16. Risk Disclosures (continued)

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Australian dollar	–	–	(2,047,820)	(2,047,820)
Canadian dollar	–	–	(1,615,956)	(1,615,956)
Euro	–	–	(12,233,442)	(12,233,442)
Mexican Nuevo peso	–	–	(1,646,221)	(1,646,221)
Sterling	–	–	(2,602,646)	(2,602,646)
Swiss franc	–	–	(3,931,717)	(3,931,717)
US dollar	–	–	(69,108,288)	(69,108,288)
	–	–	(93,186,090)	(93,186,090)

Fair Value

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

Valuation technique as at 31 December 2018

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Equities	99,166,741	–	–	99,166,741
Forward Currency Contracts	–	690,378	–	690,378
	<u>99,166,741</u>	<u>690,378</u>	<u>–</u>	<u>99,857,119</u>

Financial Liabilities

Forward Currency Contracts	–	(89,586)	–	(89,586)
	<u>–</u>	<u>(89,586)</u>	<u>–</u>	<u>(89,586)</u>

Valuation technique as at 31 December 2017

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Equities	109,888,053	–	–	109,888,053
Forward Currency Contracts	–	725,401	–	725,401
	<u>109,888,053</u>	<u>725,401</u>	<u>–</u>	<u>110,613,454</u>

Financial Liabilities

Forward Currency Contracts	–	(184,246)	–	(184,246)
	<u>–</u>	<u>(184,246)</u>	<u>–</u>	<u>(184,246)</u>

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Notes to the Financial Statements (continued)**16. Risk Disclosures (continued)****Counterparty Risk**

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce Counterparty Risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. The counterparties to these transactions and any collateral held by the Fund at the balance sheet date are shown below:

Counterparty Name as at 31 December 2018	Exposure £	Cash Collateral £
Northern Trust	69	—
The Bank of New York Mellon	690,309	—

Counterparty Name as at 31 December 2017	Exposure £	Cash Collateral £
The Bank of New York Mellon	725,401	—

Positive exposure represents the mark to market value of derivative contracts and the sub-fund's exposure to that counterparty.

17. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per unit of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no share classes where the net asset value per unit has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the year end.

SARASIN Global Dividend (Sterling Hedged)

Distribution Tables

For the year ended 31 December 2018

First Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 31 March 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	First Quarter Distribution Paid 2018 Pence per Share	First Quarter Distribution Paid 2017 Pence per Share
Global Dividend (Sterling Hedged) 'D' Income Shares¹				
Group 1	0.7691	—	0.7691	0.6817
Group 2	0.7691	—	0.7691	0.6817
Global Dividend (Sterling Hedged) 'D' Accumulation Shares¹				
Group 1	0.8593	—	0.8593	0.7411
Group 2	0.8593	—	0.8593	0.7411
Global Dividend (Sterling Hedged) 'I' Income Shares				
Group 1	0.7629	—	0.7629	0.6786
Group 2	0.2519	0.5110	0.7629	0.6786
Global Dividend (Sterling Hedged) 'I' Accumulation Shares				
Group 1	0.8512	—	0.8512	0.7366
Group 2	0.7889	0.0623	0.8512	0.7366
Global Dividend (Sterling Hedged) 'P' Income Shares				
Group 1	0.7638	—	0.7638	0.6785
Group 2	0.2607	0.5031	0.7638	0.6785
Global Dividend (Sterling Hedged) 'P' Accumulation Shares				
Group 1	0.8522	—	0.8522	0.7372
Group 2	0.3929	0.4593	0.8522	0.7372
Global Dividend (Sterling Hedged) 'X' Income Shares				
Group 1	0.7448	—	0.7448	0.6663
Group 2	0.3584	0.3864	0.7448	0.6663
Global Dividend (Sterling Hedged) 'X' Accumulation Shares				
Group 1	0.8310	—	0.8310	0.7233
Group 2	0.3960	0.4350	0.8310	0.7233

SARASIN Global Dividend (Sterling Hedged)

Distribution Tables (continued)

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 April 2018

Group 2: Shares purchased between 1 April 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Global Dividend (Sterling Hedged) 'A' Income Shares²				
Group 1	0.7636	—	0.7636	—
Group 2	0.7636	—	0.7636	—
Global Dividend (Sterling Hedged) 'D' Income Shares¹				
Group 1	1.0866	—	1.0866	1.1940
Group 2	1.0866	—	1.0866	1.1940
Global Dividend (Sterling Hedged) 'D' Accumulation Shares¹				
Group 1	1.2218	—	1.2218	1.3053
Group 2	1.2218	—	1.2218	1.3053
Global Dividend (Sterling Hedged) 'I' Income Shares				
Group 1	1.0769	—	1.0769	1.1876
Group 2	0.2085	0.8684	1.0769	1.1876
Global Dividend (Sterling Hedged) 'I' Accumulation Shares				
Group 1	1.2091	—	1.2091	1.2964
Group 2	1.0518	0.1573	1.2091	1.2964
Global Dividend (Sterling Hedged) 'P' Income Shares				
Group 1	1.0782	—	1.0782	1.1880
Group 2	0.9379	0.1403	1.0782	1.1880
Global Dividend (Sterling Hedged) 'P' Accumulation Shares				
Group 1	1.2105	—	1.2105	1.2976
Group 2	0.5805	0.6300	1.2105	1.2976
Global Dividend (Sterling Hedged) 'X' Income Shares				
Group 1	1.0500	—	1.0500	1.1647
Group 2	0.8490	0.2010	1.0500	1.1647
Global Dividend (Sterling Hedged) 'X' Accumulation Shares				
Group 1	1.1790	—	1.1790	1.2716
Group 2	0.7298	0.4492	1.1790	1.2716

SARASIN Global Dividend (Sterling Hedged)

Distribution Tables (continued)

Third Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 30 September 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Third Quarter Distribution Paid 2018 Pence per Share	Third Quarter Distribution Paid 2017 Pence per Share
Global Dividend (Sterling Hedged) 'A' Income Shares²				
Group 1	0.8834	—	0.8834	—
Group 2	0.8834	—	0.8834	—
Global Dividend (Sterling Hedged) 'D' Income Shares¹				
Group 1	0.9141	—	0.9141	0.7246
Group 2	0.9141	—	0.9141	0.7246
Global Dividend (Sterling Hedged) 'D' Accumulation Shares¹				
Group 1	1.0367	—	1.0367	0.8001
Group 2	1.0367	—	1.0367	0.8001
Global Dividend (Sterling Hedged) 'I' Income Shares				
Group 1	0.9046	—	0.9046	0.7201
Group 2	0.1208	0.7838	0.9046	0.7201
Global Dividend (Sterling Hedged) 'I' Accumulation Shares				
Group 1	1.0250	—	1.0250	0.7913
Group 2	0.1144	0.9106	1.0250	0.7913
Global Dividend (Sterling Hedged) 'P' Income Shares				
Group 1	0.9095	—	0.9095	0.7211
Group 2	0.4697	0.4398	0.9095	0.7211
Global Dividend (Sterling Hedged) 'P' Accumulation Shares				
Group 1	1.0263	—	1.0263	0.7947
Group 2	0.5332	0.4931	1.0263	0.7947
Global Dividend (Sterling Hedged) 'X' Income Shares				
Group 1	0.8810	—	0.8810	0.7052
Group 2	0.5823	0.2987	0.8810	0.7052
Global Dividend (Sterling Hedged) 'X' Accumulation Shares				
Group 1	0.9982	—	0.9982	0.7775
Group 2	0.5267	0.4715	0.9982	0.7775

SARASIN Global Dividend (Sterling Hedged)

Distribution Tables (continued)

Final distribution in pence per share

Group 1: Shares purchased prior to 1 October 2018

Group 2: Shares purchased between 1 October 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Global Dividend (Sterling Hedged) 'A' Income Shares²				
Group 1	0.7343	—	0.7343	—
Group 2	0.7343	—	0.7343	—
Global Dividend (Sterling Hedged) 'D' Income Shares¹				
Group 1	0.7623	—	0.7623	0.8355
Group 2	0.7623	—	0.7623	0.8355
Global Dividend (Sterling Hedged) 'D' Accumulation Shares¹				
Group 1	0.8704	—	0.8704	0.9277
Group 2	0.8704	—	0.8704	0.9277
Global Dividend (Sterling Hedged) 'I' Income Shares				
Group 1	0.7540	—	0.7540	0.8294
Group 2	0.3883	0.3657	0.7540	0.8294
Global Dividend (Sterling Hedged) 'I' Accumulation Shares				
Group 1	0.8598	—	0.8598	0.9197
Group 2	0.5647	0.2951	0.8598	0.9197
Global Dividend (Sterling Hedged) 'P' Income Shares				
Group 1	0.7554	—	0.7554	0.8302
Group 2	0.2343	0.5211	0.7554	0.8302
Global Dividend (Sterling Hedged) 'P' Accumulation Shares				
Group 1	0.8608	—	0.8608	0.9206
Group 2	0.6146	0.2462	0.8608	0.9206
Global Dividend (Sterling Hedged) 'X' Income Shares				
Group 1	0.7331	—	0.7331	0.8110
Group 2	0.5149	0.2182	0.7331	0.8110
Global Dividend (Sterling Hedged) 'X' Accumulation Shares				
Group 1	0.8358	—	0.8358	0.8993
Group 2	0.5684	0.2674	0.8358	0.8993

¹There were no group 2 shares for this period.

²Share class became active on 1 May 2018.

Investment Objective and Policy

Sarasin Global Higher Dividend seeks to achieve long-term capital growth whilst also generating an income yield of at least 50% higher than the MSCI All Countries World Index (Net).

In order to achieve the investment objective, it is intended that the sub-fund will invest predominantly in global equities which satisfy one or more investment themes identified by the ACD that are expected to be key drivers of corporate profitability, investment performance, and yield.

The sub-fund may also invest in transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities and deposits. Cash and near cash may also be held by the sub-fund.

It is intended that derivatives will be used and held by the sub-fund predominantly for the purpose of income generation. However, any positions entered into for income generation will be considered in the context of long-term capital growth. Derivatives may also be used to reduce volatility or to protect investors' capital. The sub-fund may also borrow and employ stock lending techniques in accordance with the rules in COLL.

The sub-fund's investment powers in relation to derivatives and warrants means that for regulatory purposes it will be regarded as a high volatility fund. However, the Investment Manager's expectation is that the use of derivative techniques and investment in warrants will have the overall effect of reducing the volatility of returns, reflecting the investment policy for the Company generally.

Sensitivity Analysis

The sub-fund invests in equities with a bias to equities with higher yields. The sub-fund will then use options on individual stocks to implement views on specific stocks and to increase the yield on the sub-fund by selling options on stocks.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Global Higher Dividend, as at 31 December 2018, was 7.69% (31 December 2017: 7.79%). The lowest, highest, and average utilisation in the year was 6.47%, 8.35%, and 7.92%, respectively (31 December 2017: 7.67%, 9.39%, and 8.45%, respectively).

Investment Review

In 2018 the MSCI World Index (total return, USD) had its worst year since the -40.7% fall in 2008. The magnitude at -8.7% was significantly less and should be placed into context of coming after 2017 which had seen the index move 22.4% higher. The year clearly characterized a change in global sentiment with multi year highs being hit in January as the Trump tax cuts were being digested and their positive impact on corporate profitability in the United States continued to be supported by a simultaneous global economic expansion. This shifted during the year to one of a fragile global growth outlook, an end to quantitative easing, competition for capital from cash for the first time in a decade, escalation of global trade rhetoric and more concerns than solutions to Brexit in Europe. This manifested itself in a significant market de-rating, a pick-up in volatility and particularly in December the markets hitting lows for the year in a risk off environment. The sub-fund outperformed its Index, its peer group and had one of the lowest drawdowns versus its peers during 2018. The risk-adjusted returns were strong as the sub-fund beat both the Index and the Peer group with significantly less volatility.

This backdrop clearly supported holdings in our 'Cash Harvest' and 'Defensive Franchise' Corporate characteristic segments. These areas had been significantly increased in weight over the course of 2018 as we looked to secure the gains that the portfolio had made over previous years with particular focus on sensible valuations, strong balance sheets, returns above costs of capital and dividend security. Top contributors were thematically driven with Ageing, Digitalization and Climate Change driving Pfizer, CME and NextEra Energy to be the top contributors over the year. Pfizer clearly benefitted from a shift in focus to the future of its pipeline assets, rather than a focus on the patent cliff of the past. When this is amalgamated with a low valuation level at the start of the year and low expectations it provided a powerful driver of performance. The optionality still held in the pipeline is still underappreciated and provides multi year support for the stock although some of the valuation re-rating has dissipated. CME benefitted from both market volatility and also its sensible acquisition of the NEX group while NextEra Energy continues to consolidate and grow its market leadership position in renewables in North America.

The Information Technology sector was a clear detractor of performance over the year, as the disruption and growth available here unfortunately does not marry with dividend pay-out levels that the sub-fund requires. The sub-fund did however avoid being drawn into legacy technology traps and added to the sector with the addition of Texas Instruments during the year.

Investment Review (continued)

'Cyclical Franchise' stocks of ING Groep and Prudential, and 'Disruptive Growth' stock BlackRock were the three largest detractors in the risk off market as European risks weighed on European banks which moved from 1x price to book valuations to 0.7x over the course of 2018, Asian risks weighed on Prudential and lower market levels concerned the market in regard to BlackRock. ING Groep was clearly impacted by the fine placed on the company in regard to money laundering and had a premium valuation to European banks eroded as a result.

The sub-fund was improved over the course of 2018. It was made more liquid by the sale of 3i Infrastructure, Eurocommercial Properties, and Samsonite International. It was made more thematic by selling Leggett & Platt and Schlumberger. Dividend growth was supported through the sale of 1&1 Drillisch and SES and finally valuation discipline was upheld in the sale of Kimberly-Clark. Significant additions to the portfolio improved the robust nature of the portfolio, with Bridgestone having low valuations and a strong balance sheet whilst being a global leading tyre manufacturer with a strong free cash flow covered dividend. Texas Instruments is clearly thematic, whilst also being a lowest cost provider of analogue to digital chipsets and again having a very strong net cash balance sheet and sensible dividend return policy. Both of these stocks are 'Cash Harvest' in their designation of corporate characteristics. UBS was added as it changed its dividend policy to a more sustainable profile going forward whilst also having an underappreciated Swiss banking and Asian wealth management franchise. Orsted, in the 'Climate Change' thematic, was added to the portfolio and as the leading global wind turbine installer it has clearly shifted its business away from carbon intensive electricity generation methods to new lower carbon forms of sustainable electricity generation. Reckitt Benckiser was added to the portfolio after they stepped away from potentially buying Pfizer's consumer healthcare business which would have stretched the balance sheet too far in our opinion. The valuation level had been suppressed as a result and provided an attractive entry point for the sub-fund. Smaller additions to exiting holdings were made during 2018 to Crown Castle International, CME, BT, Simon Property and Unilever at attractively viewed levels. Overall, these shifts added roughly 80 basis points of additional return to the portfolio during the period under review.

Outlook

The inversion of the yield curve in the United States signifies that the bond markets are expecting a recession. The timing of this is uncertain but it clearly highlights the fact that the Quantitative Easing policies of the last decade, which were put in place to inflate asset prices and avoid a deflationary 'Japanese style' downward trajectory are being reversed. It should therefore not be a surprise that asset prices fall in this environment, as most or all did in 2018 in US dollar terms. However, this must be nuanced with what valuation levels are given the discounting mechanism of equity markets. A significant de-rating has taken place through the past 12 months and this provides the opportunity to buy assets at more attractive levels if you have reasonable certainty around the profits being generated in the coming years. Fortunately,

we are constantly looking for low volatility profit streams at reasonable valuations, so this environment should provide us with the opportunity to add new positions that may have historically been good companies but just too expensive. Equity markets are an attractive place versus bonds to find sustainable income that can grow over time and therefore hedge against potential inflation risks. You will find more volatility in the asset class but for the long term investor this should be less of an issue and actually an opportunity. It is clear that we live in a world of disruption, and the use of thematics to avoid declining industries is more important than ever given that the cost of capital will likely continue to rise from unsustainably low levels as Quantitative Easing is withdrawn. Discipline in our process helps avoid both 'value' and 'disruption' traps that present themselves in areas such as tobacco and legacy technology stocks which offer high income levels but fading business prospects. There is always a reason to worry, but equity markets tend to rise over the long term as corporate weaklings are weeded out and capitalism allocates capital to the winners. We will continue to allocate to companies that create value in the global economy, lead on stewardship or are embracing positive change, whilst thinking longer term and remaining actively thematic to try to avoid capital loss. We achieved this in 2018 and must continue to persevere into 2019 with the same approach of constant improvement. Thank you for your support.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Top 10 purchases during the year

Bridgestone
Texas Instruments
UBS
Orsted
Reckitt Benckiser
Crown Castle International
CME
BT
Simon Property
Unilever

Top 10 sales during the year

3i Infrastructure
1&1 Drillisch
Leggett & Platt
Schlumberger
Eurocommercial Properties
Kimberly-Clark
Samsonite International
SES
Union Pacific
JPMorgan Chase

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 291 to 319 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information (continued)
Comparative Tables
Global Higher Dividend 'A' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	154.31	146.29	121.05
Return before operating charges*	(1.71)	15.99	31.90
Operating charges	(2.62)	(2.62)	(2.27)
Return after operating charges*	(4.33)	13.37	29.63
Distributions on income shares	(5.26)	(5.35)	(4.39)
Closing net asset value per share	144.72	154.31	146.29
* after direct transaction costs of ¹ :	0.06	0.13	0.17
Performance			
Return after charges ²	(2.81)%	9.14%	24.48%
Other Information			
Closing net asset value (£'000)	10,038	11,206	12,410
Closing number of shares	6,935,789	7,262,108	8,483,213
Operating charges ³	1.73%	1.73%	1.73%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	159.60p	157.60p	147.90p
Lowest share price	141.90p	144.00p	111.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'A' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	255.43	233.77	187.27
Return before operating charges*	(2.90)	25.91	50.08
Operating charges	(4.39)	(4.25)	(3.58)
Return after operating charges*	(7.29)	21.66	46.50
Distributions	(8.83)	(8.65)	(6.88)
Retained distributions on accumulation shares	8.83	8.65	6.88
Closing net asset value per share	248.14	255.43	233.77
* after direct transaction costs of ¹ :	0.11	0.21	0.26
Performance			
Return after charges ²	(2.85)%	9.27%	24.83%
Other Information			
Closing net asset value (£'000)	9,098	7,842	7,670
Closing number of shares	3,666,521	3,070,191	3,280,810
Operating charges ³	1.73%	1.73%	1.73%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	269.20p	257.00p	234.90p
Lowest share price	234.90p	230.30p	173.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'D' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	168.32	157.97	129.39
Return before operating charges*	(1.88)	17.35	34.34
Operating charges	(1.21)	(1.20)	(1.04)
Return after operating charges*	(3.09)	16.15	33.30
Distributions on income shares	(5.77)	(5.80)	(4.72)
Closing net asset value per share	159.46	168.32	157.97
* after direct transaction costs of ¹ :	0.07	0.14	0.18
Performance			
Return after charges ²	(1.84)%	10.22%	25.74%
Other Information			
Closing net asset value (£'000)	47,621	50,665	48,100
Closing number of shares	29,864,445	30,099,977	30,448,404
Operating charges ³	0.73%	0.73%	0.73%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	175.30p	171.00p	159.70p
Lowest share price	155.10p	155.70p	119.70p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'D' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	279.58	253.32	200.90
Return before operating charges*	(3.18)	28.21	54.05
Operating charges	(2.04)	(1.95)	(1.63)
Return after operating charges*	(5.22)	26.26	52.42
Distributions	(9.71)	(9.43)	(7.41)
Retained distributions on accumulation shares	9.71	9.43	7.41
Closing net asset value per share	274.36	279.58	253.32
* after direct transaction costs of ¹ :	0.12	0.23	0.28
Performance			
Return after charges ²	(1.87)%	10.37%	26.09%
Other Information			
Closing net asset value (£'000)	7,590	7,798	7,194
Closing number of shares	2,766,417	2,789,203	2,839,776
Operating charges ³	0.73%	0.73%	0.73%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	296.60p	281.20p	254.50p
Lowest share price	257.70p	249.80p	185.80p

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³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'F' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	159.96	150.90	124.19
Return before operating charges*	(1.78)	16.52	32.93
Operating charges	(1.94)	(1.93)	(1.70)
Return after operating charges*	(3.72)	14.59	31.23
Distributions on income shares	(5.47)	(5.53)	(4.52)
Closing net asset value per share	150.77	159.96	150.90
* after direct transaction costs of ¹ :	0.07	0.14	0.17
Performance			
Return after charges ²	(2.33)%	9.67%	25.14%
Other Information			
Closing net asset value (£'000)	275	283	322
Closing number of shares	182,164	177,017	213,627
Operating charges ³	1.23%	1.23%	1.23%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	166.00p	162.90p	152.60p
Lowest share price	147.30p	148.60p	114.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'F' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	261.01	237.67	189.48
Return before operating charges*	(2.96)	26.42	50.69
Operating charges	(3.21)	(3.08)	(2.50)
Return after operating charges*	(6.17)	23.34	48.19
Distributions	(9.05)	(8.82)	(6.97)
Retained distributions on accumulation shares	9.05	8.82	6.97
Closing net asset value per share	254.84	261.01	237.67
* after direct transaction costs of ¹ :	0.11	0.22	0.26
Performance			
Return after charges ²	(2.36)%	9.82%	25.43%
Other Information			
Closing net asset value (£'000)	11	20	20
Closing number of shares	4,246	7,525	8,441
Operating charges ³	1.23%	1.23%	1.23%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	276.00p	262.60p	238.80p
Lowest share price	240.30p	234.20p	175.10p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	165.92	156.27	128.44
Return before operating charges*	(1.86)	17.11	34.02
Operating charges	(1.76)	(1.75)	(1.51)
Return after operating charges*	(3.62)	15.36	32.51
Distributions on income shares	(5.68)	(5.71)	(4.68)
Closing net asset value per share	156.62	165.92	156.27
* after direct transaction costs of ¹ :	0.07	0.14	0.18
Performance			
Return after charges ²	(2.18)%	9.83%	25.31%
Other Information			
Closing net asset value (£'000)	77,607	95,705	127,414
Closing number of shares	49,551,443	57,682,897	81,532,536
Operating charges ³	1.08%	1.08%	1.08%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	172.40p	168.90p	158.00p
Lowest share price	152.80p	153.90p	118.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	275.40	250.48	199.43
Return before operating charges*	(3.00)	27.75	53.37
Operating charges	(3.01)	(2.83)	(2.32)
Return after operating charges*	(6.01)	24.92	51.05
Distributions	(9.57)	(9.24)	(7.35)
Retained distributions on accumulation shares	9.57	9.24	7.35
Closing net asset value per share	269.39	275.40	250.48
* after direct transaction costs of ¹ :	0.12	0.23	0.27
Performance			
Return after charges ²	(2.18)%	9.95%	25.60%
Other Information			
Closing net asset value (£'000)	18,902	2,845	5,947
Closing number of shares	7,016,622	1,032,994	2,374,265
Operating charges ³	1.08%	1.08%	1.08%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	291.60p	277.10p	251.70p
Lowest share price	253.60p	246.90p	184.40p

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	160.85	151.33	124.26
Return before operating charges*	(1.80)	16.62	32.93
Operating charges	(1.55)	(1.54)	(1.34)
Return after operating charges*	(3.35)	15.08	31.59
Distributions on income shares	(5.51)	(5.56)	(4.52)
Closing net asset value per share	151.99	160.85	151.33
* after direct transaction costs of ¹ :	0.07	0.14	0.17
Performance			
Return after charges ²	(2.08)%	9.96%	25.42%
Other Information			
Closing net asset value (£'000)	83,182	97,050	84,429
Closing number of shares	54,727,787	60,335,086	55,790,427
Operating charges ³	0.98%	0.98%	0.98%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	167.20p	163.60p	153.00p
Lowest share price	148.20p	149.10p	114.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	265.98	241.60	192.06
Return before operating charges*	(3.02)	26.88	51.65
Operating charges	(2.60)	(2.50)	(2.11)
Return after operating charges*	(5.62)	24.38	49.54
Distributions	(9.23)	(8.98)	(7.08)
Retained distributions on accumulation shares	9.23	8.98	7.08
Closing net asset value per share	260.36	265.98	241.60
* after direct transaction costs of ¹ :	0.11	0.22	0.27
Performance			
Return after charges ²	(2.11)%	10.09%	25.79%
Other Information			
Closing net asset value (£'000)	24,412	24,431	19,342
Closing number of shares	9,376,456	9,185,342	8,005,729
Operating charges ³	0.98%	0.98%	0.98%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	281.70p	267.60p	242.80p
Lowest share price	245.00p	238.10p	177.60p

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²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	156.29	147.94	122.21
Return before operating charges*	(1.74)	16.18	32.27
Operating charges	(2.42)	(2.42)	(2.11)
Return after operating charges*	(4.16)	13.76	30.16
Distributions on income shares	(5.33)	(5.41)	(4.43)
Closing net asset value per share	146.80	156.29	147.94
* after direct transaction costs of ¹ :	0.06	0.13	0.17
Performance			
Return after charges ²	(2.66)%	9.30%	24.68%
Other Information			
Closing net asset value (£'000)	57,421	66,168	65,796
Closing number of shares	39,115,622	42,336,285	44,474,278
Operating charges ³	1.58%	1.58%	1.58%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	161.90p	159.50p	149.60p
Lowest share price	143.80p	145.70p	113.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	258.22	235.98	188.74
Return before operating charges*	(2.93)	26.16	50.55
Operating charges	(4.06)	(3.92)	(3.31)
Return after operating charges*	(6.99)	22.24	47.24
Distributions	(8.93)	(8.74)	(6.93)
Retained distributions on accumulation shares	8.93	8.74	6.93
Closing net asset value per share	251.23	258.22	235.98
* after direct transaction costs of ¹ :	0.11	0.21	0.26
Performance			
Return after charges ²	(2.71)%	9.42%	25.03%
Other Information			
Closing net asset value (£'000)	3,446	4,525	5,487
Closing number of shares	1,371,518	1,752,285	2,325,049
Operating charges ³	1.58%	1.58%	1.58%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	272.40p	259.80p	237.10p
Lowest share price	237.50p	232.50p	174.40p

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'A EUR' Income Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	139.46	136.67	132.06
Return before operating charges*	(3.31)	10.08	10.95
Operating charges	(2.10)	(2.37)	(2.14)
Return after operating charges*	(5.41)	7.71	8.81
Distributions on income shares	(4.76)	(4.92)	(4.20)
Closing net asset value per share	129.29	139.46	136.67
* after direct transaction costs of ¹ :	0.05	0.12	0.16
Performance			
Return after charges ²	(3.88)%	5.64%	6.67%
Other Information			
Closing net asset value (€'000)	1,753	2,623	3,259
Closing number of shares	1,355,534	1,880,985	2,384,539
Operating charges ³	1.73%	1.73%	1.73%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	142.90c	144.00c	143.00c
Lowest share price	128.70c	131.00c	117.00c

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'A EUR' Accumulation Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	174.35	164.90	154.29
Return before operating charges*	(4.24)	12.35	13.14
Operating charges	(2.66)	(2.90)	(2.53)
Return after operating charges*	(6.90)	9.45	10.61
Distributions	(6.02)	(6.02)	(4.96)
Retained distributions on accumulation shares	6.02	6.02	4.96
Closing net asset value per share	167.45	174.35	164.90
* after direct transaction costs of ¹ :	0.06	0.14	0.18
Performance			
Return after charges ²	(3.96)%	5.73%	6.88%
Other Information			
Closing net asset value (€'000)	3,770	3,748	3,340
Closing number of shares	2,251,756	2,149,810	2,025,669
Operating charges ³	1.73%	1.73%	1.73%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	181.50c	176.00c	167.00c
Lowest share price	163.10c	161.00c	134.00c

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'F EUR' Income Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	142.67	139.08	133.64
Return before operating charges*	(3.33)	10.34	11.29
Operating charges	(1.53)	(1.72)	(1.59)
Return after operating charges*	(4.86)	8.62	9.70
Distributions on income shares	(4.88)	(5.03)	(4.26)
Closing net asset value per share	132.93	142.67	139.08
* after direct transaction costs of ¹ :	0.05	0.12	0.16
Performance			
Return after charges ²	(3.41)%	6.20%	7.26%
Other Information			
Closing net asset value (€'000)	866	864	328
Closing number of shares	651,601	605,715	235,597
Operating charges ³	1.23%	1.23%	1.23%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	146.20c	147.00c	142.00c
Lowest share price	132.30c	133.00c	116.00c

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'F EUR' Accumulation Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	178.71	168.19	156.64
Return before operating charges*	(4.27)	12.63	13.34
Operating charges	(1.94)	(2.11)	(1.79)
Return after operating charges*	(6.21)	10.52	11.55
Distributions	(6.19)	(6.19)	(5.05)
Retained distributions on accumulation shares	6.19	6.19	5.05
Closing net asset value per share	172.50	178.71	168.19
* after direct transaction costs of ¹ :	0.07	0.15	0.18
Performance			
Return after charges ²	(3.47)%	6.25%	7.38%
Other Information			
Closing net asset value (€'000)	210	218	143
Closing number of shares	122,018	122,018	85,133
Operating charges ³	1.23%	1.23%	1.23%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	186.80c	181.00c	171.00c
Lowest share price	167.40c	165.00c	136.00c

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'I EUR' Income Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	144.11	140.30	134.74
Return before operating charges*	(3.33)	10.42	11.22
Operating charges	(1.36)	(1.54)	(1.34)
Return after operating charges*	(4.69)	8.88	9.88
Distributions on income shares	(4.93)	(5.07)	(4.32)
Closing net asset value per share	134.49	144.11	140.30
* after direct transaction costs of ¹ :	0.05	0.12	0.16
Performance			
Return after charges ²	(3.25)%	6.33%	7.33%
Other Information			
Closing net asset value (€'000)	896	962	114
Closing number of shares	666,580	667,580	81,000
Operating charges ³	1.08%	1.08%	1.08%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	147.70c	148.00c	143.00c
Lowest share price	133.90c	135.00c	117.00c

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'I EUR' Accumulation Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	180.56	169.70	157.75
Return before operating charges*	(4.29)	12.73	13.52
Operating charges	(1.72)	(1.87)	(1.57)
Return after operating charges*	(6.01)	10.86	11.95
Distributions	(6.26)	(6.21)	(5.14)
Retained distributions on accumulation shares	6.26	6.21	5.14
Closing net asset value per share	174.55	180.56	169.70
* after direct transaction costs of ¹ :	0.07	0.15	0.18
Performance			
Return after charges ²	(3.33)%	6.40%	7.58%
Other Information			
Closing net asset value (€'000)	6,726	7,335	6,688
Closing number of shares	3,853,509	4,062,428	3,940,893
Operating charges ³	1.08%	1.08%	1.08%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	188.90c	181.00c	172.00c
Lowest share price	169.20c	166.00c	137.00c

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'I EUR Hedged' Income Shares

	2018 (cents per share)	2017 (cents per share)	2016 ¹ (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	180.02	164.54	165.00
Return before operating charges*	(10.60)	23.48	2.65
Operating charges	(1.67)	(1.88)	(1.39)
Return after operating charges*	(12.27)	21.60	1.26
Distributions on income shares	(6.07)	(6.12)	(1.72)
Closing net asset value per share	161.68	180.02	164.54
* after direct transaction costs of ² :	0.06	0.15	0.21
Performance			
Return after charges ³	(6.82)%	13.13%	0.76%
Other Information			
Closing net asset value (€'000)	721	804	101
Closing number of shares	446,409	446,409	61,184
Operating charges ⁴	1.08%	1.08%	0.85%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	185.40c	182.00c	167.00c
Lowest share price	161.00c	164.00c	142.00c

¹Share class launched 29 July 2016.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'I EUR Hedged' Accumulation Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	188.92	166.61	158.43
Return before operating charges*	(11.37)	24.22	9.82
Operating charges	(1.78)	(1.91)	(1.64)
Return after operating charges*	(13.15)	22.31	8.18
Distributions	(6.46)	(6.28)	(5.42)
Retained distributions on accumulation shares	6.46	6.28	5.42
Closing net asset value per share	175.77	188.92	166.61
* after direct transaction costs of ¹ :	0.07	0.15	0.19
Performance			
Return after charges ²	(6.96)%	13.39%	5.16%
Other Information			
Closing net asset value (€'000)	4,769	4,134	2,837
Closing number of shares	2,713,218	2,188,066	1,702,544
Operating charges ³	1.08%	1.08%	1.08%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	194.60c	190.00c	167.00c
Lowest share price	173.50c	166.00c	142.00c

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²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'X EUR' Income Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	147.05	145.25	138.32
Return before operating charges*	(3.50)	10.76	11.54
Operating charges	(2.02)	(2.29)	(1.97)
Return after operating charges*	(5.52)	8.47	9.57
Distributions on income shares	(5.02)	(6.67)	(2.64)
Closing net asset value per share	136.51	147.05	145.25
* after direct transaction costs of ¹ :	0.05	0.12	0.16
Performance			
Return after charges ²	(3.75)%	5.83%	6.92%
Other Information			
Closing net asset value (€'000)	488	914	637
Closing number of shares	357,562	621,376	438,486
Operating charges ³	1.58%	1.58%	1.58%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	150.60c	152.00c	147.00c
Lowest share price	135.90c	138.00c	120.00c

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'X EUR' Accumulation Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	175.64	165.89	154.92
Return before operating charges*	(4.23)	12.42	13.30
Operating charges	(2.45)	(2.67)	(2.33)
Return after operating charges*	(6.68)	9.75	10.97
Distributions	(6.07)	(6.06)	(4.99)
Retained distributions on accumulation shares	6.07	6.06	4.99
Closing net asset value per share	168.96	175.64	165.89
* after direct transaction costs of ¹ :	0.06	0.15	0.19
Performance			
Return after charges ²	(3.80)%	5.88%	7.08%
Other Information			
Closing net asset value (€'000)	7,213	6,602	5,566
Closing number of shares	4,269,350	3,758,934	3,355,323
Operating charges ³	1.58%	1.58%	1.58%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	183.10c	178.00c	168.00c
Lowest share price	164.40c	162.00c	135.00c

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'X EUR Hedged' Income Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	157.02	144.21	140.36
Return before operating charges*	(9.22)	20.52	10.78
Operating charges	(2.13)	(2.36)	(2.24)
Return after operating charges*	(11.35)	18.16	8.54
Distributions on income shares	(5.29)	(5.35)	(4.69)
Closing net asset value per share	140.38	157.02	144.21
* after direct transaction costs of ¹ :	0.06	0.13	0.18
Performance			
Return after charges ²	(7.23)%	12.59%	6.08%
Other Information			
Closing net asset value (€'000)	2,393	2,227	1,952
Closing number of shares	1,704,271	1,418,396	1,353,296
Operating charges ³	1.58%	1.58%	1.58%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	161.70c	158.70c	146.90c
Lowest share price	139.80c	143.70c	127.50c

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'X EUR Hedged' Accumulation Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	184.65	163.70	155.73
Return before operating charges*	(11.20)	23.68	10.35
Operating charges	(2.53)	(2.73)	(2.38)
Return after operating charges*	(13.73)	20.95	7.97
Distributions	(6.29)	(6.15)	(5.06)
Retained distributions on accumulation shares	6.29	6.15	5.06
Closing net asset value per share	170.92	184.65	163.70
* after direct transaction costs of ¹ :	0.07	0.15	0.19
Performance			
Return after charges ²	(7.44)%	12.80%	5.12%
Other Information			
Closing net asset value (€'000)	12,757	11,161	7,757
Closing number of shares	7,463,593	6,044,384	4,738,384
Operating charges ³	1.58%	1.58%	1.58%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	190.10c	185.00c	165.00c
Lowest share price	168.80c	163.00c	140.00c

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'A USD' Income Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	121.54	104.88	104.53
Return before operating charges*	(8.53)	22.82	5.39
Operating charges	(1.52)	(2.07)	(1.65)
Return after operating charges*	(10.05)	20.75	3.74
Distributions on income shares	(4.05)	(4.09)	(3.39)
Closing net asset value per share	107.44	121.54	104.88
* after direct transaction costs of ¹ :	0.04	0.10	0.12
Performance			
Return after charges ²	(8.27)%	19.78%	3.58%
Other Information			
Closing net asset value (\$'000)	364	506	414
Closing number of shares	338,594	416,191	394,948
Operating charges ³	1.73%	1.73%	1.73%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	127.50c	122.40c	109.20c
Lowest share price	106.70c	104.90c	94.48c

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'A USD' Accumulation Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	159.45	132.87	128.19
Return before operating charges*	(11.39)	29.23	6.74
Operating charges	(2.03)	(2.65)	(2.06)
Return after operating charges*	(13.42)	26.58	4.68
Distributions	(5.39)	(5.23)	(4.21)
Retained distributions on accumulation shares	5.39	5.23	4.21
Closing net asset value per share	146.03	159.45	132.87
* after direct transaction costs of ¹ :	0.05	0.13	0.15
Performance			
Return after charges ²	(8.42)%	20.00%	3.65%
Other Information			
Closing net asset value (\$'000)	3,307	3,219	4,420
Closing number of shares	2,264,825	2,018,781	3,326,227
Operating charges ³	1.73%	1.73%	1.73%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	167.30c	159.50c	136.60c
Lowest share price	143.70c	132.90c	115.90c

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'F USD' Income Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	125.46	107.55	106.65
Return before operating charges*	(8.69)	23.36	5.56
Operating charges	(1.12)	(1.50)	(1.20)
Return after operating charges*	(9.81)	21.86	4.36
Distributions on income shares	(4.19)	(3.95)	(3.46)
Closing net asset value per share	111.46	125.46	107.55
* after direct transaction costs of ¹ :	0.04	0.11	0.12
Performance			
Return after charges ²	(7.82)%	20.33%	4.08%
Other Information			
Closing net asset value (\$'000)	18	21	79
Closing number of shares	16,380	16,380	73,390
Operating charges ³	1.23%	1.23%	1.23%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	131.60c	126.00c	112.00c
Lowest share price	110.60c	108.00c	96.00c

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'I USD' Income Shares

	2018 ¹ (cents per share)	2017 ² (cents per share)
Change in Net Asset Value per Share		
Opening net asset value per share	122.70	106.00
Return before operating charges*	(3.90)	21.96
Operating charges	(0.71)	(1.28)
Return after operating charges*	(4.61)	20.68
Distributions on income shares	(3.18)	(3.98)
Last quoted share price	114.91	–
Closing net asset value per share	–	122.70
* after direct transaction costs of ³ :	0.03	0.10
Performance		
Return after charges ⁴	(3.76)%	19.51%
Other Information		
Closing net asset value (\$'000)	–	1
Closing number of shares	–	1,000
Operating charges ⁵	1.08%	1.08%
Direct transaction costs	–%	0.09%
Prices		
Highest share price	128.70c	123.00c
Lowest share price	111.90c	105.00c

¹Share class closed on 5 November 2018.

²Share class launched 5 January 2017.

³Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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⁵Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Global Higher Dividend 'I USD' Accumulation Shares

	2018 (cents per share)	2017 (cents per share)	2016 (cents per share)
Change in Net Asset Value per Share			
Opening net asset value per share	164.24	135.96	130.34
Return before operating charges*	(11.54)	29.98	6.92
Operating charges	(1.31)	(1.70)	(1.30)
Return after operating charges*	(12.85)	28.28	5.62
Distributions	(5.57)	(5.37)	(4.29)
Retained distributions on accumulation shares	5.57	5.37	4.29
Closing net asset value per share	151.39	164.24	135.96
* after direct transaction costs of ¹ :	0.05	0.14	0.15
Performance			
Return after charges ²	(7.82)%	20.80%	4.31%
Other Information			
Closing net asset value (\$'000)	1,118	1,213	1,047
Closing number of shares	738,366	738,366	769,773
Operating charges ³	1.08%	1.08%	1.08%
Direct transaction costs	0.04%	0.09%	0.13%
Prices			
Highest share price	172.40c	164.00c	139.00c
Lowest share price	149.00c	136.00c	118.00c

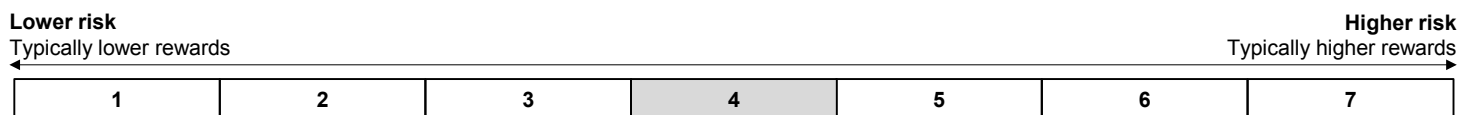
¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The following risks may not be fully captured by the Indicator:

Liquidity Risk: If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction to liquidate a position at an advantageous price, to assess or value a position or to assess the exposure to risk. An adverse price movement in a derivative position may also require a cash payment to counterparties that might in turn require, if there is insufficient cash available in a fund, the sale of investments under disadvantageous conditions.

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Leverage: This means that the exposure to the underlying market or asset may be greater than 100%. Leverage has the potential to magnify gains or losses on the underlying. You should be aware that, if the underlying moves in the opposite direction to that anticipated by you, the losses incurred will be greater in percentage terms than those incurred by a direct investment in the underlying itself. The prices of leveraged products can therefore be volatile.

Derivatives: The sub-fund actively invests in derivatives, such as futures, options and swaps, which are linked to the rise and fall of other assets. Derivatives will be used both to achieve the investment objective, and to simply reduce the risk or manage the sub-fund more efficiently. The price movements in these assets can result in larger movements of the sub-fund share price and may create losses greater than the cost of the derivative.

Market Risk: This is a general risk that the value of a particular derivative may change in a way which may be detrimental to the sub-funds' interests and the use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to, the sub-funds' investment objectives and derivatives used to generate additional income may constrain capital growth.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 34.11% (31 December 2017 - 29.69%)			
432,600	Bridgestone	13,101,864	3.43
4,327,877	BT	10,302,511	2.70
133,109	Crown Castle International	11,354,397	2.98
2,600,921	Enel	11,770,642	3.08
24,746	Equinix	6,851,587	1.80
264,296	KAR Auction Services	9,902,798	2.60
447,915	Royal Dutch Shell 'B'	10,467,774	2.74
3,518,454	Scentre	7,585,008	1.99
699,142	Sonic Healthcare	8,540,774	2.24
367,491	Taiwan Semiconductor Manufacturing ADR	10,644,426	2.79
148,736	Texas Instruments	11,036,079	2.89
271,211	Total	11,241,684	2.95
67,699	Union Pacific	7,345,575	1.92
		130,145,119	34.11
Corporate Restructuring 1.62% (31 December 2017 - 0.00%)			
634,592	UBS	6,181,575	1.62
		6,181,575	1.62
Cyclical Franchise 27.70% (31 December 2017 - 32.61%)			
175,524	Bank of Nova Scotia	6,855,543	1.80
87,658	CME	12,947,036	3.39
648,282	ING Groep	5,475,499	1.43
87,510	JPMorgan Chase	6,714,413	1.76
13,761,996	Lloyds Banking	7,124,585	1.87
154,729	Novartis	10,354,580	2.71
429,566	Pfizer	14,719,110	3.86
650,420	Prudential	9,118,888	2.39
49,001	Roche	9,497,611	2.49
104,217	United Parcel Service	7,979,932	2.09
88,684	United Technologies	7,412,383	1.94
207,673	Wells Fargo	7,515,427	1.97
		105,715,007	27.70
Defensive Franchise 28.26% (31 December 2017 - 24.69%)			
57,011	3M	8,526,581	2.23
(570)	3M Call Option 210 18/01/2019	(7,608)	—
509,761	Admiral	10,383,832	2.72
98,092	Air Products & Chemicals	12,327,736	3.23
(980)	Air Products & Chemicals Call Option 165 18/01/2019	(111,574)	(0.03)
258,267	Cinemark	7,261,731	1.90
164,678	Colgate-Palmolive	7,696,006	2.02
5,507	Givaudan	9,978,714	2.62
88,592	NextEra Energy	12,091,666	3.17
(885)	NextEra Energy Call Option 180 18/01/2019	(69,488)	(0.02)
109,872	Reckitt Benckiser	6,604,406	1.73
147,755	Swiss Re	10,598,691	2.78
312,040	Unilever	12,820,163	3.36

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Defensive Franchise (continued)			
4,878,200	Wal-Mart De Mexico	9,722,573	2.55
		107,823,429	28.26
Disruptive Growth 4.42% (31 December 2017 - 5.55%)			
28,964	BlackRock	8,937,767	2.34
151,425	Orsted	7,926,411	2.08
		16,864,178	4.42
Special Situation 2.71% (31 December 2017 - 4.14%)			
78,393	Simon Property	10,340,784	2.71
		10,340,784	2.71
Strategic Holdings 0.00% (31 December 2017 - 2.78%)			
Forward Currency Contracts 0.01% (31 December 2017 - 0.03%)			
AUD (47,789)	Sold AUD, Bought EUR 30,118 for settlement on 25/01/2019	649	—
AUD (158,448)	Sold AUD, Bought EUR 99,858 for settlement on 25/01/2019	2,153	—
AUD (839,991)	Sold AUD, Bought EUR 529,386 for settlement on 25/01/2019	11,416	—
AUD (19,560)	Sold AUD, Bought EUR 12,015 for settlement on 25/01/2019	(15)	—
AUD (313,103)	Sold AUD, Bought EUR 197,326 for settlement on 25/01/2019	4,255	—
CAD (7,196)	Sold CAD, Bought EUR 4,604 for settlement on 25/01/2019	(6)	—
CAD (1,362)	Sold CAD, Bought EUR 871 for settlement on 25/01/2019	(1)	—
CAD (2,698)	Sold CAD, Bought EUR 1,726 for settlement on 25/01/2019	(2)	—
CAD (358,977)	Sold CAD, Bought EUR 235,223 for settlement on 25/01/2019	4,994	—
CAD (67,714)	Sold CAD, Bought EUR 44,370 for settlement on 25/01/2019	942	—
CAD (20,423)	Sold CAD, Bought EUR 13,383 for settlement on 25/01/2019	284	—
CAD (412)	Sold CAD, Bought EUR 263 for settlement on 25/01/2019	—	—
CAD (133,807)	Sold CAD, Bought EUR 87,678 for settlement on 25/01/2019	1,861	—
CHF (319,171)	Sold CHF, Bought EUR 283,499 for settlement on 25/01/2019	206	—
CHF (1,692,045)	Sold CHF, Bought EUR 1,502,934 for settlement on 25/01/2019	1,092	—
CHF (630,702)	Sold CHF, Bought EUR 560,212 for settlement on 25/01/2019	407	—
CHF (96,265)	Sold CHF, Bought EUR 85,506 for settlement on 25/01/2019	62	—
DKK (110,621)	Sold DKK, Bought EUR 14,816 for settlement on 25/01/2019	(8)	—

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Forward Currency Contracts (continued)			
DKK (366,769)	Sold DKK, Bought EUR 49,123 for settlement on 25/01/2019	(28)	—
DKK (1,944,382)	Sold DKK, Bought EUR 260,419 for settlement on 25/01/2019	(148)	—
DKK (724,760)	Sold DKK, Bought EUR 97,070 for settlement on 25/01/2019	(55)	—
EUR (26,778)	Sold EUR, Bought USD 30,638 for settlement on 25/01/2019	(18)	—
EUR (141,619)	Sold EUR, Bought USD 162,031 for settlement on 25/01/2019	(96)	—
EUR (9,418)	Sold EUR, Bought GBP 8,457 for settlement on 25/01/2019	(2)	—
EUR (9,443)	Sold EUR, Bought CAD 14,746 for settlement on 25/01/2019	(8)	—
EUR (1,994)	Sold EUR, Bought CHF 2,247 for settlement on 25/01/2019	—	—
EUR (3,522)	Sold EUR, Bought CAD 5,501 for settlement on 25/01/2019	(3)	—
EUR (1,786)	Sold EUR, Bought CAD 2,789 for settlement on 25/01/2019	(1)	—
EUR (376)	Sold EUR, Bought DKK 2,807 for settlement on 25/01/2019	—	—
EUR (18,531)	Sold EUR, Bought GBP 16,639 for settlement on 25/01/2019	(4)	—
EUR (5,433)	Sold EUR, Bought DKK 40,538 for settlement on 25/01/2019	—	—
EUR (538)	Sold EUR, Bought CAD 840 for settlement on 25/01/2019	—	—
EUR (3,575)	Sold EUR, Bought JPY 450,166 for settlement on 25/01/2019	13	—
EUR (9,872)	Sold EUR, Bought JPY 1,250,817 for settlement on 25/01/2019	90	—
EUR (2,463)	Sold EUR, Bought DKK 18,391 for settlement on 25/01/2019	1	—
EUR (1,254)	Sold EUR, Bought DKK 9,361 for settlement on 25/01/2019	1	—
EUR (31,563)	Sold EUR, Bought USD 36,185 for settlement on 25/01/2019	35	—
EUR (8,054)	Sold EUR, Bought USD 9,215 for settlement on 25/01/2019	(5)	—
EUR (183,219)	Sold EUR, Bought USD 210,044 for settlement on 25/01/2019	203	—
EUR (62,313)	Sold EUR, Bought USD 71,436 for settlement on 25/01/2019	69	—
EUR (39,211)	Sold EUR, Bought CHF 44,185 for settlement on 25/01/2019	3	—
EUR (13,065)	Sold EUR, Bought CHF 14,722 for settlement on 25/01/2019	1	—
EUR (6,638)	Sold EUR, Bought CHF 7,480 for settlement on 25/01/2019	—	—
EUR (9,582)	Sold EUR, Bought JPY 1,206,644 for settlement on 25/01/2019	34	—

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Forward Currency Contracts (continued)			
EUR (494)	Sold EUR, Bought JPY 62,546 for settlement on 25/01/2019	4	—
EUR (330)	Sold EUR, Bought CAD 511 for settlement on 25/01/2019	(3)	—
EUR (1,097)	Sold EUR, Bought CAD 1,699 for settlement on 25/01/2019	(9)	—
EUR (9,511)	Sold EUR, Bought USD 10,903 for settlement on 25/01/2019	10	—
EUR (11,627)	Sold EUR, Bought AUD 18,596 for settlement on 25/01/2019	(170)	—
EUR (2,163)	Sold EUR, Bought CAD 3,350 for settlement on 25/01/2019	(18)	—
EUR (6,435)	Sold EUR, Bought CAD 9,964 for settlement on 25/01/2019	(54)	—
EUR (546)	Sold EUR, Bought JPY 68,709 for settlement on 25/01/2019	2	—
EUR (56,040)	Sold EUR, Bought GBP 50,320 for settlement on 25/01/2019	(13)	—
EUR (2,828)	Sold EUR, Bought GBP 2,540 for settlement on 25/01/2019	(1)	—
EUR (52,770)	Sold EUR, Bought USD 60,376 for settlement on 25/01/2019	(36)	—
EUR (1,812)	Sold EUR, Bought JPY 228,211 for settlement on 25/01/2019	6	—
EUR (3,234)	Sold EUR, Bought JPY 409,794 for settlement on 25/01/2019	29	—
EUR (1,641)	Sold EUR, Bought JPY 207,936 for settlement on 25/01/2019	15	—
EUR 2,272,044	Bought EUR, Sold GBP 2,047,005 for settlement on 25/01/2019	(6,332)	—
EUR 428,576	Bought EUR, Sold GBP 386,127 for settlement on 25/01/2019	(1,195)	—
EUR 129,262	Bought EUR, Sold GBP 116,459 for settlement on 25/01/2019	(360)	—
EUR 846,894	Bought EUR, Sold GBP 763,012 for settlement on 25/01/2019	(2,360)	—
JPY (10,433,717)	Sold JPY, Bought EUR 81,537 for settlement on 25/01/2019	(1,475)	—
JPY (20,617,722)	Sold JPY, Bought EUR 161,122 for settlement on 25/01/2019	(2,915)	—
JPY (55,313,117)	Sold JPY, Bought EUR 432,257 for settlement on 25/01/2019	(7,820)	—
JPY (3,146,905)	Sold JPY, Bought EUR 24,592 for settlement on 25/01/2019	(445)	—
USD (390,134)	Sold USD, Bought EUR 342,319 for settlement on 25/01/2019	1,428	—
USD (1,293,508)	Sold USD, Bought EUR 1,134,974 for settlement on 25/01/2019	4,734	—
USD (2,556,059)	Sold USD, Bought EUR 2,242,785 for settlement on 25/01/2019	9,354	—

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Forward Currency Contracts (continued)			
USD (6,857,382)	Sold USD, Bought EUR 6,016,932 for settlement on 25/01/2019	25,096	0.01
		45,843	0.01
Total Value of Investments 98.83%			
(31 December 2017 - 99.49%)			
	Net Other Assets	4,464,205	1.17
	Net assets	381,580,140	100.00

All holdings are ordinary shares of stock and are listed on an official stock exchange unless otherwise stated.

Asset Allocation of Portfolio of Investments is as follows:

Derivatives	(188,670)	(0.05)
Equities	377,258,762	98.87
Forward Currency Contracts	45,843	0.01
Net Other Assets	4,464,205	1.17
	381,580,140	100.00

Statement of Total Return

For the year ended 31 December 2018

	Notes ¹	£	31.12.2018 £	31.12.2017 £
Income				
Net capital (losses)/gains	4		(20,539,241)	29,541,987
Revenue	6	15,545,859		15,572,704
Expenses	7	(4,577,040)		(4,808,574)
Interest payable and similar charges	9	(6,458)		(3,681)
Net revenue before taxation		10,962,361		10,760,449
Taxation	8	(1,332,323)		(527,652)
Net revenue after taxation for the year			<u>9,630,038</u>	<u>10,232,797</u>
Total returns before distributions			(10,909,203)	39,774,784
Distributions	9		<u>(13,775,734)</u>	<u>(14,679,227)</u>
Changes in net assets attributable to shareholders from investment activities			<u>(24,684,937)</u>	<u>25,095,557</u>

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

	Note ¹	£	31.12.2018 £	31.12.2017 £
Opening net assets attributable to shareholders			409,111,620	417,060,393
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		59,992,301		41,499,543
Less: amounts paid on cancellation of shares		<u>(65,974,170)</u>		<u>(77,276,543)</u>
			(5,981,869)	(35,777,000)
Single swing price adjustment			—	17,575
Unclaimed distributions			—	795
Changes in net assets attributable to shareholders from investment activities (see above)			(24,684,937)	25,095,557
Retained distribution on accumulation shares	9		<u>3,135,326</u>	<u>2,714,300</u>
Closing net assets attributable to shareholders			<u>381,580,140</u>	<u>409,111,620</u>

¹The notes to these accounts can be found on pages 328 to 339.

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		377,328,211	407,033,136
Current assets:			
Debtors	10	2,566,231	2,262,219
Cash and bank balances	11	22,244,837	12,531,233
Total assets		<u>402,139,279</u>	<u>421,826,588</u>
Liabilities			
Investment liabilities		(212,276)	(12,001)
Creditors:			
Bank overdrafts	12	(16,890,188)	(10,015,190)
Distribution payable on income shares	9	(2,409,788)	(2,156,059)
Other creditors	13	(1,046,887)	(531,718)
Total liabilities		<u>(20,559,139)</u>	<u>(12,714,968)</u>
Net assets attributable to shareholders		<u>381,580,140</u>	<u>409,111,620</u>

¹The notes to these accounts can be found on pages 328 to 339.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(19,212,434)	28,316,664
Gains on derivative securities	309,851	1,054,928
(Losses)/gains on forward currency contracts	(797,849)	1,052,879
Currency losses	(838,611)	(881,245)
Transaction charges	(38)	(79)
Derivative transaction charges	(160)	(1,160)
Net capital (losses)/gains	<u>(20,539,241)</u>	<u>29,541,987</u>

5. Purchases, Sales, and Transaction Costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Derivatives	829,866	1,227,380
Equities	98,747,827	99,471,244
Commissions:		
Equities total value paid	44,208	126,965
Taxes:		
Equities total value paid	79,669	122,056
Total purchase transaction costs	<u>123,877</u>	<u>249,021</u>
Gross purchases total	<u>99,701,570</u>	<u>100,947,645</u>
Analysis of total sale costs:		
Gross sales in year before transaction costs		
Derivatives	1,201,539	825,231
Equities	108,839,794	129,929,319
Commissions:		
Equities total value paid	(41,918)	(127,040)
Taxes:		
Equities total value paid	—	(179)
Total sales costs	<u>(41,918)</u>	<u>(127,219)</u>
Total sales net of transaction costs	<u>109,999,415</u>	<u>130,627,331</u>

Notes to the Financial Statements (continued)

5. Purchases, Sales, and Transaction Costs (continued)

	31.12.2018 %	31.12.2017 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV	0.01	0.03
Equities percentage of purchases total	0.04	0.13
Taxes:		
Equities percentage of average NAV	0.02	0.03
Equities percentage of purchases total	0.08	0.12

Analysis of total sale costs:

Commissions:		
Equities percentage of average NAV	0.01	0.03
Equities percentage of sales total	0.04	0.10
Taxes:		
Equities percentage of average NAV	—	—
Equities percentage of sales total	—	—

The average portfolio dealing spread as at 31 December 2018 was 0.06% (31 December 2017: 0.06%).

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	4,828	682
Franked UK dividends	3,250,924	2,883,106
Overseas dividends	11,266,523	11,867,084
Derivative revenue	1,023,584	821,832
	<u>15,545,859</u>	<u>15,572,704</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	<u>3,663,870</u>	<u>3,850,104</u>
	<u>3,663,870</u>	<u>3,850,104</u>
Other expenses:		
Fixed operating charge ¹	910,670	955,060
Legal fees	—	740
Sundry expenses	2,500	2,670
	<u>913,170</u>	<u>958,470</u>
	<u>4,577,040</u>	<u>4,808,574</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	1,332,323	1,483,152
Prior year adjustment	–	(955,500)
Current tax (note 8b)	1,332,323	527,652
Deferred tax (note 8c)	–	–
Total tax charge	1,332,323	527,652

b) Factors affecting taxation charge for the year:

The tax assessed for the period is lower (2017: lower) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	10,962,361	10,760,449
Corporation tax at 20%	2,192,472	2,152,090
Effects of:		
UK dividend revenue not subject to corporation tax	(650,185)	(576,621)
Overseas tax irrecoverable	1,332,323	1,483,152
Excess management expenses	484,081	598,975
Excess non-trade loan relationship unutilised	–	600
Overseas dividend revenue not subject to corporation tax	(1,992,121)	(2,113,738)
Taxation due to timing differences	–	(33,799)
Double taxation relief	(34,247)	(27,507)
Prior year adjustment	–	(955,500)
Sub-total	(860,149)	(1,624,438)
Current year tax charge (note 8a)	1,332,323	527,652

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	–	–
Deferred tax charge for the year	–	–
Provision at end of year	–	–

The sub-fund has not recognised a deferred tax asset of £2,013,530 (31 December 2017: £1,529,449) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

Notes to the Financial Statements (continued)
9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
First Quarter Distribution	2,277,619	3,192,002
First Quarter Accumulation	579,154	660,914
Interim Distribution	3,412,000	4,209,923
Interim Accumulation	898,070	977,643
Third Quarter Distribution	2,502,687	2,272,656
Third Quarter Accumulation	823,771	553,953
Final Distribution	2,409,788	2,156,059
Final Accumulation	834,331	521,790
	<u>13,737,420</u>	<u>14,544,940</u>
Add: Amounts deducted on cancellation of shares	239,265	300,938
Less: Amounts added on creation of shares	<u>(200,951)</u>	<u>(166,651)</u>
Distributions	<u>13,775,734</u>	<u>14,679,227</u>
Interest payable and similar charges	6,458	3,681
Total distributions	<u>13,782,192</u>	<u>14,682,908</u>
Net revenue after taxation	9,630,038	10,232,797
Add: Capitalised expenses	4,577,040	4,808,574
Add/(Less): Equalisation uplift on unit conversions	1	(9)
Add: Undistributed revenue brought forward	128	132
Less: Undistributed revenue carried forward	(146)	(128)
Tax effect of fees offset to capital	<u>(431,327)</u>	<u>(362,139)</u>
Distributions	<u>13,775,734</u>	<u>14,679,227</u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	892,409	1,092,341
Amount receivable for creation of shares	107,172	178,615
Overseas tax recoverable	1,321,063	991,263
Currency deals awaiting settlement	124	–
Sales awaiting settlement	245,463	–
	<u>2,566,231</u>	<u>2,262,219</u>

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	17,102,443	12,357,940
Cash held at clearing houses and brokers	5,142,394	173,293
	<u>22,244,837</u>	<u>12,531,233</u>

Notes to the Financial Statements (continued)
12. Bank Overdrafts

	31.12.2018 £	31.12.2017 £
Bank overdrafts	16,890,188	10,015,190
	<u>16,890,188</u>	<u>10,015,190</u>

13. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	658,875	128,182
Accrued expenses	388,012	403,525
Currency deals awaiting settlement	–	11
	<u>1,046,887</u>	<u>531,718</u>

14. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

15. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £309,624 (31 December 2017: £322,969).

At the year end, Sarasin Global Higher Dividend held no shares in any other sub-fund or collective investment scheme managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

16. Shareholders' Funds

The sub-fund has 29 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Global Higher Dividend 'A' Income Shares

Opening shares	7,262,108
Shares Created	190,876
Shares Liquidated	(558,475)
Shares Converted	41,280
Closing shares	6,935,789

Global Higher Dividend 'A' Accumulation Shares

Opening shares	3,070,191
Shares Created	2,643,620
Shares Liquidated	(2,003,742)
Shares Converted	(43,548)
Closing shares	3,666,521

Global Higher Dividend 'D' Income Shares

Opening shares	30,099,977
Shares Created	257,855
Shares Liquidated	(493,387)
Shares Converted	–
Closing shares	29,864,445

Notes to the Financial Statements (continued)

16. Shareholders' Funds (continued)

Global Higher Dividend 'D' Accumulation Shares

Opening shares	2,789,203
Shares Created	–
Shares Liquidated	(22,786)
Shares Converted	–
Closing shares	2,766,417

Global Higher Dividend 'F' Income Shares

Opening shares	177,017
Shares Created	38,920
Shares Liquidated	(30,063)
Shares Converted	(3,710)
Closing shares	182,164

Global Higher Dividend 'F' Accumulation Shares

Opening shares	7,525
Shares Created	–
Shares Liquidated	(7,525)
Shares Converted	4,246
Closing shares	4,246

Global Higher Dividend 'I' Income Shares

Opening shares	57,682,897
Shares Created	2,550,212
Shares Liquidated	(14,281,449)
Shares Converted	3,599,783
Closing shares	49,551,443

Global Higher Dividend 'I' Accumulation Shares

Opening shares	1,032,994
Shares Created	6,136,690
Shares Liquidated	(126,865)
Shares Converted	(26,197)
Closing shares	7,016,622

Global Higher Dividend 'P' Income Shares

Opening shares	60,335,086
Shares Created	7,651,395
Shares Liquidated	(9,568,034)
Shares Converted	(3,690,660)
Closing shares	54,727,787

Global Higher Dividend 'P' Accumulation Shares

Opening shares	9,185,342
Shares Created	2,974,488
Shares Liquidated	(2,813,705)
Shares Converted	30,331
Closing shares	9,376,456

Global Higher Dividend 'X' Income Shares

Opening shares	42,336,285
Shares Created	2,057,680
Shares Liquidated	(5,197,048)
Shares Converted	(81,295)
Closing shares	39,115,622

Notes to the Financial Statements (continued)**16. Shareholders' Funds (continued)***Global Higher Dividend 'X' Accumulation Shares*

Opening shares	1,752,285
Shares Created	57,814
Shares Liquidated	(487,444)
Shares Converted	48,863
Closing shares	1,371,518

Global Higher Dividend 'A EUR' Income Shares

Opening shares	1,880,985
Shares Created	78,113
Shares Liquidated	(556,662)
Shares Converted	(46,902)
Closing shares	1,355,534

Global Higher Dividend 'A EUR' Accumulation Shares

Opening shares	2,149,810
Shares Created	191,819
Shares Liquidated	(117,406)
Shares Converted	27,533
Closing shares	2,251,756

Global Higher Dividend 'F EUR' Income Shares

Opening shares	605,715
Shares Created	90,052
Shares Liquidated	(44,166)
Shares Converted	—
Closing shares	651,601

Global Higher Dividend 'F EUR' Accumulation Shares

Opening shares	122,018
Shares Created	6
Shares Liquidated	(6)
Shares Converted	—
Closing shares	122,018

Global Higher Dividend 'I EUR' Income Shares

Opening shares	667,580
Shares Created	—
Shares Liquidated	(1,000)
Shares Converted	—
Closing shares	666,580

Global Higher Dividend 'I EUR' Accumulation Shares

Opening shares	4,062,428
Shares Created	55,831
Shares Liquidated	(36,331)
Shares Converted	(228,419)
Closing shares	3,853,509

Global Higher Dividend 'I EUR Hedged' Income Shares

Opening shares	446,409
Shares Created	—
Shares Liquidated	—
Shares Converted	—
Closing shares	446,409

Notes to the Financial Statements (continued)**16. Shareholders' Funds (continued)***Global Higher Dividend 'I EUR Hedged' Accumulation Shares*

Opening shares	2,188,066
Shares Created	309,598
Shares Liquidated	(6,664)
Shares Converted	222,218
Closing shares	2,713,218

Global Higher Dividend 'X EUR' Income Shares

Opening shares	621,376
Shares Created	22,859
Shares Liquidated	(286,673)
Shares Converted	—
Closing shares	357,562

Global Higher Dividend 'X EUR' Accumulation Shares

Opening shares	3,758,934
Shares Created	1,531,192
Shares Liquidated	(950,924)
Shares Converted	(69,852)
Closing shares	4,269,350

Global Higher Dividend 'X EUR Hedged' Income Shares

Opening shares	1,418,396
Shares Created	292,669
Shares Liquidated	(6,794)
Shares Converted	—
Closing shares	1,704,271

Global Higher Dividend 'X EUR Hedged' Accumulation Shares

Opening shares	6,044,384
Shares Created	1,938,614
Shares Liquidated	(596,127)
Shares Converted	76,722
Closing shares	7,463,593

Global Higher Dividend 'A USD' Income Shares

Opening shares	416,191
Shares Created	—
Shares Liquidated	(77,597)
Shares Converted	—
Closing shares	338,594

Global Higher Dividend 'A USD' Accumulation Shares

Opening shares	2,018,781
Shares Created	461,199
Shares Liquidated	(215,155)
Shares Converted	—
Closing shares	2,264,825

Global Higher Dividend 'F USD' Income Shares

Opening shares	16,380
Shares Created	—
Shares Liquidated	—
Shares Converted	—
Closing shares	16,380

Notes to the Financial Statements (continued)
16. Shareholders' Funds (continued)
Global Higher Dividend 'I USD' Income Shares

Opening shares	1,000
Shares Created	–
Shares Liquidated	(1,000)
Shares Converted	–
Closing shares	–

Global Higher Dividend 'I USD' Accumulation Shares

Opening shares	738,366
Shares Created	–
Shares Liquidated	–
Shares Converted	–
Closing shares	738,366

17. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 288. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	15,374,275	15,374,275	4.03
Canadian dollar	72,905	6,537,617	6,610,522	1.73
Danish kroner	–	7,556,215	7,556,215	1.98
Euro	1,570,509	44,190,434	45,760,943	11.99
Japanese yen	222,905	12,488,752	12,711,657	3.33
Mexican Nuevo peso	–	9,722,573	9,722,573	2.55
Sterling	824,187	63,587,511	64,411,698	16.88
Swiss franc	1,226,123	44,483,173	45,709,296	11.98
US dollar	547,576	173,175,385	173,722,961	45.53
	<u>4,464,205</u>	<u>377,115,935</u>	<u>381,580,140</u>	<u>100.00</u>

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	17,143,920	17,143,920	4.19
Canadian dollar	91,483	8,168,251	8,259,734	2.02
Euro	680,016	72,308,827	72,988,843	17.84
Hong Kong dollar	–	7,841,282	7,841,282	1.92
Mexican Nuevo peso	–	8,644,632	8,644,632	2.11
Sterling	(152,125)	71,186,677	71,034,552	17.36
Swedish krona	6,743	–	6,743	–
Swiss franc	878,304	34,622,110	35,500,414	8.68
US dollar	586,064	187,105,436	187,691,500	45.88
	<u>2,090,485</u>	<u>407,021,135</u>	<u>409,111,620</u>	<u>100.00</u>

Notes to the Financial Statements (continued)
17. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	16,136,056	16,136,056
Canadian dollar	—	—	6,951,087	6,951,087
Danish kroner	—	—	7,934,968	7,934,968
Euro	7,847,915	—	45,083,140	52,931,055
Japanese yen	—	—	13,352,586	13,352,586
Mexican Nuevo peso	—	—	9,722,573	9,722,573
Sterling	13,539,795	—	67,480,915	81,020,710
Swiss franc	—	—	47,892,005	47,892,005
US dollar	857,127	—	182,305,025	183,162,152
	<u>22,244,837</u>	<u>—</u>	<u>396,858,355</u>	<u>419,103,192</u>

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Australian dollar	—	—	(761,781)	(761,781)
Canadian dollar	—	—	(340,565)	(340,565)
Danish kroner	—	—	(378,753)	(378,753)
Euro	(6,504,773)	—	(665,339)	(7,170,112)
Japanese yen	—	—	(640,929)	(640,929)
Sterling	(9,960,575)	—	(6,648,437)	(16,609,012)
Swiss franc	—	—	(2,182,709)	(2,182,709)
US dollar	(424,840)	—	(9,014,351)	(9,439,191)
	<u>(16,890,188)</u>	<u>—</u>	<u>(20,632,864)</u>	<u>(37,523,052)</u>

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	17,825,654	17,825,654
Canadian dollar	—	—	8,582,315	8,582,315
Euro	5,559,366	—	72,574,620	78,133,986
Hong Kong dollar	—	—	8,152,869	8,152,869
Mexican Nuevo peso	—	—	8,644,632	8,644,632
Sterling	6,565,191	—	74,622,500	81,187,691
Swedish krona	—	—	6,743	6,743
Swiss franc	—	—	36,856,533	36,856,533
US dollar	406,677	—	194,981,658	195,388,335
	<u>12,531,234</u>	<u>—</u>	<u>422,247,524</u>	<u>434,778,758</u>

Notes to the Financial Statements (continued)

17. Risk Disclosures (continued)

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Australian dollar	–	–	(681,734)	(681,734)
Canadian dollar	–	–	(322,581)	(322,581)
Euro	(5,122,391)	–	(22,752)	(5,145,143)
Hong Kong dollar	–	–	(311,587)	(311,587)
Sterling	(4,579,817)	–	(5,573,322)	(10,153,139)
Swiss franc	–	–	(1,356,119)	(1,356,119)
US dollar	(312,982)	–	(7,383,853)	(7,696,835)
	<u>(10,015,190)</u>	<u>–</u>	<u>(15,651,948)</u>	<u>(25,667,138)</u>

Fair Value

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

Valuation technique as at 31 December 2018

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Equities	377,258,762	–	–	377,258,762
Forward Currency Contracts	–	69,449	–	69,449
	<u>377,258,762</u>	<u>69,449</u>	<u>–</u>	<u>377,328,211</u>

Financial Liabilities

Forward Currency Contracts	–	(23,606)	–	(23,606)
Options	(188,670)	–	–	(188,670)
	<u>(188,670)</u>	<u>(23,606)</u>	<u>–</u>	<u>(212,276)</u>

Valuation technique as at 31 December 2017

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Equities	406,893,309	–	–	406,893,309
Forward Currency Contracts	–	134,927	–	134,927
	<u>406,893,309</u>	<u>134,927</u>	<u>–</u>	<u>407,028,236</u>

Financial Liabilities

Forward Currency Contracts	–	(6,572)	–	(6,572)
Options	(529)	–	–	(529)
	<u>(529)</u>	<u>(6,572)</u>	<u>–</u>	<u>(7,101)</u>

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Notes to the Financial Statements (continued)**17. Risk Disclosures (continued)****Counterparty Risk**

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce Counterparty Risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. The counterparties to these transactions and any collateral held by the sub-fund at the balance sheet date are shown below:

Counterparty Name as at 31 December 2018	Exposure £	Cash Collateral £
The Bank of New York Mellon	69,449	—

Counterparty Name as at 31 December 2017	Exposure £	Cash Collateral £
The Bank of New York Mellon	134,927	—

Positive exposure represents the mark to market value of derivative contracts and the sub-fund's exposure to that counterparty.

18. Post balance sheet market movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per share of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no share classes where the net asset value per share has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the year end.

Distribution Tables

For the year ended 31 December 2018

First Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 31 March 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	First Quarter Distribution Paid 2018 Pence per Share	First Quarter Distribution Paid 2017 Pence per Share
Global Higher Dividend 'A' Income Shares				
Group 1	1.0846	—	1.0846	1.3506
Group 2	0.4580	0.6266	1.0846	1.3506
Global Higher Dividend 'A' Accumulation Shares				
Group 1	1.7952	—	1.7952	2.1544
Group 2	1.3244	0.4708	1.7952	2.1544
Global Higher Dividend 'D' Income Shares¹				
Group 1	1.1848	—	1.1848	1.4610
Group 2	1.1848	—	1.1848	1.4610
Global Higher Dividend 'D' Accumulation Shares¹				
Group 1	1.9681	—	1.9681	2.3432
Group 2	1.9681	—	1.9681	2.3432
Global Higher Dividend 'F' Income Shares¹				
Group 1	1.1251	—	1.1251	1.3943
Group 2	1.1251	—	1.1251	1.3943
Global Higher Dividend 'F' Accumulation Shares¹				
Group 1	1.8366	—	1.8366	2.1967
Group 2	1.8366	—	1.8366	2.1967
Global Higher Dividend 'I' Income Shares				
Group 1	1.1673	—	1.1673	1.4386
Group 2	0.7531	0.4142	1.1673	1.4386
Global Higher Dividend 'I' Accumulation Shares				
Group 1	1.9376	—	1.9376	2.3650
Group 2	1.7653	0.1723	1.9376	2.3650
Global Higher Dividend 'P' Income Shares				
Group 1	1.1318	—	1.1318	1.4065
Group 2	0.6929	0.4389	1.1318	1.4065
Global Higher Dividend 'P' Accumulation Shares				
Group 1	1.8717	—	1.8717	2.2335
Group 2	1.2100	0.6617	1.8717	2.2335
Global Higher Dividend 'X' Income Shares				
Group 1	1.0986	—	1.0986	1.3654
Group 2	0.8062	0.2924	1.0986	1.3654
Global Higher Dividend 'X' Accumulation Shares				
Group 1	1.8153	—	1.8153	2.1791
Group 2	1.2848	0.5305	1.8153	2.1791

Distribution Tables (continued)
First Quarter distribution in EUR cents per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 31 March 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	First Quarter Distribution Paid 2018 Cents per Share	First Quarter Distribution Paid 2017 Cents per Share
Global Higher Dividend 'A EUR' Income Shares				
Group 1	0.9922	—	0.9922	1.2885
Group 2	0.9415	0.0507	0.9922	1.2885
Global Higher Dividend 'A EUR' Accumulation Shares				
Group 1	1.2405	—	1.2405	1.5531
Group 2	1.1770	0.0635	1.2405	1.5531
Global Higher Dividend 'F EUR' Income Shares				
Group 1	1.0159	—	1.0159	1.3103
Group 2	0.7658	0.2501	1.0159	1.3103
Global Higher Dividend 'F EUR' Accumulation Shares¹				
Group 1	1.2726	—	1.2726	1.5866
Group 2	1.2726	—	1.2726	1.5866
Global Higher Dividend 'I EUR' Income Shares¹				
Group 1	1.0263	—	1.0263	1.3242
Group 2	1.0263	—	1.0263	1.3242
Global Higher Dividend 'I EUR' Accumulation Shares				
Group 1	1.2861	—	1.2861	1.6014
Group 2	1.2203	0.0658	1.2861	1.6014
Global Higher Dividend 'I EUR Hedged' Income Shares¹				
Group 1	1.2982	—	1.2982	1.5538
Group 2	1.2982	—	1.2982	1.5538
Global Higher Dividend 'I EUR Hedged' Accumulation Shares				
Group 1	1.3622	—	1.3622	1.5737
Group 2	0.7085	0.6537	1.3622	1.5737
Global Higher Dividend 'X EUR' Income Shares¹				
Group 1	1.0464	—	1.0464	2.8395
Group 2	1.0464	—	1.0464	2.8395
Global Higher Dividend 'X EUR' Accumulation Shares				
Group 1	1.2500	—	1.2500	1.5646
Group 2	1.0417	0.2083	1.2500	1.5646
Global Higher Dividend 'X EUR Hedged' Income Shares				
Group 1	1.1317	—	1.1317	1.3606
Group 2	1.0508	0.0809	1.1317	1.3606
Global Higher Dividend 'X EUR Hedged' Accumulation Shares				
Group 1	1.3302	—	1.3302	1.5449
Group 2	0.9497	0.3805	1.3302	1.5449

Distribution Tables (continued)

First Quarter distribution in US cents per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 31 March 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	First Quarter Distribution Paid 2018 Cents per Share	First Quarter Distribution Paid 2017 Cents per Share
Global Higher Dividend 'A USD' Income Shares¹				
Group 1	0.8888	—	0.8888	1.0136
Group 2	0.8888	—	0.8888	1.0136
Global Higher Dividend 'A USD' Accumulation Shares				
Group 1	1.1662	—	1.1662	1.2454
Group 2	0.9365	0.2297	1.1662	1.2454
Global Higher Dividend 'F USD' Income Shares¹				
Group 1	0.9183	—	0.9183	1.0168
Group 2	0.9183	—	0.9183	1.0168
Global Higher Dividend 'I USD' Income Shares¹				
Group 1	0.8999	—	0.8999	0.9221
Group 2	0.8999	—	0.8999	0.9221
Global Higher Dividend 'I USD' Accumulation Shares¹				
Group 1	1.2023	—	1.2023	1.2857
Group 2	1.2023	—	1.2023	1.2857

Distribution Tables (continued)

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 April 2018

Group 2: Shares purchased between 1 April 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Global Higher Dividend 'A' Income Shares				
Group 1	1.6808	—	1.6808	1.9303
Group 2	0.7968	0.8840	1.6808	1.9303
Global Higher Dividend 'A' Accumulation Shares				
Group 1	2.8033	—	2.8033	3.1131
Group 2	1.6309	1.1724	2.8033	3.1131
Global Higher Dividend 'D' Income Shares¹				
Group 1	1.8402	—	1.8402	2.0925
Group 2	1.8402	—	1.8402	2.0925
Global Higher Dividend 'D' Accumulation Shares¹				
Group 1	3.0796	—	3.0796	3.3866
Group 2	3.0796	—	3.0796	3.3866
Global Higher Dividend 'F' Income Shares				
Group 1	1.7454	—	1.7454	1.9950
Group 2	1.2604	0.4850	1.7454	1.9950
Global Higher Dividend 'F' Accumulation Shares¹				
Group 1	2.8693	—	2.8693	3.1719
Group 2	2.8693	—	2.8693	3.1719
Global Higher Dividend 'I' Income Shares				
Group 1	1.8115	—	1.8115	2.0537
Group 2	0.7706	1.0409	1.8115	2.0537
Global Higher Dividend 'I' Accumulation Shares				
Group 1	3.0296	—	3.0296	3.2304
Group 2	1.4897	1.5399	3.0296	3.2304
Global Higher Dividend 'P' Income Shares				
Group 1	1.7569	—	1.7569	2.0029
Group 2	1.0141	0.7428	1.7569	2.0029
Global Higher Dividend 'P' Accumulation Shares				
Group 1	2.9270	—	2.9270	3.2281
Group 2	1.3589	1.5681	2.9270	3.2281
Global Higher Dividend 'X' Income Shares				
Group 1	1.7033	—	1.7033	1.9534
Group 2	1.1392	0.5641	1.7033	1.9534
Global Higher Dividend 'X' Accumulation Shares				
Group 1	2.8353	—	2.8353	3.1415
Group 2	1.6797	1.1556	2.8353	3.1415

Distribution Tables (continued)

Interim distribution in EUR cents per share

Group 1: Shares purchased prior to 1 April 2018

Group 2: Shares purchased between 1 April 2018 and 30 June 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Interim Distribution Paid 2018 Cents per Share	Interim Distribution Paid 2017 Cents per Share
Global Higher Dividend 'A EUR' Income Shares				
Group 1	1.5214	—	1.5214	1.7633
Group 2	0.6450	0.8764	1.5214	1.7633
Global Higher Dividend 'A EUR' Accumulation Shares				
Group 1	1.9164	—	1.9164	2.1478
Group 2	0.6413	1.2751	1.9164	2.1478
Global Higher Dividend 'F EUR' Income Shares¹				
Group 1	1.5591	—	1.5591	1.8088
Group 2	1.5591	—	1.5591	1.8088
Global Higher Dividend 'F EUR' Accumulation Shares				
Group 1	1.9679	—	1.9679	2.2301
Group 2	0.7693	1.1986	1.9679	2.2301
Global Higher Dividend 'I EUR' Income Shares¹				
Group 1	1.5759	—	1.5759	1.8144
Group 2	1.5759	—	1.5759	1.8144
Global Higher Dividend 'I EUR' Accumulation Shares¹				
Group 1	1.9893	—	1.9893	2.2152
Group 2	1.9893	—	1.9893	2.2152
Global Higher Dividend 'I EUR Hedged' Income Shares¹				
Group 1	1.9562	—	1.9562	2.1605
Group 2	1.9562	—	1.9562	2.1605
Global Higher Dividend 'I EUR Hedged' Accumulation Shares¹				
Group 1	2.0681	—	2.0681	2.2086
Group 2	2.0681	—	2.0681	2.2086
Global Higher Dividend 'X EUR' Income Shares				
Group 1	1.6048	—	1.6048	1.8563
Group 2	0.2659	1.3389	1.6048	1.8563
Global Higher Dividend 'X EUR' Accumulation Shares				
Group 1	1.9320	—	1.9320	2.1632
Group 2	0.8693	1.0627	1.9320	2.1632
Global Higher Dividend 'X EUR Hedged' Income Shares				
Group 1	1.7038	—	1.7038	1.8905
Group 2	1.4781	0.2257	1.7038	1.8905
Global Higher Dividend 'X EUR Hedged' Accumulation Shares				
Group 1	2.0172	—	2.0172	2.1664
Group 2	1.2659	0.7513	2.0172	2.1664

Distribution Tables (continued)

Interim distribution in US cents per share

Group 1: Shares purchased prior to 1 April 2018

Group 2: Shares purchased between 1 April 2018 and 30 June 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Interim Distribution Paid 2018 Cents per Share	Interim Distribution Paid 2017 Cents per Share
Global Higher Dividend 'A USD' Income Shares¹				
Group 1	1.2874	—	1.2874	1.4577
Group 2	1.2874	—	1.2874	1.4577
Global Higher Dividend 'A USD' Accumulation Shares				
Group 1	1.7018	—	1.7018	1.8805
Group 2	1.4798	0.2220	1.7018	1.8805
Global Higher Dividend 'F USD' Income Shares¹				
Group 1	1.3312	—	1.3312	1.2607
Group 2	1.3312	—	1.3312	1.2607
Global Higher Dividend 'I USD' Income Shares¹				
Group 1	1.3034	—	1.3034	1.4677
Group 2	1.3034	—	1.3034	1.4677
Global Higher Dividend 'I USD' Accumulation Shares¹				
Group 1	1.7571	—	1.7571	1.9187
Group 2	1.7571	—	1.7571	1.9187

Distribution Tables (continued)
Third Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 30 September 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Third Quarter Distribution Paid 2018 Pence per Share	Third Quarter Distribution Paid 2017 Pence per Share
Global Higher Dividend 'A' Income Shares				
Group 1	1.2623	—	1.2623	1.0542
Group 2	0.3998	0.8625	1.2623	1.0542
Global Higher Dividend 'A' Accumulation Shares				
Group 1	2.1292	—	2.1292	1.7212
Group 2	1.1410	0.9882	2.1292	1.7212
Global Higher Dividend 'D' Income Shares				
Group 1	1.3858	—	1.3858	1.1454
Group 2	0.6820	0.7038	1.3858	1.1454
Global Higher Dividend 'D' Accumulation Shares¹				
Group 1	2.3453	—	2.3453	1.8765
Group 2	2.3453	—	2.3453	1.8765
Global Higher Dividend 'F' Income Shares¹				
Group 1	1.3128	—	1.3128	1.0906
Group 2	1.3128	—	1.3128	1.0906
Global Higher Dividend 'F' Accumulation Shares¹				
Group 1	2.1908	—	2.1908	1.7547
Group 2	2.1908	—	2.1908	1.7547
Global Higher Dividend 'I' Income Shares				
Group 1	1.3619	—	1.3619	1.1312
Group 2	0.6252	0.7367	1.3619	1.1312
Global Higher Dividend 'I' Accumulation Shares				
Group 1	2.3251	—	2.3251	1.8510
Group 2	1.1489	1.1762	2.3251	1.8510
Global Higher Dividend 'P' Income Shares				
Group 1	1.3219	—	1.3219	1.0954
Group 2	0.6087	0.7132	1.3219	1.0954
Global Higher Dividend 'P' Accumulation Shares				
Group 1	2.2272	—	2.2272	1.7859
Group 2	0.6242	1.6030	2.2272	1.7859
Global Higher Dividend 'X' Income Shares				
Group 1	1.2798	—	1.2798	1.0666
Group 2	0.7656	0.5142	1.2798	1.0666
Global Higher Dividend 'X' Accumulation Shares¹				
Group 1	2.1541	—	2.1541	1.7390
Group 2	2.1541	—	2.1541	1.7390

Distribution Tables (continued)
Third Quarter distribution in EUR cents per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 30 September 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Third Quarter Distribution Paid 2018 Cents per Share	Third Quarter Distribution Paid 2017 Cents per Share
Global Higher Dividend 'A EUR' Income Shares				
Group 1	1.1398	—	1.1398	0.9575
Group 2	0.5614	0.5784	1.1398	0.9575
Global Higher Dividend 'A EUR' Accumulation Shares¹				
Group 1	1.4513	—	1.4513	1.1817
Group 2	1.4513	—	1.4513	1.1817
Global Higher Dividend 'F EUR' Income Shares¹				
Group 1	1.1698	—	1.1698	0.9764
Group 2	1.1698	—	1.1698	0.9764
Global Higher Dividend 'F EUR' Accumulation Shares¹				
Group 1	1.4932	—	1.4932	1.2081
Group 2	1.4932	—	1.4932	1.2081
Global Higher Dividend 'I EUR' Income Shares¹				
Group 1	1.1827	—	1.1827	0.9871
Group 2	1.1827	—	1.1827	0.9871
Global Higher Dividend 'I EUR' Accumulation Shares				
Group 1	1.5090	—	1.5090	1.2197
Group 2	0.7425	0.7665	1.5090	1.2197
Global Higher Dividend 'I EUR Hedged' Income Shares¹				
Group 1	1.4415	—	1.4415	1.2315
Group 2	1.4415	—	1.4415	1.2315
Global Higher Dividend 'I EUR Hedged' Accumulation Shares				
Group 1	1.5428	—	1.5428	1.2729
Group 2	1.2599	0.2829	1.5428	1.2729
Global Higher Dividend 'X EUR' Income Shares¹				
Group 1	1.2029	—	1.2029	1.0080
Group 2	1.2029	—	1.2029	1.0080
Global Higher Dividend 'X EUR' Accumulation Shares				
Group 1	1.4643	—	1.4643	1.1885
Group 2	0.6404	0.8239	1.4643	1.1885
Global Higher Dividend 'X EUR Hedged' Income Shares¹				
Group 1	1.2540	—	1.2540	1.0762
Group 2	1.2540	—	1.2540	1.0762
Global Higher Dividend 'X EUR Hedged' Accumulation Shares				
Group 1	1.5018	—	1.5018	1.2473
Group 2	0.7673	0.7345	1.5018	1.2473

Distribution Tables (continued)

Third Quarter distribution in US cents per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 30 September 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Third Quarter Distribution Paid 2018 Cents per Share	Third Quarter Distribution Paid 2017 Cents per Share
Global Higher Dividend 'A USD' Income Shares¹				
Group 1	0.9586	—	0.9586	0.8236
Group 2	0.9586	—	0.9586	0.8236
Global Higher Dividend 'A USD' Accumulation Shares				
Group 1	1.2831	—	1.2831	1.0642
Group 2	0.2769	1.0062	1.2831	1.0642
Global Higher Dividend 'F USD' Income Shares¹				
Group 1	0.9942	—	0.9942	0.8470
Group 2	0.9942	—	0.9942	0.8470
Global Higher Dividend 'I USD' Income Shares¹				
Group 1	0.9728	—	0.9728	0.8263
Group 2	0.9728	—	0.9728	0.8263
Global Higher Dividend 'I USD' Accumulation Shares¹				
Group 1	1.3269	—	1.3269	1.0934
Group 2	1.3269	—	1.3269	1.0934

Distribution Tables (continued)
Final distribution in pence per share

Group 1: Shares purchased prior to 1 October 2018

Group 2: Shares purchased between 1 October 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Global Higher Dividend 'A' Income Shares				
Group 1	1.2338	—	1.2338	1.0122
Group 2	0.5110	0.7228	1.2338	1.0122
Global Higher Dividend 'A' Accumulation Shares				
Group 1	2.0975	—	2.0975	1.6646
Group 2	1.3437	0.7538	2.0975	1.6646
Global Higher Dividend 'D' Income Shares				
Group 1	1.3581	—	1.3581	1.1030
Group 2	0.9358	0.4223	1.3581	1.1030
Global Higher Dividend 'D' Accumulation Shares¹				
Group 1	2.3169	—	2.3169	1.8201
Group 2	2.3169	—	2.3169	1.8201
Global Higher Dividend 'F' Income Shares¹				
Group 1	1.2847	—	1.2847	1.0488
Group 2	1.2847	—	1.2847	1.0488
Global Higher Dividend 'F' Accumulation Shares¹				
Group 1	2.1541	—	2.1541	1.6996
Group 2	2.1541	—	2.1541	1.6996
Global Higher Dividend 'I' Income Shares				
Group 1	1.3344	—	1.3344	1.0876
Group 2	0.9030	0.4314	1.3344	1.0876
Global Higher Dividend 'I' Accumulation Shares				
Group 1	2.2758	—	2.2758	1.7935
Group 2	1.6431	0.6327	2.2758	1.7935
Global Higher Dividend 'P' Income Shares				
Group 1	1.2948	—	1.2948	1.0542
Group 2	0.8028	0.4920	1.2948	1.0542
Global Higher Dividend 'P' Accumulation Shares				
Group 1	2.1991	—	2.1991	1.7320
Group 2	1.8295	0.3696	2.1991	1.7320
Global Higher Dividend 'X' Income Shares				
Group 1	1.2513	—	1.2513	1.0251
Group 2	0.8269	0.4244	1.2513	1.0251
Global Higher Dividend 'X' Accumulation Shares				
Group 1	2.1235	—	2.1235	1.6825
Group 2	1.9733	0.1502	2.1235	1.6825

Distribution Tables (continued)
Final distribution in EUR cents per share

Group 1: Shares purchased prior to 1 October 2018

Group 2: Shares purchased between 1 October 2018 and 31 December 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Final Distribution Paid 2019 Cents per Share	Final Distribution Paid 2018 Cents per Share
Global Higher Dividend 'A EUR' Income Shares				
Group 1	1.1023	—	1.1023	0.9149
Group 2	0.6625	0.4398	1.1023	0.9149
Global Higher Dividend 'A EUR' Accumulation Shares				
Group 1	1.4154	—	1.4154	1.1362
Group 2	1.1582	0.2572	1.4154	1.1362
Global Higher Dividend 'F EUR' Income Shares¹				
Group 1	1.1327	—	1.1327	0.9354
Group 2	1.1327	—	1.1327	0.9354
Global Higher Dividend 'F EUR' Accumulation Shares¹				
Group 1	1.4573	—	1.4573	1.1641
Group 2	1.4573	—	1.4573	1.1641
Global Higher Dividend 'I EUR' Income Shares¹				
Group 1	1.1458	—	1.1458	0.9446
Group 2	1.1458	—	1.1458	0.9446
Global Higher Dividend 'I EUR' Accumulation Shares¹				
Group 1	1.4745	—	1.4745	1.1759
Group 2	1.4745	—	1.4745	1.1759
Global Higher Dividend 'I EUR Hedged' Income Shares¹				
Group 1	1.3770	—	1.3770	1.1722
Group 2	1.3770	—	1.3770	1.1722
Global Higher Dividend 'I EUR Hedged' Accumulation Shares				
Group 1	1.4844	—	1.4844	1.2220
Group 2	1.2019	0.2825	1.4844	1.2220
Global Higher Dividend 'X EUR' Income Shares¹				
Group 1	1.1635	—	1.1635	0.9645
Group 2	1.1635	—	1.1635	0.9645
Global Higher Dividend 'X EUR' Accumulation Shares				
Group 1	1.4281	—	1.4281	1.1445
Group 2	0.9402	0.4879	1.4281	1.1445
Global Higher Dividend 'X EUR Hedged' Income Shares¹				
Group 1	1.1963	—	1.1963	1.0231
Group 2	1.1963	—	1.1963	1.0231
Global Higher Dividend 'X EUR Hedged' Accumulation Shares				
Group 1	1.4442	—	1.4442	1.1951
Group 2	1.0072	0.4370	1.4442	1.1951

Distribution Tables (continued)

Final distribution in US cents per share

Group 1: Shares purchased prior to 1 October 2018

Group 2: Shares purchased between 1 October 2018 and 31 December 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Final Distribution Paid 2019 Cents per Share	Final Distribution Paid 2018 Cents per Share
Global Higher Dividend 'A USD' Income Shares¹				
Group 1	0.9158	—	0.9158	0.7973
Group 2	0.9158	—	0.9158	0.7973
Global Higher Dividend 'A USD' Accumulation Shares				
Group 1	1.2361	—	1.2361	1.0394
Group 2	0.5418	0.6943	1.2361	1.0394
Global Higher Dividend 'F USD' Income Shares¹				
Group 1	0.9501	—	0.9501	0.8221
Group 2	0.9501	—	0.9501	0.8221
Global Higher Dividend 'I USD' Income Shares²				
Group 1	—	—	—	0.7633
Group 2	—	—	—	0.7633
Global Higher Dividend 'I USD' Accumulation Shares¹				
Group 1	1.2789	—	1.2789	1.0697
Group 2	1.2789	—	1.2789	1.0697

¹There were no group 2 shares for this period.

²Share class closed on 5 November 2018.

Investment Objective and Policy

Sarasin Global Higher Dividend (Sterling Hedged) seeks to achieve long-term capital growth in Pounds Sterling terms whilst also generating an income yield of at least 50% higher than the MSCI All Countries World Index (Net).

In order to achieve the investment objective, it is intended that the sub-fund will invest predominantly in global equities which satisfy one or more investment themes identified by the ACD that are expected to be key drivers of corporate profitability, investment performance, and yield.

The sub-fund may also invest in transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities and deposits. Cash and near cash may also be held by the sub-fund. It is the intention of the ACD that any foreign currency exposure should be hedged back into Pounds Sterling. This will typically be achieved via a currency future or currency option.

It is intended that derivatives will be used and held by the sub-fund predominantly for the purpose of income generation. However, any position entered into for income generation will be considered in the context of long-term capital growth. Derivatives may also be used to reduce volatility or protect investors' capital. The sub-fund may also borrow and employ stock lending techniques in accordance with the rules in COLL.

The sub-fund's investment powers in relation to derivatives and warrants means that for regulatory purposes it will be regarded as a high volatility fund. However, the Investment Manager's expectation is that the use of derivative techniques and investment in warrants will have the overall effect of reducing the volatility of returns, reflecting the investment policy for the Company generally.

Sensitivity Analysis

The sub-fund invests in equities with a bias to equities with higher yields. The sub-fund will then use options on individual stocks to implement views on specific stocks and to increase the yield on the sub-fund by selling options on stocks. In addition, the sub-fund will sell currency exposures gained from overseas equity holdings. This is done through the use of FX forwards, and the Sterling exposure range is from 85% to 100%.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Global Higher Dividend (Sterling Hedged), as at 31 December 2018, was 6.49% (31 December 2017: 8.47%). The lowest, highest, and average utilisation in the year was 5.22%, 8.99%, and 6.94%, respectively (31 December 2017: 8.24%, 11.10%, and 9.60%, respectively).

Investment Review

In 2018 the MSCI World Index (total return, USD) had its worst year since the -40.7% fall in 2008. The magnitude at -8.7% was significantly less and should be placed into context of coming after 2017 which had seen the index move 22.4% higher. The year clearly characterized a change in global sentiment with multi-year highs being hit in January as the Trump tax cuts were being digested and their positive impact on corporate profitability in the United States continued to be supported by a simultaneous global economic expansion. This shifted during the year to one of a fragile global growth outlook, an end to quantitative easing, competition for capital from cash for the first time in a decade, escalation of global trade rhetoric and more concerns than solutions to Brexit in Europe. This manifested itself in a significant market derating, a pick-up in volatility and particularly in December the markets hitting lows for the year in a risk off environment. The sub-fund outperformed its Index, its peer group and had one of the lowest drawdowns versus its peers during 2018. The risk-adjusted returns were strong as the sub-fund beat both the Index and the Peer group with significantly less volatility.

This backdrop clearly supported holdings in our 'Cash Harvest' and 'Defensive Franchise' Corporate characteristic segments. These areas had been significantly increased in weight over the course of 2018 as we looked to secure the gains that the portfolio had made over previous years with particular focus on sensible valuations, strong balance sheets, returns above costs of capital and dividend security. Top contributors were thematically driven with Ageing, Digitalization and Climate Change driving Pfizer, CME and NextEra Energy to be the top contributors over the year. Pfizer clearly benefitted from a shift in focus to the future of its pipeline assets, rather than a focus on the patent cliff of the past. When this is amalgamated with a low valuation level at the start of the year and low expectations, it provided a powerful driver of performance. The optionality still held in the pipeline is still underappreciated and provides multi-year support for the stock although some of the valuation re-rating has dissipated. CME benefitted from both market volatility and also its sensible acquisition of the NEX group while NextEra Energy continues to consolidate and grow its market leadership position in renewables in North America.

Investment Review (continued)

The Information Technology sector was a clear detractor of performance over the year, as the disruption and growth available here unfortunately does not marry with dividend pay-out levels that the sub-fund requires. The sub-fund did however avoid being drawn into legacy technology traps and added to the sector with the addition of Texas Instruments during the year. 'Cyclical Franchise' stocks of ING Groep and Prudential, and 'Disruptive Growth' stock BlackRock were the three largest detractors in the risk off market as European risks weighed on European banks which moved from 1x price to book valuations to 0.7x over the course of 2018, Asian risks weighed on Prudential and lower market levels concerned the market in regard to BlackRock. ING Groep was clearly impacted by the fine placed on the company in regard to money laundering and had a premium valuation to European banks eroded as a result.

The sub-fund was improved over the course of 2018. It was made more liquid by the sale of 3i Infrastructure, Eurocommercial Properties, and Samsonite International. It was made more thematic by selling Leggett & Platt and Schlumberger. Dividend growth was supported through the sale of 1&1 Drillisch and SES and finally valuation discipline was upheld in the sale of Kimberly-Clark. Significant additions to the portfolio improved the robust nature of the portfolio, with Bridgestone having low valuations and a strong balance sheet whilst being a global leading tyre manufacturer with a strong free cash flow covered dividend. Texas Instruments is clearly thematic, whilst also being a lowest cost provider of analogue to digital chipsets and again having a very strong net cash balance sheet and sensible dividend return policy. Both of these stocks are 'Cash Harvest' in their designation of corporate characteristics. UBS was added as it changed its dividend policy to a more sustainable profile going forward whilst also having an underappreciated Swiss banking and Asian wealth management franchise. Orsted, in the 'Climate Change' thematic, was added to the portfolio and as the leading global wind turbine installer it has clearly shifted its business away from carbon intensive electricity generation methods to new lower carbon forms of sustainable electricity generation. Reckitt Benckiser was added to the portfolio after they stepped away from potentially buying Pfizer's consumer healthcare business which would have stretched the balance sheet too far in our opinion. The valuation level had been suppressed as a result and provided an attractive entry point for the fund. Smaller additions to exiting holdings were made during 2018 to Crown Castle International, CME, BT, Simon Property and Unilever at attractively viewed levels. Overall, these shifts added roughly 80 basis points of additional return to the portfolio during the period under review.

Outlook

The inversion of the yield curve in the United States signifies that the bond markets are expecting a recession. The timing of this is uncertain but it clearly highlights the fact that the Quantitative Easing policies of the last decade, which were put in place to inflate asset prices and avoid a deflationary 'Japanese style' downward trajectory are being reversed. It should therefore not be a surprise that asset prices fall in this environment, as most or all did in 2018 in US dollar terms. However, this must be nuanced with what valuation levels

are given the discounting mechanism of equity markets. A significant de-rating has taken place through the past 12 months and this provides the opportunity to buy assets at more attractive levels if you have reasonable certainty around the profits being generated in the coming years. Fortunately, we are constantly looking for low volatility profit streams at reasonable valuations, so this environment should provide us with the opportunity to add new positions that may have historically been good companies but just too expensive. Equity markets are an attractive place versus bonds to find sustainable income that can grow over time and therefore hedge against potential inflation risks. You will find more volatility in the asset class but for the long term investor this should be less of an issue and actually an opportunity. It is clear that we live in a world of disruption, and the use of thematics to avoid declining industries is more important than ever given that the cost of capital will likely continue to rise from unsustainably low levels as Quantitative Easing is withdrawn. Discipline in our process helps avoid both 'value' and 'disruption' traps that present themselves in areas such as tobacco and legacy technology stocks which offer high income levels but fading business prospects. There is always a reason to worry, but equity markets tend to rise over the long term as corporate weaklings are weeded out and capitalism allocates capital to the winners. We will continue to allocate to companies that create value in the global economy, lead on stewardship or are embracing positive change, whilst thinking longer term and remaining actively thematic to try to avoid capital loss. We achieved this in 2018 and must continue to persevere into 2019 with the same approach of constant improvement. Thank you for your support.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Top 10 purchases during the year

Texas Instruments
Bridgestone
UBS
Orsted
Reckitt Benckiser
Crown Castle International
CME
BT
Unilever
Simon Property

Top 10 sales during the year

3i Infrastructure
1&1 Drillisch
Leggett & Platt
Schlumberger
Eurocommercial Properties
Samsonite International
JPMorgan Chase
Kimberly-Clark
Union Pacific
CME

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 355 to 365 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

SARASIN Global Higher Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables

Global Higher Dividend (Sterling Hedged) 'A' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	156.88	142.76	139.44
Return before operating charges*	(8.01)	22.01	10.60
Operating charges	(2.63)	(2.60)	(2.42)
Return after operating charges*	(10.64)	19.41	8.18
Distributions on income shares	(5.36)	(5.29)	(4.86)
Closing net asset value per share	140.88	156.88	142.76
* after direct transaction costs of ¹ :	0.06	0.16	0.19
Performance			
Return after charges ²	(6.78)%	13.60%	5.87%
Other Information			
Closing net asset value (£'000)	3,534	3,959	3,923
Closing number of shares	2,508,923	2,523,982	2,747,854
Operating charges ³	1.73%	1.73%	1.74%
Direct transaction costs	0.04%	0.11%	0.14%
Prices			
Highest share price	161.50p	158.30p	145.20p
Lowest share price	140.40p	142.50p	125.20p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Higher Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Higher Dividend (Sterling Hedged) 'A' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	226.34	198.90	187.79
Return before operating charges*	(11.81)	31.12	14.39
Operating charges	(3.85)	(3.68)	(3.28)
Return after operating charges*	(15.66)	27.44	11.11
Distributions	(7.84)	(7.47)	(6.65)
Retained distributions on accumulation shares	7.84	7.47	6.65
Closing net asset value per share	210.68	226.34	198.90
* after direct transaction costs of ¹ :	0.09	0.23	0.26
Performance			
Return after charges ²	(6.92)%	13.80%	5.91%
Other Information			
Closing net asset value (£'000)	277	422	375
Closing number of shares	131,529	186,305	188,534
Operating charges ³	1.73%	1.73%	1.74%
Direct transaction costs	0.04%	0.11%	0.14%
Prices			
Highest share price	233.00p	226.90p	199.60p
Lowest share price	208.00p	198.60p	168.50p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Higher Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Higher Dividend (Sterling Hedged) 'D' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	167.80	151.18	146.20
Return before operating charges*	(8.61)	23.42	11.18
Operating charges	(1.19)	(1.17)	(1.08)
Return after operating charges*	(9.80)	22.25	10.10
Distributions on income shares	(5.77)	(5.63)	(5.12)
Closing net asset value per share	152.23	167.80	151.18
* after direct transaction costs of ¹ :	0.07	0.17	0.20
Performance			
Return after charges ²	(5.84)%	14.72%	6.91%
Other Information			
Closing net asset value (£'000)	8,824	5,947	6,498
Closing number of shares	5,796,764	3,543,851	4,298,168
Operating charges ³	0.73%	0.73%	0.74%
Direct transaction costs	0.04%	0.11%	0.14%
Prices			
Highest share price	172.80p	169.30p	153.30p
Lowest share price	151.70p	151.00p	131.40p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Higher Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Higher Dividend (Sterling Hedged) 'D' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	246.52	214.47	200.43
Return before operating charges*	(12.96)	33.74	15.55
Operating charges	(1.78)	(1.69)	(1.51)
Return after operating charges*	(14.74)	32.05	14.04
Distributions	(8.58)	(8.09)	(7.11)
Retained distributions on accumulation shares	8.58	8.09	7.11
Closing net asset value per share	231.78	246.52	214.47
* after direct transaction costs of ¹ :	0.10	0.25	0.28
Performance			
Return after charges ²	(5.98)%	14.94%	7.00%
Other Information			
Closing net asset value (£'000)	2,110	4,104	2,837
Closing number of shares	910,258	1,664,648	1,322,903
Operating charges ³	0.73%	0.73%	0.74%
Direct transaction costs	0.04%	0.11%	0.14%
Prices			
Highest share price	253.90p	247.10p	215.10p
Lowest share price	228.80p	214.30p	180.10p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Global Higher Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Higher Dividend (Sterling Hedged) 'F' Income Shares

	2018 (pence per share)	2017 ¹ (pence per share)
Change in Net Asset Value per Share		
Opening net asset value per share	157.61	147.10
Return before operating charges*	(8.07)	15.80
Operating charges	(1.89)	(1.32)
Return after operating charges*	(9.96)	14.48
Distributions on income shares	(5.40)	(3.97)
Closing net asset value per share	142.25	157.61
* after direct transaction costs of ² :	0.06	0.16
Performance		
Return after charges ³	(6.32)%	9.84%
Other Information		
Closing net asset value (£'000)	53	59
Closing number of shares	37,339	37,339
Operating charges ⁴	1.23%	1.23%
Direct transaction costs	0.04%	0.11%
Prices		
Highest share price	162.30p	159.00p
Lowest share price	141.70p	142.50p

¹Share class launched 19 April 2017.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Higher Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Higher Dividend (Sterling Hedged) 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	165.55	149.67	145.25
Return before operating charges*	(8.52)	23.15	11.09
Operating charges	(1.74)	(1.71)	(1.58)
Return after operating charges*	(10.26)	21.44	9.51
Distributions on income shares	(5.68)	(5.56)	(5.09)
Closing net asset value per share	149.61	165.55	149.67
* after direct transaction costs of ¹ :	0.07	0.17	0.20
Performance			
Return after charges ²	(6.20)%	14.32%	6.55%
Other Information			
Closing net asset value (£'000)	51,719	88,034	87,562
Closing number of shares	34,568,440	53,176,492	58,501,777
Operating charges ³	1.08%	1.08%	1.09%
Direct transaction costs	0.04%	0.11%	0.14%
Prices			
Highest share price	170.50p	167.00p	151.90p
Lowest share price	149.10p	149.50p	130.50p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Global Higher Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Higher Dividend (Sterling Hedged) 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	242.70	211.89	198.72
Return before operating charges*	(12.64)	33.26	15.37
Operating charges	(2.56)	(2.45)	(2.20)
Return after operating charges*	(15.20)	30.81	13.17
Distributions	(8.43)	(7.98)	(7.04)
Retained distributions on accumulation shares	8.43	7.98	7.04
Closing net asset value per share	227.50	242.70	211.89
* after direct transaction costs of ¹ :	0.10	0.25	0.28
Performance			
Return after charges ²	(6.26)%	14.54%	6.63%
Other Information			
Closing net asset value (£'000)	7,297	1,046	936
Closing number of shares	3,207,546	431,057	441,838
Operating charges ³	1.08%	1.08%	1.09%
Direct transaction costs	0.04%	0.11%	0.14%
Prices			
Highest share price	249.90p	243.30p	212.50p
Lowest share price	224.60p	211.70p	178.50p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

SARASIN Global Higher Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Higher Dividend (Sterling Hedged) 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	163.52	147.68	143.13
Return before operating charges*	(8.41)	22.87	10.98
Operating charges	(1.56)	(1.53)	(1.42)
Return after operating charges*	(9.97)	21.34	9.56
Distributions on income shares	(5.61)	(5.50)	(5.01)
Closing net asset value per share	147.94	163.52	147.68
* after direct transaction costs of ¹ :	0.07	0.17	0.20
Performance			
Return after charges ²	(6.10)%	14.45%	6.68%
Other Information			
Closing net asset value (£'000)	4,211	5,476	4,342
Closing number of shares	2,846,162	3,348,973	2,940,113
Operating charges ³	0.98%	0.98%	0.99%
Direct transaction costs	0.04%	0.11%	0.14%
Prices			
Highest share price	168.40p	165.00p	149.80p
Lowest share price	147.40p	147.50p	128.60p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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SARASIN Global Higher Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Higher Dividend (Sterling Hedged) 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	235.71	205.58	192.54
Return before operating charges*	(12.33)	32.29	15.00
Operating charges	(2.29)	(2.16)	(1.96)
Return after operating charges*	(14.62)	30.13	13.04
Distributions	(8.20)	(7.75)	(6.82)
Retained distributions on accumulation shares	8.20	7.75	6.82
Closing net asset value per share	221.09	235.71	205.58
* after direct transaction costs of ¹ :	0.10	0.24	0.27
Performance			
Return after charges ²	(6.20)%	14.66%	6.77%
Other Information			
Closing net asset value (£'000)	1,705	7,122	5,579
Closing number of shares	771,159	3,021,665	2,714,015
Operating charges ³	0.98%	0.98%	0.99%
Direct transaction costs	0.04%	0.11%	0.14%
Prices			
Highest share price	242.70p	236.20p	206.20p
Lowest share price	218.30p	205.40p	172.90p

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SARASIN Global Higher Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Higher Dividend (Sterling Hedged) 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	158.16	143.70	140.15
Return before operating charges*	(8.08)	22.18	10.66
Operating charges	(2.43)	(2.39)	(2.22)
Return after operating charges*	(10.51)	19.79	8.44
Distributions on income shares	(5.41)	(5.33)	(4.89)
Closing net asset value per share	142.24	158.16	143.70
* after direct transaction costs of ¹ :	0.06	0.16	0.19
Performance			
Return after charges ²	(6.65)%	13.77%	6.02%
Other Information			
Closing net asset value (£'000)	37,371	42,659	39,400
Closing number of shares	26,272,464	26,972,118	27,418,006
Operating charges ³	1.58%	1.58%	1.59%
Direct transaction costs	0.04%	0.11%	0.14%
Prices			
Highest share price	162.80p	159.60p	146.10p
Lowest share price	141.70p	143.40p	125.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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SARASIN Global Higher Dividend (Sterling Hedged)

Sub-fund Information (continued)

Comparative Tables (continued)

Global Higher Dividend (Sterling Hedged) 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	232.72	204.22	192.49
Return before operating charges*	(12.13)	31.95	14.82
Operating charges	(3.62)	(3.45)	(3.09)
Return after operating charges*	(15.75)	28.50	11.73
Distributions	(8.07)	(7.67)	(6.80)
Retained distributions on accumulation shares	8.07	7.67	6.80
Closing net asset value per share	216.97	232.72	204.22
* after direct transaction costs of ¹ :	0.10	0.24	0.27
Performance			
Return after charges ²	(6.77)%	13.96%	6.09%
Other Information			
Closing net asset value (£'000)	3,040	3,814	4,184
Closing number of shares	1,400,962	1,638,876	2,048,640
Operating charges ³	1.58%	1.58%	1.59%
Direct transaction costs	0.04%	0.11%	0.14%
Prices			
Highest share price	239.50p	233.30p	204.90p
Lowest share price	214.20p	203.90p	172.80p

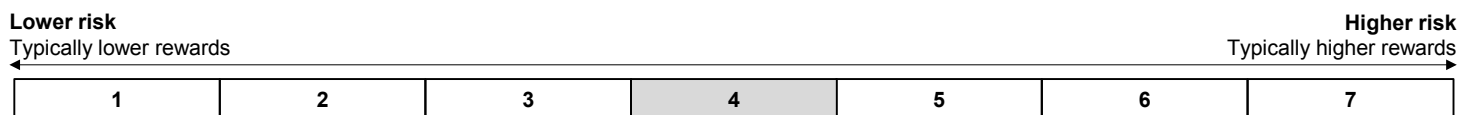
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Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The following risks may not be fully captured by the Indicator:

Liquidity Risk: If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction to liquidate a position at an advantageous price, to assess or value a position or to assess the exposure to risk. An adverse price movement in a derivative position may also require a cash payment to counterparties that might in turn require, if there is insufficient cash available in a fund, the sale of investments under disadvantageous conditions.

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Leverage: This means that the exposure to the underlying market or asset may be greater than 100%. Leverage has the potential to magnify gains or losses on the underlying. You should be aware that, if the underlying moves in the opposite direction to that anticipated by you, the losses incurred will be greater in percentage terms than those incurred by a direct investment in the underlying itself. The prices of leveraged products can therefore be volatile.

Derivatives: The sub-fund actively invests in derivatives, such as futures, options and swaps, which are linked to the rise and fall of other assets. Derivatives will be used both to achieve the investment objective, and to simply reduce the risk or manage the sub-fund more efficiently. The price movements in these assets can result in larger movements of the sub-fund share price and may create losses greater than the cost of the derivative.

Market Risk: This is a general risk that the value of a particular derivative may change in a way which may be detrimental to the sub-funds' interests and the use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to, the sub-funds' investment objectives and derivatives used to generate additional income may constrain capital growth.

Currency Hedged Class: Hedging activities may not be entirely effective in achieving the purpose for which they have been entered into. Currency hedging can also reduce and may completely offset gains in market circumstances that would otherwise have been beneficial had the position not been hedged.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 33.63% (31 December 2017 - 29.54%)			
137,100	Bridgestone	4,152,255	3.46
1,399,447	BT	3,260,718	2.71
40,851	Crown Castle International	3,484,651	2.90
840,244	Enel	3,802,580	3.16
7,318	Equinix	2,026,182	1.69
81,610	KAR Auction Services	3,057,812	2.55
138,215	Royal Dutch Shell 'B'	3,230,085	2.69
1,086,451	Scentre	2,342,148	1.95
215,834	Sonic Healthcare	2,636,645	2.19
113,536	Taiwan Semiconductor Manufacturing ADR	3,288,586	2.74
45,707	Texas Instruments	3,391,419	2.82
83,692	Total	3,469,030	2.89
20,830	Union Pacific	2,260,127	1.88
		40,402,238	33.63
Corporate Restructuring 1.57% (31 December 2017 - 0.00%)			
194,136	UBS	1,891,083	1.57
		1,891,083	1.57
Cyclical Franchise 27.48% (31 December 2017 - 32.58%)			
54,105	Bank of Nova Scotia	2,113,210	1.76
27,809	CME	4,107,373	3.42
203,028	ING Groep	1,714,809	1.43
26,756	JPMorgan Chase	2,052,918	1.71
4,236,493	Lloyds Banking	2,193,232	1.82
48,138	Novartis	3,221,431	2.68
137,995	Pfizer	4,728,409	3.94
200,908	Prudential	2,816,730	2.34
14,889	Roche	2,885,858	2.40
32,223	United Parcel Service	2,467,326	2.05
27,721	United Technologies	2,316,976	1.93
66,367	Wells Fargo	2,401,739	2.00
		33,020,011	27.48
Defensive Franchise 27.90% (31 December 2017 - 24.40%)			
17,539	3M	2,623,138	2.18
(175)	3M Call Option 210 18/01/2019	(2,336)	—
159,258	Admiral	3,244,085	2.70
30,993	Air Products & Chemicals	3,895,053	3.24
(309)	Air Products & Chemicals Call Option 165 18/01/2019	(35,180)	(0.03)
79,534	Cinemark	2,236,269	1.86
50,645	Colgate-Palmolive	2,366,826	1.97
1,708	Givaudan	3,094,905	2.58
27,271	NextEra Energy	3,722,140	3.10
(272)	NextEra Energy Call Option 180 18/01/2019	(21,357)	(0.02)
33,899	Reckitt Benckiser	2,037,670	1.70
45,631	Swiss Re	3,273,181	2.72
98,458	Unilever	4,045,147	3.37

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Defensive Franchise (continued)			
1,522,800	Wal-Mart De Mexico	3,035,041	2.53
		33,514,582	27.90
Disruptive Growth 4.33% (31 December 2017 - 5.49%)			
8,932	BlackRock	2,756,254	2.30
46,635	Orsted	2,441,130	2.03
		5,197,384	4.33
Special Situation 2.69% (31 December 2017 - 4.10%)			
24,499	Simon Property	3,231,652	2.69
		3,231,652	2.69
Strategic Holdings 0.00% (31 December 2017 - 2.74%)			
Forward Currency Contracts 0.62% (31 December 2017 - 0.27%)			
AUD (8,493,000)	Sold AUD, Bought GBP 4,843,870 for settlement on 20/03/2019	160,079	0.13
CAD (2,955,000)	Sold CAD, Bought GBP 1,745,978 for settlement on 20/03/2019	50,362	0.04
CHF (17,929,000)	Sold CHF, Bought GBP 14,467,038 for settlement on 20/03/2019	138,987	0.12
DKK (16,340,000)	Sold DKK, Bought GBP 1,985,299 for settlement on 20/03/2019	14,073	0.01
EUR (9,554,700)	Sold EUR, Bought GBP 8,660,189 for settlement on 20/03/2019	61,556	0.05
CHF 842,700	Bought CHF, Sold GBP 675,349 for settlement on 20/03/2019	(1,901)	—
USD 1,438,000	Bought USD, Sold GBP 1,125,689 for settlement on 20/03/2019	(658)	—
USD 1,569,000	Bought USD, Sold GBP 1,233,950 for settlement on 20/03/2019	(6,430)	(0.01)
USD 1,255,000	Bought USD, Sold GBP 985,125 for settlement on 20/03/2019	(3,265)	—
USD 1,880,000	Bought USD, Sold GBP 1,477,929 for settlement on 20/03/2019	(7,096)	(0.01)
JPY (535,099,003)	Sold JPY, Bought GBP 3,761,812 for settlement on 20/03/2019	(76,645)	(0.06)
MXN (65,950,000)	Sold MXN, Bought GBP 2,534,599 for settlement on 20/03/2019	(55,537)	(0.05)
USD (75,561,300)	Sold USD, Bought GBP 59,583,882 for settlement on 20/03/2019	467,866	0.39

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Forward Currency Contracts (continued)			
USD (1,402,000)	Sold USD, Bought GBP 1,104,859 for settlement on 20/03/2019	7,993	0.01
		749,384	0.62
Total Value of Investments 98.22% (31 December 2017 - 99.12%)			
		118,006,334	98.22
	Net Other Assets	2,134,337	1.78
	Net assets	120,140,671	100.00

All holdings are ordinary shares of stock and are listed on an official stock exchange unless otherwise stated.

Asset Allocation of Portfolio of Investments is as follows:

Derivatives	(58,873)	(0.05)
Equities	117,315,823	97.65
Forward Currency Contracts	749,384	0.62
Net Other Assets	2,134,337	1.78
	120,140,671	100.00

SARASIN Global Higher Dividend (Sterling Hedged)

Statement of Total Return

For the year ended 31 December 2018

	Notes ¹	£	31.12.2018 £	31.12.2017 £
Income				
Net capital (losses)/gains	4		(12,497,438)	17,703,101
Revenue	6	5,681,022	5,951,964	
Expenses	7	(1,758,845)	(1,933,695)	
Interest payable and similar charges	9	(698)	(513)	
Net revenue before taxation		3,921,479	4,017,756	
Taxation	8	(467,573)	(215,714)	
Net revenue after taxation for the year			3,453,906	3,802,042
Total returns before distributions			(9,043,532)	21,505,143
Distributions	9		(5,056,772)	(5,598,972)
Changes in net assets attributable to shareholders from investment activities			(14,100,304)	15,906,171

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

	Note ¹	£	31.12.2018 £	31.12.2017 £
Opening net assets attributable to shareholders			162,642,385	155,635,931
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		18,198,571	18,736,801	
Less: amounts paid on cancellation of shares		(47,133,154)	(28,162,201)	
			(28,934,583)	(9,425,400)
Single swing price adjustment			18,771	5,060
Changes in net assets attributable to shareholders from investment activities (see above)			(14,100,304)	15,906,171
Retained distribution on accumulation shares	9		514,402	520,623
Closing net assets attributable to shareholders			120,140,671	162,642,385

¹The notes to these accounts can be found on pages 372 to 381.

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		118,216,738	161,625,864
Current assets:			
Debtors	10	718,986	874,295
Cash and bank balances	11	2,597,136	1,809,058
Total assets		<u>121,532,860</u>	<u>164,309,217</u>
Liabilities			
Investment liabilities		(210,404)	(418,897)
Creditors:			
Bank overdrafts	12	(101,890)	(96,041)
Distribution payable on income shares	9	(948,546)	(958,611)
Other creditors	13	(131,349)	(193,283)
Total liabilities		<u>(1,392,189)</u>	<u>(1,666,832)</u>
Net assets attributable to shareholders		<u>120,140,671</u>	<u>162,642,385</u>

¹The notes to these accounts can be found on pages 372 to 381.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(6,795,811)	11,182,786
Gains on derivative securities	96,472	383,872
(Losses)/gains on forward currency contracts	(2,864,984)	6,339,580
Currency losses	(2,933,040)	(202,190)
Transaction charges	(15)	(67)
Derivative transaction charges	(60)	(880)
Net capital (losses)/gains	<u>(12,497,438)</u>	<u>17,703,101</u>

5. Purchases, Sales, and Transaction Costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Derivatives	298,432	447,221
Equities	40,382,481	61,424,824
Commissions:		
Equities total value paid	21,168	74,873
Taxes:		
Equities total value paid	34,541	48,739
Total purchase transaction costs	<u>55,709</u>	<u>123,612</u>
Gross purchases total	<u>40,736,622</u>	<u>61,995,657</u>
Analysis of total sale costs:		
Gross sales in year before transaction costs		
Derivatives	411,820	304,611
Equities	76,847,524	66,573,431
Commissions:		
Equities total value paid	(23,573)	(53,406)
Taxes:		
Equities total value paid	(14)	(65)
Total sales costs	<u>(23,587)</u>	<u>(53,471)</u>
Total sales net of transaction costs	<u>77,235,757</u>	<u>66,824,571</u>

Notes to the Financial Statements (continued)

5. Purchases, Sales, and Transaction Costs (continued)

	31.12.2018 %	31.12.2017 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV ¹	0.01	0.05
Equities percentage of purchases total	0.05	0.12
Taxes:		
Equities percentage of average NAV ¹	0.02	0.03
Equities percentage of purchases total	0.09	0.08
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV ¹	0.02	0.03
Equities percentage of sales total	0.03	0.08
Taxes:		
Equities percentage of average NAV ¹	—	—
Equities percentage of sales total	—	—

The average portfolio dealing spread as at 31 December 2018 was 0.06% (31 December 2017: 0.06%).

¹Excluding single swing price adjustment.

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	2,361	311
Franked UK dividends	1,191,736	1,110,888
Overseas dividends	4,129,740	4,537,399
Derivative revenue	357,185	303,366
	<u>5,681,022</u>	<u>5,951,964</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	1,427,668	1,564,301
	<u>1,427,668</u>	<u>1,564,301</u>
Other expenses:		
Fixed operating charge ¹	331,177	366,724
Sundry expenses	—	2,670
	<u>331,177</u>	<u>369,394</u>
	<u>1,758,845</u>	<u>1,933,695</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	467,573	577,280
Prior year adjustment	–	(361,566)
Current tax (note 8b)	467,573	215,714
Deferred tax (note 8c)	–	–
Total tax charge	<u>467,573</u>	<u>215,714</u>

b) Factors affecting taxation charge for the year:

The tax assessed for the period is lower (2017: lower) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	3,921,479	4,017,756
Corporation tax at 20%	784,296	803,551
Effects of:		
UK dividend revenue not subject to corporation tax	(238,348)	(222,178)
Overseas tax irrecoverable	467,573	577,280
Excess management expenses	200,343	249,920
Excess non-trade loan relationship unutilised	–	40
Overseas dividend revenue not subject to corporation tax	(734,466)	(806,013)
Taxation due to timing differences	–	(14,764)
Double taxation relief	(11,825)	(10,556)
Prior year adjustment	–	(361,566)
Sub-total	<u>(316,723)</u>	<u>(587,837)</u>
Current year tax charge (note 8a)	<u>467,573</u>	<u>215,714</u>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	–	–
Deferred tax charge for the year	–	–
Provision at end of year	<u>–</u>	<u>–</u>

The sub-fund has not recognised a deferred tax asset of £828,439 (31 December 2017: £628,096) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

Notes to the Financial Statements (continued)

9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
First Quarter Distribution	973,670	1,233,699
First Quarter Accumulation	114,426	125,337
Interim Distribution	1,563,407	1,764,839
Interim Accumulation	163,406	185,606
Third Quarter Distribution	1,016,235	1,014,148
Third Quarter Accumulation	108,276	102,106
Final Distribution	948,546	958,611
Final Accumulation	128,294	107,574
	<u>5,016,260</u>	<u>5,491,920</u>
Add: Amounts deducted on cancellation of shares	85,202	155,621
Less: Amounts added on creation of shares	<u>(44,690)</u>	<u>(48,569)</u>
Distributions	<u>5,056,772</u>	<u>5,598,972</u>
Interest payable and similar charges	698	513
Total distributions	<u>5,057,470</u>	<u>5,599,485</u>
Net revenue after taxation	3,453,906	3,802,042
Add: Capitalised expenses	1,758,845	1,933,695
Less: Equalisation uplift on unit conversions	(4)	(2)
Add: Undistributed revenue brought forward	57	73
Less: Undistributed revenue carried forward	(36)	(57)
Tax effect of fees offset to capital	<u>(155,996)</u>	<u>(136,779)</u>
Distributions	<u>5,056,772</u>	<u>5,598,972</u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	272,932	434,471
Amount receivable for creation of shares	3,435	6,204
Overseas tax recoverable	371,381	433,620
Sales awaiting settlement	71,238	–
	<u>718,986</u>	<u>874,295</u>

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	997,285	1,809,058
Cash held at clearing houses and brokers	1,599,851	–
	<u>2,597,136</u>	<u>1,809,058</u>

Notes to the Financial Statements (continued)

12. Bank Overdrafts

	31.12.2018 £	31.12.2017 £
Bank overdrafts	101,890	96,041
	<u>101,890</u>	<u>96,041</u>

13. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	2,272	25,620
Accrued expenses	129,077	167,659
Currency deals awaiting settlement	–	4
	<u>131,349</u>	<u>193,283</u>

14. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

15. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £105,039 (31 December 2017: £135,780).

At the year end, Sarasin Global Higher Dividend (Sterling Hedged) held no shares in any other sub-fund or collective investment schemes managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

At the year end, BNY (OCS) Nominees Limited owned below the 25% threshold in the sub-fund on behalf of multiple beneficiaries (31 December 2017: 37.62%).

16. Shareholders' Funds

The sub-fund has 11 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Global Higher Dividend (Sterling Hedged) 'A' Income Shares

Opening shares	2,523,982
Shares Created	58,558
Shares Liquidated	(143,709)
Shares Converted	70,092
Closing shares	2,508,923

Global Higher Dividend (Sterling Hedged) 'A' Accumulation Shares

Opening shares	186,305
Shares Created	6,660
Shares Liquidated	(61,436)
Shares Converted	–
Closing shares	131,529

Notes to the Financial Statements (continued)**16. Shareholders' Funds (continued)***Global Higher Dividend (Sterling Hedged) 'D' Income Shares*

Opening shares	3,543,851
Shares Created	1,201,011
Shares Liquidated	(64,108)
Shares Converted	1,116,010
Closing shares	5,796,764

Global Higher Dividend (Sterling Hedged) 'D' Accumulation Shares

Opening shares	1,664,648
Shares Created	489
Shares Liquidated	(680)
Shares Converted	(754,199)
Closing shares	910,258

Global Higher Dividend (Sterling Hedged) 'F' Income Shares

Opening shares	37,339
Shares Created	—
Shares Liquidated	—
Shares Converted	—
Closing shares	37,339

Global Higher Dividend (Sterling Hedged) 'I' Income Shares

Opening shares	53,176,492
Shares Created	1,420,324
Shares Liquidated	(20,030,159)
Shares Converted	1,783
Closing shares	34,568,440

Global Higher Dividend (Sterling Hedged) 'I' Accumulation Shares

Opening shares	431,057
Shares Created	2,937,247
Shares Liquidated	(160,758)
Shares Converted	—
Closing shares	3,207,546

Global Higher Dividend (Sterling Hedged) 'P' Income Shares

Opening shares	3,348,973
Shares Created	1,332,614
Shares Liquidated	(1,835,425)
Shares Converted	—
Closing shares	2,846,162

Global Higher Dividend (Sterling Hedged) 'P' Accumulation Shares

Opening shares	3,021,665
Shares Created	353,351
Shares Liquidated	(2,603,857)
Shares Converted	—
Closing shares	771,159

Global Higher Dividend (Sterling Hedged) 'X' Income Shares

Opening shares	26,972,118
Shares Created	2,592,475
Shares Liquidated	(3,194,454)
Shares Converted	(97,675)
Closing shares	26,272,464

Notes to the Financial Statements (continued)
16. Shareholders' Funds (continued)
Global Higher Dividend (Sterling Hedged) 'X' Accumulation Shares

Opening shares	1,638,876
Shares Created	49,206
Shares Liquidated	(304,530)
Shares Converted	17,410
Closing shares	1,400,962

17. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 352. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	295,002	295,002	0.25
Canadian dollar	3,054	417,593	420,647	0.35
Danish kroner	–	469,904	469,904	0.39
Euro	51,071	387,786	438,857	0.36
Japanese yen	–	313,797	313,797	0.26
Mexican Nuevo peso	–	444,906	444,906	0.37
Sterling	1,721,164	114,017,152	115,738,316	96.34
Swiss franc	317,256	711,855	1,029,111	0.86
US dollar	41,792	948,339	990,131	0.82
	<u>2,134,337</u>	<u>118,006,334</u>	<u>120,140,671</u>	<u>100.00</u>

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	611,876	611,876	0.38
Canadian dollar	30,436	574,744	605,180	0.37
Danish kroner	61,753	–	61,753	0.04
Euro	114,567	258,398	372,965	0.23
Hong Kong dollar	–	3,315,462	3,315,462	2.04
Mexican Nuevo peso	–	964,464	964,464	0.59
Sterling	677,728	156,896,549	157,574,277	96.88
Swedish krona	11,907	–	11,907	0.01
Swiss franc	304,381	796,099	1,100,480	0.68
US dollar	234,646	(2,210,625)	(1,975,979)	(1.22)
	<u>1,435,418</u>	<u>161,206,967</u>	<u>162,642,385</u>	<u>100.00</u>

Notes to the Financial Statements (continued)
17. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	4,978,793	4,978,793
Canadian dollar	—	—	2,116,264	2,116,264
Danish kroner	—	—	2,441,130	2,441,130
Euro	—	—	9,037,490	9,037,490
Japanese yen	—	—	4,152,255	4,152,255
Mexican Nuevo peso	—	—	3,035,041	3,035,041
Sterling	2,453,454	—	119,862,799	122,316,253
Swiss franc	—	—	15,357,162	15,357,162
US dollar	143,682	—	61,220,094	61,363,776
	<u>2,597,136</u>	<u>—</u>	<u>222,201,028</u>	<u>224,798,164</u>

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Australian dollar	—	—	(4,683,791)	(4,683,791)
Canadian dollar	—	—	(1,695,617)	(1,695,617)
Danish kroner	—	—	(1,971,226)	(1,971,226)
Euro	—	—	(8,598,633)	(8,598,633)
Japanese yen	—	—	(3,838,458)	(3,838,458)
Mexican Nuevo peso	—	—	(2,590,135)	(2,590,135)
Sterling	—	—	(6,577,937)	(6,577,937)
Swiss franc	—	—	(14,328,051)	(14,328,051)
US dollar	(101,890)	—	(60,271,756)	(60,373,646)
	<u>(101,890)</u>	<u>—</u>	<u>(104,555,604)</u>	<u>(104,657,494)</u>

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	—	—	6,985,631	6,985,631
Canadian dollar	—	—	3,353,072	3,353,072
Danish kroner	—	—	61,753	61,753
Euro	—	—	23,623,066	23,623,066
Hong Kong dollar	—	—	3,315,462	3,315,462
Mexican Nuevo peso	—	—	3,421,786	3,421,786
Sterling	1,676,005	—	158,242,283	159,918,288
Swedish krona	—	—	11,907	11,907
Swiss franc	—	—	14,423,111	14,423,111
US dollar	133,053	—	78,151,921	78,284,974
	<u>1,809,058</u>	<u>—</u>	<u>291,589,992</u>	<u>293,399,050</u>

Notes to the Financial Statements (continued)

17. Risk Disclosures (continued)

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Australian dollar	–	–	(6,373,755)	(6,373,755)
Canadian dollar	–	–	(2,747,892)	(2,747,892)
Euro	–	–	(23,250,101)	(23,250,101)
Mexican Nuevo peso	–	–	(2,457,322)	(2,457,322)
Sterling	–	–	(2,344,011)	(2,344,011)
Swiss franc	–	–	(13,322,631)	(13,322,631)
US dollar	(96,041)	–	(80,164,912)	(80,260,953)
	<u>(96,041)</u>	<u>–</u>	<u>(130,660,624)</u>	<u>(130,756,665)</u>

Fair Value

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

Valuation technique as at 31 December 2018

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Equities	117,315,823	–	–	117,315,823
Forward Currency Contracts	–	900,915	–	900,915
	<u>117,315,823</u>	<u>900,915</u>	<u>–</u>	<u>118,216,738</u>
Financial Liabilities				
Forward Currency Contracts	–	(151,531)	–	(151,531)
Options	(58,873)	–	–	(58,873)
	<u>(58,873)</u>	<u>(151,531)</u>	<u>–</u>	<u>(210,404)</u>

Valuation technique as at 31 December 2017

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Equities	160,759,615	–	–	160,759,615
Forward Currency Contracts	–	866,249	–	866,249
	<u>160,759,615</u>	<u>866,249</u>	<u>–</u>	<u>161,625,864</u>
Financial Liabilities				
Forward Currency Contracts	–	(418,686)	–	(418,686)
Options	(211)	–	–	(211)
	<u>(211)</u>	<u>(418,686)</u>	<u>–</u>	<u>(418,897)</u>

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Notes to the Financial Statements (continued)**17. Risk Disclosures (continued)****Counterparty Risk**

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. The counterparties to these transactions and any collateral held by the sub-fund at the balance sheet date are shown below:

Counterparty Name as at 31 December 2018	Exposure £	Cash Collateral £
The Bank of New York Mellon	900,915	—

Counterparty Name as at 31 December 2017	Exposure £	Cash Collateral £
The Bank of New York Mellon	866,249	420,716

Positive exposure represents the mark to market value of derivative contracts and the sub-fund's exposure to that counterparty.

18. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per share of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no share classes where the net asset value per share has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the year end.

SARASIN Global Higher Dividend (Sterling Hedged)

Distribution Tables

For the year ended 31 December 2018

First Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 31 March 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	First Quarter Distribution Paid 2018 Pence per Share	First Quarter Distribution Paid 2017 Pence per Share
Global Higher Dividend (Sterling Hedged) 'A' Income Shares				
Group 1	1.1088	—	1.1088	1.2769
Group 2	0.7734	0.3354	1.1088	1.2769
Global Higher Dividend (Sterling Hedged) 'A' Accumulation Shares				
Group 1	1.5998	—	1.5998	1.7793
Group 2	0.9348	0.6650	1.5998	1.7793
Global Higher Dividend (Sterling Hedged) 'D' Income Shares¹				
Group 1	1.1878	—	1.1878	1.3547
Group 2	1.1878	—	1.1878	1.3547
Global Higher Dividend (Sterling Hedged) 'D' Accumulation Shares¹				
Group 1	1.7450	—	1.7450	1.9219
Group 2	1.7450	—	1.7450	1.9219
Global Higher Dividend (Sterling Hedged) 'F' Income Shares¹				
Group 1	1.1148	—	1.1148	—
Group 2	1.1148	—	1.1148	—
Global Higher Dividend (Sterling Hedged) 'I' Income Shares				
Group 1	1.1713	—	1.1713	1.3403
Group 2	0.8160	0.3553	1.1713	1.3403
Global Higher Dividend (Sterling Hedged) 'I' Accumulation Shares¹				
Group 1	1.7171	—	1.7171	1.8977
Group 2	1.7171	—	1.7171	1.8977
Global Higher Dividend (Sterling Hedged) 'P' Income Shares				
Group 1	1.1571	—	1.1571	1.3244
Group 2	0.8284	0.3287	1.1571	1.3244
Global Higher Dividend (Sterling Hedged) 'P' Accumulation Shares				
Group 1	1.6679	—	1.6679	1.8407
Group 2	1.1698	0.4981	1.6679	1.8407
Global Higher Dividend (Sterling Hedged) 'X' Income Shares				
Group 1	1.1181	—	1.1181	1.2856
Group 2	0.6146	0.5035	1.1181	1.2856
Global Higher Dividend (Sterling Hedged) 'X' Accumulation Shares				
Group 1	1.6451	—	1.6451	1.8274
Group 2	1.1393	0.5058	1.6451	1.8274

SARASIN Global Higher Dividend (Sterling Hedged)

Distribution Tables (continued)

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 April 2018

Group 2: Shares purchased between 1 April 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Global Higher Dividend (Sterling Hedged) 'A' Income Shares				
Group 1	1.7584	—	1.7584	1.9325
Group 2	0.7430	1.0154	1.7584	1.9325
Global Higher Dividend (Sterling Hedged) 'A' Accumulation Shares				
Group 1	2.5555	—	2.5555	2.7130
Group 2	1.3824	1.1731	2.5555	2.7130
Global Higher Dividend (Sterling Hedged) 'D' Income Shares¹				
Group 1	1.8878	—	1.8878	2.0537
Group 2	1.8878	—	1.8878	2.0537
Global Higher Dividend (Sterling Hedged) 'D' Accumulation Shares				
Group 1	2.7940	—	2.7940	2.9399
Group 2	2.4444	0.3496	2.7940	2.9399
Global Higher Dividend (Sterling Hedged) 'F' Income Shares¹				
Group 1	1.7699	—	1.7699	—
Group 2	1.7699	—	1.7699	—
Global Higher Dividend (Sterling Hedged) 'I' Income Shares				
Group 1	1.8600	—	1.8600	2.0294
Group 2	1.3868	0.4732	1.8600	2.0294
Global Higher Dividend (Sterling Hedged) 'I' Accumulation Shares				
Group 1	2.7473	—	2.7473	2.9005
Group 2	1.7490	0.9983	2.7473	2.9005
Global Higher Dividend (Sterling Hedged) 'P' Income Shares				
Group 1	1.8379	—	1.8379	2.0055
Group 2	1.1590	0.6789	1.8379	2.0055
Global Higher Dividend (Sterling Hedged) 'P' Accumulation Shares				
Group 1	2.6691	—	2.6691	2.8173
Group 2	1.5076	1.1615	2.6691	2.8173
Global Higher Dividend (Sterling Hedged) 'X' Income Shares				
Group 1	1.7737	—	1.7737	1.9464
Group 2	1.2040	0.5697	1.7737	1.9464
Global Higher Dividend (Sterling Hedged) 'X' Accumulation Shares				
Group 1	2.6293	—	2.6293	2.7872
Group 2	1.4617	1.1676	2.6293	2.7872

SARASIN Global Higher Dividend (Sterling Hedged)

Distribution Tables (continued)

Third Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 30 September 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Third Quarter Distribution Paid 2018 Pence per Share	Third Quarter Distribution Paid 2017 Pence per Share
Global Higher Dividend (Sterling Hedged) 'A' Income Shares				
Group 1	1.2307	—	1.2307	1.0518
Group 2	1.1112	0.1195	1.2307	1.0518
Global Higher Dividend (Sterling Hedged) 'A' Accumulation Shares				
Group 1	1.8093	—	1.8093	1.4969
Group 2	0.9814	0.8279	1.8093	1.4969
Global Higher Dividend (Sterling Hedged) 'D' Income Shares¹				
Group 1	1.3252	—	1.3252	1.1209
Group 2	1.3252	—	1.3252	1.1209
Global Higher Dividend (Sterling Hedged) 'D' Accumulation Shares¹				
Group 1	1.9843	—	1.9843	1.6242
Group 2	1.9843	—	1.9843	1.6242
Global Higher Dividend (Sterling Hedged) 'F' Income Shares¹				
Group 1	1.2408	—	1.2408	1.0547
Group 2	1.2408	—	1.2408	1.0547
Global Higher Dividend (Sterling Hedged) 'I' Income Shares				
Group 1	1.3027	—	1.3027	1.1058
Group 2	0.2638	1.0389	1.3027	1.1058
Global Higher Dividend (Sterling Hedged) 'I' Accumulation Shares¹				
Group 1	1.9444	—	1.9444	1.6012
Group 2	1.9444	—	1.9444	1.6012
Global Higher Dividend (Sterling Hedged) 'P' Income Shares				
Group 1	1.2902	—	1.2902	1.0931
Group 2	0.8557	0.4345	1.2902	1.0931
Global Higher Dividend (Sterling Hedged) 'P' Accumulation Shares				
Group 1	1.8930	—	1.8930	1.5540
Group 2	1.0712	0.8218	1.8930	1.5540
Global Higher Dividend (Sterling Hedged) 'X' Income Shares				
Group 1	1.2422	—	1.2422	1.0595
Group 2	1.0566	0.1856	1.2422	1.0595
Global Higher Dividend (Sterling Hedged) 'X' Accumulation Shares				
Group 1	1.8632	—	1.8632	1.5387
Group 2	1.6885	0.1747	1.8632	1.5387

SARASIN Global Higher Dividend (Sterling Hedged)

Distribution Tables (continued)

Final distribution in pence per share

Group 1: Shares purchased prior to 1 October 2018

Group 2: Shares purchased between 1 October 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Global Higher Dividend (Sterling Hedged) 'A' Income Shares				
Group 1	1.2647	—	1.2647	1.0296
Group 2	1.0609	0.2038	1.2647	1.0296
Global Higher Dividend (Sterling Hedged) 'A' Accumulation Shares				
Group 1	1.8743	—	1.8743	1.4759
Group 2	1.1743	0.7000	1.8743	1.4759
Global Higher Dividend (Sterling Hedged) 'D' Income Shares				
Group 1	1.3652	—	1.3652	1.1002
Group 2	0.4221	0.9431	1.3652	1.1002
Global Higher Dividend (Sterling Hedged) 'D' Accumulation Shares¹				
Group 1	2.0602	—	2.0602	1.6058
Group 2	2.0602	—	2.0602	1.6058
Global Higher Dividend (Sterling Hedged) 'F' Income Shares¹				
Group 1	1.2764	—	1.2764	1.0338
Group 2	1.2764	—	1.2764	1.0338
Global Higher Dividend (Sterling Hedged) 'I' Income Shares				
Group 1	1.3423	—	1.3423	1.0858
Group 2	0.9987	0.3436	1.3423	1.0858
Global Higher Dividend (Sterling Hedged) 'I' Accumulation Shares				
Group 1	2.0227	—	2.0227	1.5814
Group 2	1.8964	0.1263	2.0227	1.5814
Global Higher Dividend (Sterling Hedged) 'P' Income Shares				
Group 1	1.3270	—	1.3270	1.0724
Group 2	0.7276	0.5994	1.3270	1.0724
Global Higher Dividend (Sterling Hedged) 'P' Accumulation Shares				
Group 1	1.9656	—	1.9656	1.5359
Group 2	1.2172	0.7484	1.9656	1.5359
Global Higher Dividend (Sterling Hedged) 'X' Income Shares				
Group 1	1.2767	—	1.2767	1.0379
Group 2	0.9367	0.3400	1.2767	1.0379
Global Higher Dividend (Sterling Hedged) 'X' Accumulation Shares				
Group 1	1.9300	—	1.9300	1.5173
Group 2	1.5759	0.3541	1.9300	1.5173

¹There were no group 2 shares for this period.

Investment Objective and Policy

The Sarasin GlobalSar - Strategic Fund seeks to provide a real return to shareholders over the long term through a combination of income and capital growth. It is intended that the sub-fund will invest in a broad, diversified and global portfolio of investments, consisting primarily of global equities and bonds.

However, in order to achieve the investment objective and policy, the sub-fund may invest in transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities and deposits. Cash and near cash may also be held by the sub-fund. The sub-fund may use derivatives for efficient portfolio management purposes (including hedging). The sub-fund may also borrow and employ stocklending techniques in accordance with the rules in COLL.

Sensitivity Analysis

The sub-fund invests in equities and bonds. The exposure to equity markets is then reduced through the use of short futures and options. Exposure to foreign currencies is also altered through the use of forwards and occasionally options. The level of equity exposure varies over time depending on how positive the manager is; generally, the level has been in the range of 30-70%.

Options are used on individual stocks to implement views on specific stocks. Options or futures on bond indices/swaps are occasionally used to implement yield curve views, and credit exposure on bonds is sometimes hedged using credit default swaps. Views on volatility are sometimes taken using either options or swaps.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin GlobalSar – Strategic Fund, as at 31 December 2018, was 4.28% (31 December 2017: 3.95%). The lowest, highest, and average utilisation in the year was 3.49%, 4.52%, and 3.99%, respectively (31 December 2017: 3.88%, 5.14%, and 4.54%, respectively).

Investment Review

Due to a proliferation of challenges faced in 2018, almost all markets – equities and corporate bonds – finished down for the year. The first quarter brought about a sharp sell-off in global equities, triggered by a strong jobs growth and wage inflation report from the USA. This provoked speculation about the likelihood of an accelerated trajectory for interest rates – but as soon as markets recovered their poise, Trump's trade war agenda caused another spasm of anxiety.

Our positioning – holding more cash and short duration bonds than usual, while being underweight equities and government bonds – added value. However, this was not sufficient to compensate for the fall in global equities and widening of corporate bond spreads. While the steady withdrawal of Central Bank stimulus – led by the US and Europe – coupled with rising trade tensions continued to dominate sentiment, the second and third quarters generated positive returns. Some of the more highly-valued areas of the market, such as US technology names, proved to be the most resilient. In the final quarter, global equities were badly shaken due to a combination of factors. The most prominent of these was poor forward guidance from the US Federal Reserve that spooked both equity and corporate debt markets, which was especially significant given that US equities had been the main driver of returns prior to this. This left the fund down for the year in both absolute and relative terms after taking into account all expenses.

Performance

On the positive side, strong stock selection helped the fund avoid much of the fall in global equities, when measured against its MSCI ACWI global equity benchmark. Positioning in the healthcare and utility sectors served the fund well, as investors looked to position themselves defensively in the late cycle environment. Pfizer and the Danish power company Orsted, which continues to expand its wind energy business, were particular beneficiaries of this in fourth quarter. On the other hand, the fund's disruptive growth stocks had mixed fortunes, resiliently rising through the year until the final quarter then surrendering much of their returns. Despite this, Amazon was the top contributor to fund performance in 2018 – up 28%. We remain optimistic about the investment case for Amazon given its dominant position in the consumer-facing industry, continued innovation and focus on its customers. CME group was also a strong performer, which benefited from greater market volatility leading to increased trading of derivatives contracts through the exchanges it operates.

On the negative side, a mixture of political difficulties, rising US rates and trade tensions, led to negative returns in the fund's exposure in developing markets. In Brazil, nationwide truck strikes over rising fuel prices virtually suffocated the economy. This resulted in a poor second quarter for the Brown Advisory Latin America Fund, which subsequently recovered following the election of Brazilian president Jair Bolsonaro.

Investment Review (continued)

A similar story is true for Brazilian aircraft manufacturer Embraer, but we maintain our view about the prospects for growth and, given the abatement of political stresses, we continue to hold for recovery. Elsewhere, Primark owner AB Foods performed particularly poorly. However, we believed the pessimism was overdone and have added to our position, given the reported recovery in margins and evidence that Primark's expansion in the US is improving.

After a tough three quarters of 2018, fixed income had a better final quarter as investors reduced risk exposure. Within fixed income, government bonds rose, giving a positive return for 2018. However, the spread between government and corporate bonds widened and the latter fell slightly in the fourth quarter.

Other transactions of note were the sale of dredging business Boskalis, alongside the Swedish retail bank Swedbank 'A' and our remaining Glencore shares, having unsuccessfully engaged with the board on governance concerns. Using the proceeds, we started a modest position in our in-house specialist Food and Agriculture Opportunities, thereby increasing exposure to smaller thematic growth companies.

Within Alternative Investments, we reduced the fund's exposure to UK infrastructure with the sale of remaining shares in the Bluefield Solar Income.

Outlook

Given the denouement of QE (quantitative easing) and that we are almost ten years into the recovery cycle, it is reasonable to expect that volatility in markets will continue. The stimulus of US tax cuts and public spending is likely to evaporate and it is difficult to gauge whether the trade tensions between China and the US will intensify or ease in 2019. Hitherto, developing economies have been particular beneficiaries of free trade and the uncertainties have reduced the pace of investment. All the same, these nations could account for two-thirds of global GDP growth over the next decade, as they adopt new technology across multiple industries.

The 2018 final quarter rally in core bond markets – i.e. US Treasuries, German Bunds and UK Gilts – reminded us that bonds as an asset class still have a role to play in portfolios if you want to limit volatility. Nevertheless, bonds are likely to be an impediment to overall returns while there is insufficient income to compensate for capital loss. Corporate credit spreads are likely to remain under pressure and we remain underweight. We still expect to add most value from equity portfolios and hold the view that the outlook remains fair for good-quality companies operating in the right areas of the global economy, despite the challenges ahead. Our analysts are still finding many genuine thematic growth opportunities that stand out in a slower growth world. Indeed, many of the disruptive growth companies held in the portfolio that suffered from the market sell-off in technology stocks are now available at valuations close to some of the longer-term older economy investments.

Although the US Federal Reserve has persisted in tightening monetary policy, we believe that it can now afford to be patient with inflation relatively quiescent. However, we remain extremely vigilant in assessing whether US wage growth is going to run ahead of expectations. Therefore, we maintain our investment strategy of being underweight bonds and neutral global equities, although there will have to be refinements. This may mean periodically holding abnormal levels of cash to exploit the investment opportunities that will arise with greater market volatility as Central Banks continue to withdraw stimulus.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Top 10 purchases during the year

UK Treasury 1.75% 22/07/2019
CME
Unilever
Neuberger Berman Uncorrelated Strategies 'I5' GBP Accumulation
Enel
Deere & Co
First Republic Bank
Orsted
Taiwan Semiconductor Manufacturing ADR
United Technologies

Top 10 sales during the year

Source Physical Gold
Bluefield Solar Income
3i Infrastructure
Facebook
Credicorp
Colgate-Palmolive
Amazon.com
Sarasin IE Systematic Absolute Return UK 'I' Accumulation
Glencore
Swedbank 'A'

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 389 to 399 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information (continued)
Comparative Tables
GLOBALSAR - Strategic Fund 'A' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,065.20	999.19	935.45
Return before operating charges*	(27.08)	105.04	102.90
Operating charges	(19.18)	(19.14)	(16.74)
Return after operating charges*	(46.26)	85.90	86.16
Distributions on income shares	(19.32)	(19.89)	(22.42)
Closing net asset value per share	999.62	1,065.20	999.19
* after direct transaction costs of ¹ :	0.18	0.36	0.34
Performance			
Return after charges ²	(4.34)%	8.60%	9.21%
Other Information			
Closing net asset value (£'000)	918	1,130	1,260
Closing number of shares	91,874	106,097	126,082
Operating charges ³	1.83%	1.83%	1.74%
Direct transaction costs	0.02%	0.03%	0.04%
Prices			
Highest share price	1,079.00p	1,076.00p	1,018.00p
Lowest share price	1,004.00p	997.80p	879.70p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion. For Sarasin GlobalSar - Strategic Fund, 0.10% of the Operating Charges was made up of synthetic costs.

Sub-fund Information (continued)
Comparative Tables (continued)
GLOBALSAR - Strategic Fund 'A' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,907.12	1,755.52	1,606.88
Return before operating charges*	(48.85)	185.40	177.66
Operating charges	(34.49)	(33.80)	(29.02)
Return after operating charges*	(83.34)	151.60	148.64
Distributions	(34.68)	(35.22)	(38.89)
Retained distributions on accumulation shares	34.68	35.22	38.89
Closing net asset value per share	1,823.78	1,907.12	1,755.52
* after direct transaction costs of ¹ :	0.32	0.64	0.58
Performance			
Return after charges ²	(4.37)%	8.64%	9.25%
Other Information			
Closing net asset value (£'000)	6,595	7,907	8,470
Closing number of shares	361,599	414,579	482,557
Operating charges ³	1.83%	1.83%	1.74%
Direct transaction costs	0.02%	0.03%	0.04%
Prices			
Highest share price	1,931.00p	1,910.00p	1,772.00p
Lowest share price	1,814.00p	1,753.00p	1,511.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion. For Sarasin GlobalSar - Strategic Fund, 0.10% of the Operating Charges was made up of synthetic costs.

Sub-fund Information (continued)
Comparative Tables (continued)
GLOBALSAR - Strategic Fund 'D' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,192.15	1,110.06	1,032.13
Return before operating charges*	(30.33)	117.18	114.24
Operating charges	(9.78)	(9.69)	(7.91)
Return after operating charges*	(40.11)	107.49	106.33
Distributions on income shares	(24.82)	(25.40)	(28.40)
Closing net asset value per share	1,127.22	1,192.15	1,110.06
* after direct transaction costs of ¹ :	0.20	0.40	0.37
Performance			
Return after charges ²	(3.36)%	9.68%	10.30%
Other Information			
Closing net asset value (£'000)	62,224	55,348	51,743
Closing number of shares	5,520,102	4,642,666	4,661,284
Operating charges ³	0.83%	0.83%	0.74%
Direct transaction costs	0.02%	0.03%	0.04%
Prices			
Highest share price	1,208.00p	1,206.00p	1,130.00p
Lowest share price	1,134.00p	1,109.00p	971.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion. For Sarasin GlobalSar - Strategic Fund, 0.10% of the Operating Charges was made up of synthetic costs.

Sub-fund Information (continued)
Comparative Tables (continued)
GLOBALSAR - Strategic Fund 'D' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	2,139.51	1,949.06	1,766.08
Return before operating charges*	(54.81)	207.92	196.66
Operating charges	(17.64)	(17.47)	(13.68)
Return after operating charges*	(72.45)	190.45	182.98
Distributions	(41.71)	(42.13)	(48.53)
Retained distributions on accumulation shares	41.71	42.13	48.53
Closing net asset value per share	2,067.06	2,139.51	1,949.06
* after direct transaction costs of ¹ :	0.36	0.73	0.65
Performance			
Return after charges ²	(3.39)%	9.77%	10.36%
Other Information			
Closing net asset value (£'000)	369	7,447	326
Closing number of shares	17,869	348,093	16,739
Operating charges ³	0.83%	0.83%	0.74%
Direct transaction costs	0.02%	0.03%	0.04%
Prices			
Highest share price	2,167.00p	2,142.00p	1,963.00p
Lowest share price	2,056.00p	1,947.00p	1,662.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion. For Sarasin GlobalSar - Strategic Fund, 0.10% of the Operating Charges was made up of synthetic costs.

Sub-fund Information (continued)
Comparative Tables (continued)
GLOBALSAR - Strategic Fund 'F' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	170.91	156.16	142.24
Return before operating charges*	(4.40)	16.94	15.74
Operating charges	(2.25)	(2.19)	(1.82)
Return after operating charges*	(6.65)	14.75	13.92
Distributions	(3.24)	(3.38)	(3.63)
Retained distributions on accumulation shares	3.24	3.38	3.63
Closing net asset value per share	164.26	170.91	156.16
* after direct transaction costs of ¹ :	0.03	0.06	0.05
Performance			
Return after charges ²	(3.89)%	9.45%	9.78%
Other Information			
Closing net asset value (£'000)	13	14	18
Closing number of shares	7,986	7,986	11,328
Operating charges ³	1.33%	1.33%	1.24%
Direct transaction costs	0.02%	0.03%	0.04%
Prices			
Highest share price	173.10p	171.10p	157.40p
Lowest share price	163.40p	156.00p	133.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion. For Sarasin GlobalSar - Strategic Fund, 0.10% of the Operating Charges was made up of synthetic costs.

Sub-fund Information (continued)
Comparative Tables (continued)
GLOBALSAR - Strategic Fund 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	1,179.24	1,101.14	1,026.06
Return before operating charges*	(30.05)	116.16	113.47
Operating charges	(13.74)	(13.65)	(11.59)
Return after operating charges*	(43.79)	102.51	101.88
Distributions on income shares	(23.51)	(24.41)	(26.80)
Closing net asset value per share	1,111.94	1,179.24	1,101.14
* after direct transaction costs of ¹ :	0.20	0.40	0.37
Performance			
Return after charges ²	(3.71)%	9.31%	9.93%
Other Information			
Closing net asset value (£'000)	9,598	12,184	15,922
Closing number of shares	863,216	1,033,195	1,445,952
Operating charges ³	1.18%	1.18%	1.09%
Direct transaction costs	0.02%	0.03%	0.04%
Prices			
Highest share price	1,195.00p	1,193.00p	1,122.00p
Lowest share price	1,118.00p	1,100.00p	965.70p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion. For Sarasin GlobalSar - Strategic Fund, 0.10% of the Operating Charges was made up of synthetic costs.

SARASIN GlobalSar - Strategic Fund

Sub-fund Information (continued)

Comparative Tables (continued)

GLOBALSAR - Strategic Fund 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	2,112.69	1,932.06	1,757.08
Return before operating charges*	(54.33)	204.74	194.93
Operating charges	(24.72)	(24.11)	(19.95)
Return after operating charges*	(79.05)	180.63	174.98
Distributions	(41.98)	(41.78)	(46.28)
Retained distributions on accumulation shares	41.98	41.78	46.28
Closing net asset value per share	2,033.64	2,112.69	1,932.06
* after direct transaction costs of ¹ :	0.36	0.71	0.64
Performance			
Return after charges ²	(3.74)%	9.35%	9.96%
Other Information			
Closing net asset value (£'000)	72,889	72,945	60,779
Closing number of shares	3,584,143	3,452,777	3,145,809
Operating charges ³	1.18%	1.18%	1.09%
Direct transaction costs	0.02%	0.03%	0.04%
Prices			
Highest share price	2,140.00p	2,115.00p	1,947.00p
Lowest share price	2,023.00p	1,930.00p	1,653.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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Sub-fund Information (continued)
Comparative Tables (continued)
GLOBALSAR - Strategic Fund 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	135.21	126.01	117.29
Return before operating charges*	(3.43)	13.34	13.02
Operating charges	(1.44)	(1.43)	(1.21)
Return after operating charges*	(4.87)	11.91	11.81
Distributions on income shares	(2.61)	(2.71)	(3.09)
Closing net asset value per share	127.73	135.21	126.01
* after direct transaction costs of ¹ :	0.02	0.05	0.04
Performance			
Return after charges ²	(3.60)%	9.45%	10.07%
Other Information			
Closing net asset value (£'000)	2,420	929	447
Closing number of shares	1,894,463	687,158	354,680
Operating charges ³	1.08%	1.08%	0.99%
Direct transaction costs	0.02%	0.03%	0.04%
Prices			
Highest share price	137.00p	136.60p	128.30p
Lowest share price	128.30p	125.90p	110.50p

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²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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Sub-fund Information (continued)
Comparative Tables (continued)
GLOBALSAR - Strategic Fund 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	173.92	158.62	143.67
Return before operating charges*	(4.48)	17.11	16.47
Operating charges	(1.86)	(1.81)	(1.52)
Return after operating charges*	(6.34)	15.30	14.95
Distributions	(3.50)	(3.54)	(4.16)
Retained distributions on accumulation shares	3.50	3.54	4.16
Closing net asset value per share	167.58	173.92	158.62
* after direct transaction costs of ¹ :	0.03	0.06	0.05
Performance			
Return after charges ²	(3.65)%	9.65%	10.41%
Other Information			
Closing net asset value (£'000)	1,907	1,753	1,455
Closing number of shares	1,138,030	1,008,119	917,116
Operating charges ³	1.08%	1.08%	0.99%
Direct transaction costs	0.02%	0.03%	0.04%
Prices			
Highest share price	176.20p	174.10p	159.40p
Lowest share price	166.70p	158.40p	135.20p

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Sub-fund Information (continued)
Comparative Tables (continued)
GLOBALSAR - Strategic Fund 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	132.60	124.19	116.11
Return before operating charges*	(3.38)	13.09	12.81
Operating charges	(2.19)	(2.19)	(1.91)
Return after operating charges*	(5.57)	10.90	10.90
Distributions on income shares	(2.42)	(2.49)	(2.82)
Closing net asset value per share	124.61	132.60	124.19
* after direct transaction costs of ¹ :	0.02	0.05	0.04
Performance			
Return after charges ²	(4.20)%	8.78%	9.39%
Other Information			
Closing net asset value (£'000)	24,816	25,254	20,446
Closing number of shares	19,914,760	19,045,295	16,464,022
Operating charges ³	1.68%	1.68%	1.59%
Direct transaction costs	0.02%	0.03%	0.04%
Prices			
Highest share price	134.30p	133.90p	126.50p
Lowest share price	125.20p	124.10p	109.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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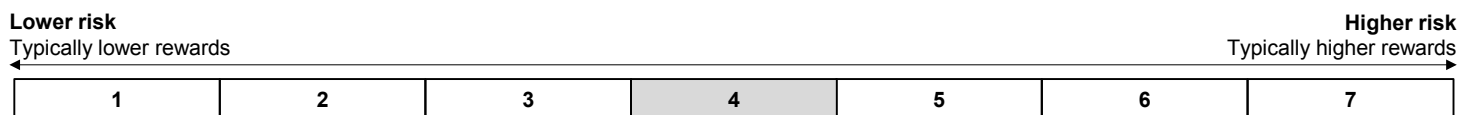
Sub-fund Information (continued)
Comparative Tables (continued)
GLOBALSAR - Strategic Fund 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	168.57	154.94	141.60
Return before operating charges*	(4.31)	16.37	15.68
Operating charges	(2.80)	(2.74)	(2.34)
Return after operating charges*	(7.11)	13.63	13.34
Distributions	(3.10)	(3.13)	(3.45)
Retained distributions on accumulation shares	3.10	3.13	3.45
Closing net asset value per share	161.46	168.57	154.94
* after direct transaction costs of ¹ :	0.03	0.06	0.05
Performance			
Return after charges ²	(4.22)%	8.80%	9.42%
Other Information			
Closing net asset value (£'000)	18,516	19,586	18,370
Closing number of shares	11,467,727	11,618,512	11,856,242
Operating charges ³	1.68%	1.68%	1.59%
Direct transaction costs	0.02%	0.03%	0.04%
Prices			
Highest share price	170.70p	168.80p	156.30p
Lowest share price	160.60p	154.80p	133.20p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

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Sub-fund Information (continued)**Risk and Reward Profile**

- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The following risks may not be fully captured by the Indicator:

Bonds: Investing in bonds offers you the chance to earn returns through growing your capital and generating income. Nevertheless, there is a risk that the organisation which issued the bond will fail, which would result in a loss of income to the sub-fund, along with its initial investment. Bond values are likely to fall if interest rates rise.

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Derivatives: The sub-fund actively invests in derivatives, such as futures, options and swaps, which are linked to the rise and fall of other assets. Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

Emerging Market Risk: Emerging markets may face more political, economic or structural challenges than developed markets and shares may be less liquid, meaning that investments may not be sold quickly enough to prevent or minimize a loss; they may therefore involve a higher risk than investing in developed markets.

Bond Liquidity Risk: In stressed market conditions, the value of certain bond investments may be less predictable than normal. In some cases, this may make such investments harder to sell at the last quoted market price, or at a price considered to be fair. Such conditions could result in unpredictable changes in the value of your holding.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 4.58% (31 December 2017 - 4.18%)			
2,440	Charter Communications	546,049	0.27
370,000	Enel	1,674,460	0.84
5,800	Equinix	1,605,884	0.80
120,880	Royal Dutch Shell 'B'	2,824,965	1.41
41,330	Service Corp International	1,305,192	0.65
42,000	Taiwan Semiconductor Manufacturing ADR	1,216,536	0.61
		9,173,086	4.58
Cyclical Franchise 9.90% (31 December 2017 - 10.44%)			
496,900	BDO Unibank	968,985	0.48
375	Booking	507,278	0.25
36,730	Citigroup	1,500,808	0.75
22,100	CME	3,264,157	1.63
14,000	Deere & Co	1,639,306	0.82
83,820	Embraer ADR	1,455,793	0.73
18,000	First Republic Bank	1,228,737	0.61
34,845	ING Groep	294,307	0.15
30,000	JPMorgan Chase	2,301,821	1.15
17,050	Marriott International 'A'	1,453,186	0.73
42,920	Pfizer	1,470,657	0.73
61,400	Prudential	860,828	0.43
4,360	Roche	845,076	0.42
241,500	Samsonite International	538,876	0.27
18,000	United Technologies	1,504,475	0.75
		19,834,290	9.90
Defensive Franchise 7.17% (31 December 2017 - 5.80%)			
12,500	3M	1,869,504	0.93
15,635	Air Products & Chemicals	1,964,932	0.98
7,930	Costco Wholesale	1,268,514	0.63
22,335	Ecolab	2,584,062	1.29
15,400	Fomento Economico Mexicano ADR	1,039,282	0.52
10,500	Fresenius Medical Care	532,486	0.27
1,095	Givaudan	1,984,146	0.99
19,100	Henkel	1,463,211	0.73
40,455	Unilever	1,662,094	0.83
		14,368,231	7.17
Disruptive Growth 10.19% (31 December 2017 - 12.63%)			
31,000	Activision Blizzard	1,134,265	0.57
260,000	AIA	1,694,837	0.85
2,875	Alphabet 'C'	2,340,858	1.17
1,142	Amazon.com	1,347,974	0.67
10,100	Amgen	1,544,342	0.77
12,255	ASML	1,508,068	0.75
80,000	Associated British Foods	1,634,400	0.82
12,500	CarMax	615,676	0.31
14,750	Mastercard 'A'	2,184,705	1.09

Portfolio Statement (continued)

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
Disruptive Growth (continued)			
25,505	Novozymes 'B'	890,865	0.44
26,700	Orsted	1,397,624	0.70
3,300	ServiceNow	460,953	0.23
34,600	Shionogi & Co	1,551,556	0.77
19,500	Tencent	613,661	0.31
47,500	Umicore	1,477,294	0.74
		20,397,078	10.19
Global Equities 0.88% (31 December 2017 - 0.00%)			
485,042	Sarasin Food and Agricultural Opportunities	832,818	0.42
13,500	Sarasin IE Systematic Emerging Markets Dividend	922,952	0.46
		1,755,770	0.88
Special Situation 2.05% (31 December 2017 - 1.87%)			
71,000	Investor	2,354,186	1.18
13,280	Simon Property	1,751,758	0.87
		4,105,944	2.05
Strategic Holdings 14.42% (31 December 2017 - 19.23%)			
600,000	Alcentra European Floating Rate Income	596,400	0.30
1,010,000	Apax Global Alpha	1,363,500	0.68
7,400	Argos Argonaut 'X' Accumulation	1,318,014	0.66
7,000	Ashmore SICAV Emerging Markets Short Duration 'Z' Income	670,670	0.34
198,350	Brown Advisory Latin American Fund	2,191,256	1.09
211,100	Eastspring Investments Japan Dynamic 'RG' GBP Accumulation	2,669,148	1.33
1,509,936	Greencoat UK Wind	1,896,480	0.95
905,000	International Public Partnerships	1,386,460	0.69
2,360,000	Jupiter Absolute Return 'I' Accumulation	1,324,668	0.66
14,000	KLS Zebra Global Equity Beta Neutral 'SI' GBP Accumulation	1,263,248	0.63
1,177,673	NB Distressed Debt Investment	827,589	0.41
90,000	Neuberger Berman Emerging Market Debt Blend	872,100	0.44
595,000	Neuberger Berman Uncorrelated Strategies 'I5' GBP Accumulation	6,051,150	3.02
530,000	Oakley Capital Investments	922,200	0.46
13,936	Ocean Dial Gateway to India Fund	1,324,928	0.66
11,000	Quaero Capital Smaller European Companies 'Y' EUR Accumulation	742,473	0.37
1,229,622	Sequoia Economic Infrastructure Income	1,395,621	0.70
11,000	SPDR Barclays Emerging Market Inflation Linked Bond	526,162	0.26
164,000	Syncona	438,700	0.22
980,000	TwentyFour Income	1,092,700	0.55
		28,873,467	14.42
Fixed Interest 32.67% (31 December 2017 - 34.00%)			
£950,000	AA Bond 2.75% 31/07/2043	836,779	0.42

Portfolio Statement (continued)

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
Fixed Interest (continued)			
£800,000	Affordable Housing Finance 2.893% 11/08/2043	891,256	0.44
£700,000	Arqiva Financing 5.34% 30/06/2030	811,721	0.41
£700,000	Bank of America 6.125% 15/09/2021	776,733	0.39
£600,000	BASF 1.75% 11/03/2025	592,937	0.30
£700,000	BPCE 5.25% 16/04/2029	786,867	0.39
£1,000,000	Cadent Finance 2.625% 22/09/2038	882,650	0.44
£700,000	Coventry Building Society 5.875% 28/09/2022	788,533	0.39
£700,000	CPUK Finance 3.588% 28/02/2042	726,377	0.36
£400,000	Credit Suisse 3.00% 27/05/2022	408,708	0.20
£800,000	Digital Stout 4.25% 17/01/2025	846,482	0.42
£1,027,000	Dignity Finance 4.696% 31/12/2049	911,842	0.46
£600,000	Electricite de France 5.875% Perpetual	560,966	0.28
£750,000	Go-Ahead 2.50% 06/07/2024	719,709	0.36
£505,440	Great Rolling 6.875% 27/07/2035	627,922	0.31
INR52,500,000	International Finance 6.45% 10/08/2020	584,152	0.29
£600,000	Legal & General F2V 5.375% 27/10/2045	616,864	0.31
£600,000	Orange 5.75% Perpetual	627,000	0.31
£700,000	Places for People Treasury 2.875% 17/08/2026	679,082	0.34
£1,000,000	Prs Finance 1.75% 24/11/2026	1,009,390	0.50
£700,000	Prudential F2V 5.70% 19/12/2063	751,397	0.38
£500,000	Rabobank Nederland 4.625% 23/05/2029	535,910	0.27
£700,000	Scottish Widows 7.00% 16/06/2043	802,633	0.40
£600,000	SNCF Reseau 5.50% 01/12/2021	671,264	0.34
£800,000	SSE 3.875% Perpetual	786,200	0.39
£656,308	Tesco Property Finance 5.801% 13/10/2040	742,788	0.37
£800,000	Transport for London 3.875% 23/07/2042	932,193	0.47
£2,500,000	UK Treasury 1.75% 22/07/2019	2,513,525	1.25
£1,500,000	UK Treasury 2.00% 22/07/2020	1,528,658	0.76
£7,000,000	UK Treasury 3.50% 22/01/2045	9,367,057	4.68
£6,950,000	UK Treasury 4.00% 07/03/2022	7,645,285	3.82
£9,000,000	UK Treasury 4.25% 07/12/2027	11,348,856	5.67
£5,400,000	UK Treasury 4.75% 07/12/2030	7,378,781	3.68
£2,500,000	UK Treasury 4.75% 07/12/2038	3,760,928	1.88
£750,000	Unite (USAF) 3.921% 30/06/2025	821,999	0.41
£600,000	Verizon Communications 3.375% 27/10/2036	586,212	0.29
£533,179	WoDS Transmission 3.446% 24/08/2034	571,496	0.29
		65,431,152	32.67
Other Government Agencies, Supra 0.31% (31 December 2017 - 0.33%)			
IDR11,500,000,000	Inter-American Development Bank 7.875% 14/03/2023	625,599	0.31
		625,599	0.31
Sterling Asset Backed 1.89% (31 December 2017 - 0.88%)			
£600,000	Anglian Water Services Financing 1.625% 10/08/2025	577,745	0.29
£800,000	Bazalgette Finance 2.375% 29/11/2027	782,151	0.39
£850,000	Dwr Cymru Financing 2.50% 31/03/2036	816,430	0.41
£400,000	Notting Hill Housing Trust 3.25% 12/10/2048	377,564	0.19
£750,000	RAC Bond 4.87% 06/05/2046	715,962	0.35

Portfolio Statement (continued)

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
Sterling Asset Backed (continued)			
£500,000	TC Dudgeon OFTO 3.158% 12/11/2038	517,615	0.26
		3,787,467	1.89
Sterling Government Agencies, Supra 0.30% (31 December 2017 - 0.00%)			
£600,000	International Finance 1.25% 15/12/2023	596,966	0.30
		596,966	0.30
Sterling Government Bonds 1.95% (31 December 2017 - 1.51%)			
£2,600,000	UK Treasury 3.75% 22/07/2052	3,894,956	1.95
		3,894,956	1.95
UK Corporate Bonds 4.20% (31 December 2017 - 2.00%)			
£800,000	A2Dominion Housing 3.50% 15/11/2028	809,758	0.40
£900,000	BP Capital Markets 2.274% 03/07/2026	892,577	0.45
£900,000	Bunzl Finance 2.25% 11/06/2025	871,034	0.43
£600,000	Comcast 5.50% 23/11/2029	754,531	0.38
£694,442	Connect Plus M25 2.607% 31/03/2039	697,017	0.35
£800,000	CYBG 4.00% 25/09/2026	743,608	0.37
£500,000	Goldman Sachs 3.125% 25/07/2029	481,106	0.24
£700,000	Investec Bank 4.25% 24/07/2028	673,659	0.34
£750,000	Nestle 1.00% 11/06/2021	743,627	0.37
£1,000,000	Royal Bank of Scotland 2.875% 19/09/2026	956,938	0.48
£600,000	Wellcome Trust Finance 4.625% 25/07/2036	789,929	0.39
		8,413,784	4.20
Forward Currency Contracts 0.12% (31 December 2017 - 0.12%)			
USD (38,565,000)	Sold USD, Bought GBP 30,410,440 for settlement on 20/03/2019	238,790	0.12
		238,790	0.12
Total Value of Investments 90.63% (31 December 2017 - 92.99%)		181,496,580	90.63
Net Other Assets		18,768,848	9.37
Net assets		200,265,428	100.00

All holdings are ordinary shares of stock or bonds and are listed on an official stock exchange unless otherwise stated.

Portfolio Statement (continued)

Asset Allocation of Portfolio of Investments is as follows:

Bonds	82,749,924	41.32
Collective Investment Schemes	21,802,287	10.89
Equities	76,705,579	38.30
Forward Currency Contracts	238,790	0.12
Net Other Assets	18,768,848	9.37
	200,265,428	100.00

Debt Security Allocation of Portfolio of Investments is as follows: (Sourced from Bloomberg)

Percentage of Debt Securities above investment grade	97.32
Percentage of Debt Securities below investment grade (sub BBB- or unrated)	2.68
	100.00

Statement of Total Return

For the year ended 31 December 2018

	Notes ¹	£	31.12.2018 £	31.12.2017 £
Income				
Net capital (losses)/gains	4		(9,848,888)	14,977,560
Revenue	6	4,431,695		4,302,566
Expenses	7	(2,300,880)		(2,170,942)
Interest payable and similar charges	9	<u>(1,191)</u>	<u>(382)</u>	
Net revenue before taxation		2,129,624		2,131,242
Taxation	8	<u>(153,472)</u>	<u>(140,387)</u>	
Net revenue after taxation for the year			<u>1,976,152</u>	<u>1,990,855</u>
Total returns before distributions			(7,872,736)	16,968,415
Distributions	9		<u>(4,165,023)</u>	<u>(3,961,870)</u>
Changes in net assets attributable to shareholders from investment activities			<u>(12,037,759)</u>	<u>13,006,545</u>

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

	Note ¹	£	31.12.2018 £	31.12.2017 £
Opening net assets attributable to shareholders			204,497,504	179,236,389
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		15,952,695		18,706,666
Less: amounts paid on cancellation of shares		<u>(10,195,593)</u>	<u>(8,468,444)</u>	
			5,757,102	10,238,222
Single swing price adjustment			—	12,143
Unclaimed distributions			1,383	1,332
Changes in net assets attributable to shareholders from investment activities (see above)			(12,037,759)	13,006,545
Retained distribution on accumulation shares	9		<u>2,047,198</u>	<u>2,002,873</u>
Closing net assets attributable to shareholders			<u>200,265,428</u>	<u>204,497,504</u>

¹The notes to these accounts can be found on pages 408 to 417.

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		181,496,580	190,207,903
Current assets:			
Debtors	10	968,718	1,042,651
Cash and bank balances	11	19,088,088	14,419,950
Total assets		<u>201,553,386</u>	<u>205,670,504</u>
Liabilities			
Investment liabilities		—	(45,369)
Creditors:			
Bank overdrafts	12	(37,033)	(34,907)
Distribution payable on income shares	9	(1,046,472)	(899,516)
Other creditors	13	(204,453)	(193,208)
Total liabilities		<u>(1,287,958)</u>	<u>(1,173,000)</u>
Net assets attributable to shareholders		<u>200,265,428</u>	<u>204,497,504</u>

¹The notes to these accounts can be found on pages 408 to 417.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(7,484,088)	12,659,552
Gains/(losses) on derivative securities	45,162	(658,017)
(Losses)/gains on forward currency contracts	(1,588,179)	2,846,790
Currency (losses)/gains	(820,316)	130,353
Transaction charges	(1,007)	(538)
Derivative transaction charges	(460)	(580)
Net capital (losses)/gains	<u>(9,848,888)</u>	<u>14,977,560</u>

5. Purchases, Sales, and Transaction costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Bonds	13,197,473	25,374,379
Collective Investment Schemes	4,570,437	5,501,658
Corporate Actions	5,524,993	5,682,331
Derivatives	1,922,357	955,839
Equities	19,826,019	21,638,102
Commissions:		
Equities total value paid	9,926	26,846
Taxes:		
Equities total value paid	11,600	17,126
Total purchase transaction costs	<u>21,526</u>	<u>43,972</u>
Gross purchases total	<u>45,062,805</u>	<u>59,196,281</u>

Notes to the Financial Statements (continued)
5. Purchases, Sales, and Transaction costs (continued)

	31.12.2018 £	31.12.2017 £
Analysis of total sale costs:		
Gross sales in year before transaction costs		
Bonds	6,206,921	15,460,972
Collective Investment Schemes	1,229,048	1,198,875
Corporate Actions	5,524,993	5,682,331
Derivatives	1,712,813	338,357
Equities	30,615,718	30,899,212
Commissions:		
Equities total value paid	(13,927)	(35,283)
Taxes:		
Equities total value paid	–	(5)
Total sales costs	(13,927)	(35,288)
Total sales net of transaction costs	45,275,566	53,544,459
	31.12.2018 %	31.12.2017 %

Analysis of total purchase costs:

Commissions:		
Equities percentage of average NAV ¹	–	0.01
Equities percentage of purchases total	0.05	0.12
Taxes:		
Equities percentage of average NAV ¹	0.01	0.01
Equities percentage of purchases total	0.06	0.08

Analysis of total sale costs:

Commissions:		
Equities percentage of average NAV ¹	0.01	0.02
Equities percentage of sales total	0.05	0.11
Taxes:		
Equities percentage of average NAV ¹	–	–
Equities percentage of sales total	–	–

The average portfolio dealing spread as at 31 December 2018 was 0.25% (31 December 2017: 0.24%).

¹Excluding single swing price adjustment.

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	25,779	1,886
Franked UK dividends	363,762	326,803
Franked CIS revenue	12,051	–
Interest on debt securities	2,019,457	1,851,145
Offshore dividend CIS revenue	104,456	91,197
Offshore interest CIS revenue	269,165	118,204
Overseas dividends	1,637,025	1,913,331
	4,431,695	4,302,566

Notes to the Financial Statements (continued)

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	1,819,694	1,722,984
	<u>1,819,694</u>	<u>1,722,984</u>
Other expenses:		
Fixed operating charge ¹	478,686	445,282
Sundry expenses	2,500	2,676
	<u>481,186</u>	<u>447,958</u>
	<u>2,300,880</u>	<u>2,170,942</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	153,472	140,387
Current tax (note 8b)	<u>153,472</u>	<u>140,387</u>
Deferred tax (note 8c)	–	–
Total tax charge	<u>153,472</u>	<u>140,387</u>

b) Factors affecting taxation charge for the year:

The tax assessed for the period is lower (2017: lower) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	2,129,624	2,131,242
Corporation tax at 20%	425,925	426,249
Effects of:		
UK dividend revenue not subject to corporation tax	(75,163)	(65,362)
Overseas tax irrecoverable	153,472	140,387
Coupon basis distribution	–	115,638
Excess management expenses	(22,336)	(87,955)
Overseas dividend revenue not subject to corporation tax	(304,028)	(367,618)
Offshore dividend CIS revenue	(20,891)	(18,239)
Taxation due to timing differences	–	(536)
Double taxation relief	<u>(3,507)</u>	<u>(2,177)</u>
Sub-total	<u>(272,453)</u>	<u>(285,862)</u>
Current year tax charge (note 8a)	<u>153,472</u>	<u>140,387</u>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	–	–
Deferred tax charge for the year	<u>–</u>	<u>–</u>
Provision at end of year	<u>–</u>	<u>–</u>

The sub-fund has not recognised a deferred tax asset of £159,848 (31 December 2017: £182,184) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

Notes to the Financial Statements (continued)
9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
Interim Distribution	1,096,411	1,086,354
Interim Accumulation	1,048,032	1,021,917
Final Distribution	1,046,472	899,516
Final Accumulation	999,166	980,956
	<u>4,190,081</u>	<u>3,988,743</u>
Add: Amounts deducted on cancellation of shares	44,379	35,290
Less: Amounts added on creation of shares	<u>(69,437)</u>	<u>(62,163)</u>
Distributions	<u>4,165,023</u>	<u>3,961,870</u>
Interest payable and similar charges	1,191	382
Total distributions	<u>4,166,214</u>	<u>3,962,252</u>
Net revenue after taxation	1,976,152	1,990,855
Add: Capitalised expenses	1,840,702	1,736,754
Add: Benefit of coupon basis distribution	715,347	578,189
Add: Shortfall of revenue	–	270
(Less)/Add: Equalisation uplift on unit conversions	(42)	3,428
Add: Undistributed revenue brought forward	1,016	741
Less: Undistributed revenue carried forward	(11)	(1,016)
Tax effect of fees offset to capital	<u>(368,141)</u>	<u>(347,351)</u>
Distributions	<u>4,165,023</u>	<u>3,961,870</u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	894,373	902,161
Amount receivable for creation of shares	84	57,019
Overseas tax recoverable	74,261	74,988
Sales awaiting settlement	–	8,483
	<u>968,718</u>	<u>1,042,651</u>

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances ¹	19,085,734	14,418,628
Cash held at clearing houses and brokers	2,354	1,322
	<u>19,088,088</u>	<u>14,419,950</u>

¹Balance for 31 December 2018 includes a holding of £2,500,000 in BlackRock Sterling Liquidity Heritage 'D' Income

12. Bank Overdrafts

	31.12.2018 £	31.12.2017 £
Bank overdrafts	37,033	34,907
	<u>37,033</u>	<u>34,907</u>

Notes to the Financial Statements (continued)

13. Other creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	1,881	301
Accrued expenses	195,442	192,907
Purchases awaiting settlement	7,130	–
	<u>204,453</u>	<u>193,208</u>

14. Commitments, Contingent Liabilities, and contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

15. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £155,780 (31 December 2017: £153,110).

At the year end, Sarasin GlobalSar - Strategic Fund held the following shares in any other sub-fund or collective investment scheme manager by associated companies of Sarasin Investment Funds Limited.

	Held at 31.12.2018	Held at 31.12.2017
Sarasin Food and Agricultural Opportunities	485,042	–
Sarasin IE Systematic Absolute Return UK 'I' Accumulation	13,500	134,000

At the year end, Clearstream Banking owned 33.14% of shares in the sub-fund on behalf of one beneficiary (31 December 2017: 32.09%).

16. Shareholders' Funds

The sub-fund has 11 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

GLOBALSAR - Strategic Fund 'A' Income Shares

Opening shares	106,097
Shares Created	299
Shares Liquidated	(19,815)
Shares Converted	5,293
Closing shares	91,874

GLOBALSAR - Strategic Fund 'A' Accumulation Shares

Opening shares	414,579
Shares Created	21,406
Shares Liquidated	(71,430)
Shares Converted	(2,956)
Closing shares	361,599

GLOBALSAR - Strategic Fund 'D' Income Shares

Opening shares	4,642,666
Shares Created	179,917
Shares Liquidated	(63,005)
Shares Converted	760,524
Closing shares	5,520,102

Notes to the Financial Statements (continued)**16. Shareholders' Funds (continued)***GLOBALSAR - Strategic Fund 'D' Accumulation Shares*

Opening shares	348,093
Shares Created	98,751
Shares Liquidated	(5,029)
Shares Converted	(423,946)
Closing shares	17,869

GLOBALSAR - Strategic Fund 'F' Accumulation Shares

Opening shares	7,986
Shares Created	—
Shares Liquidated	—
Shares Converted	—
Closing shares	7,986

GLOBALSAR - Strategic Fund 'I' Income Shares

Opening shares	1,033,195
Shares Created	72,341
Shares Liquidated	(242,320)
Shares Converted	—
Closing shares	863,216

GLOBALSAR - Strategic Fund 'I' Accumulation Shares

Opening shares	3,452,777
Shares Created	190,809
Shares Liquidated	(59,443)
Shares Converted	—
Closing shares	3,584,143

GLOBALSAR - Strategic Fund 'P' Income Shares

Opening shares	687,158
Shares Created	1,478,349
Shares Liquidated	(271,044)
Shares Converted	—
Closing shares	1,894,463

GLOBALSAR - Strategic Fund 'P' Accumulation Shares

Opening shares	1,008,119
Shares Created	221,470
Shares Liquidated	(91,559)
Shares Converted	—
Closing shares	1,138,030

GLOBALSAR - Strategic Fund 'X' Income Shares

Opening shares	19,045,295
Shares Created	1,772,369
Shares Liquidated	(902,904)
Shares Converted	—
Closing shares	19,914,760

GLOBALSAR - Strategic Fund 'X' Accumulation Shares

Opening shares	11,618,512
Shares Created	1,099,391
Shares Liquidated	(1,250,176)
Shares Converted	—
Closing shares	11,467,727

Notes to the Financial Statements (continued)
17. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 386. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Danish kroner	7,343	2,288,489	2,295,832	1.15
Euro	18,017	7,692,299	7,710,316	3.85
Hong Kong dollar	–	2,847,374	2,847,374	1.42
Indian rupee	–	584,152	584,152	0.29
Indonesian rupiah	–	625,599	625,599	0.31
Japanese yen	–	1,551,556	1,551,556	0.78
Philippine peso	1,558	968,985	970,543	0.48
Sterling	18,683,675	143,026,777	161,710,452	80.75
Swedish krona	14,443	2,354,186	2,368,629	1.18
Swiss franc	34,458	2,829,222	2,863,680	1.43
US dollar	9,354	16,727,941	16,737,295	8.36
	18,768,848	181,496,580	200,265,428	100.00

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Danish kroner	5,635	1,080,004	1,085,639	0.53
Euro	26,802	4,035,256	4,062,058	1.99
Hong Kong dollar	–	3,876,409	3,876,409	1.90
Indian rupee	15,365	609,355	624,720	0.30
Indonesian rupiah	39,657	672,229	711,886	0.35
Japanese yen	–	(20,114)	(20,114)	(0.01)
Philippine peso	1,547	1,205,978	1,207,525	0.59
Sterling	14,132,656	149,101,649	163,234,305	79.82
Swedish krona	7,388	2,772,492	2,779,880	1.36
Swiss franc	35,163	2,434,032	2,469,195	1.21
US dollar	70,756	24,395,245	24,466,001	11.96
	14,334,969	190,162,535	204,497,504	100.00

Notes to the Financial Statements (continued)
17. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Danish kroner	–	–	2,295,832	2,295,832
Euro	–	–	7,710,316	7,710,316
Hong Kong dollar	–	–	2,847,374	2,847,374
Indian rupee	–	584,152	–	584,152
Indonesian rupiah	–	625,599	–	625,599
Japanese yen	–	–	1,551,556	1,551,556
Philippine peso	1,558	–	968,985	970,543
Sterling	24,756,775	75,823,541	62,381,061	162,961,377
Swedish krona	–	–	2,368,629	2,368,629
Swiss franc	–	–	2,863,680	2,863,680
US dollar	46,387	–	46,899,592	46,945,979
	<u>24,804,720</u>	<u>77,033,292</u>	<u>129,887,025</u>	<u>231,725,037</u>

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	–	–	(1,250,925)	(1,250,925)
US dollar	(37,033)	–	(30,171,651)	(30,208,684)
	<u>(37,033)</u>	<u>–</u>	<u>(31,422,576)</u>	<u>(31,459,609)</u>

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Danish kroner	–	–	1,085,639	1,085,639
Euro	–	–	8,902,454	8,902,454
Hong Kong dollar	–	–	3,876,409	3,876,409
Indian rupee	–	609,355	15,365	624,720
Indonesian rupiah	–	672,229	39,657	711,886
Japanese yen	–	–	921,515	921,515
Philippine peso	1,547	–	1,205,978	1,207,525
Sterling	18,150,585	74,110,987	72,065,457	164,327,029
Swedish krona	–	–	2,779,880	2,779,880
Swiss franc	–	–	2,469,195	2,469,195
US dollar	45,849	–	52,934,770	52,980,619
	<u>18,197,981</u>	<u>75,392,571</u>	<u>146,296,319</u>	<u>239,886,871</u>

Notes to the Financial Statements (continued)
17. Risk Disclosures (continued)

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Euro	–	–	(4,840,396)	(4,840,396)
Japanese yen	–	–	(941,629)	(941,629)
Sterling	–	–	(1,092,724)	(1,092,724)
US dollar	(34,907)	–	(28,479,710)	(28,514,617)
	<u>(34,907)</u>	<u>–</u>	<u>(35,354,459)</u>	<u>(35,389,366)</u>

Fair Value

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

Valuation technique as at 31 December 2018

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Collective Investment Schemes	1,618,862	20,183,425	–	21,802,287
Debt Securities	47,438,046	35,311,878	–	82,749,924
Equities	76,705,579	–	–	76,705,579
Forward Currency Contracts	–	238,790	–	238,790
	<u>125,762,487</u>	<u>55,734,093</u>	<u>–</u>	<u>181,496,580</u>

Valuation technique as at 31 December 2017

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Collective Investment Schemes	4,512,798	18,739,962	–	23,252,760
Debt Securities	45,659,639	33,510,963	–	79,170,602
Equities	87,445,274	–	–	87,445,274
Forward Currency Contracts	–	270,834	–	270,834
Options	68,433	–	–	68,433
	<u>137,686,144</u>	<u>52,521,759</u>	<u>–</u>	<u>190,207,903</u>
Financial Liabilities				
Forward Currency Contracts	–	(29,476)	–	(29,476)
Options	(15,893)	–	–	(15,893)
	<u>(15,893)</u>	<u>(29,476)</u>	<u>–</u>	<u>(45,369)</u>

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Notes to the Financial Statements (continued)**17. Risk Disclosures (continued)****Counterparty Risk**

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. The counterparties to these transactions and any collateral held by the sub-fund at the balance sheet date are shown below:

Counterparty Name as at 31 December 2018	Exposure £	Cash Collateral £
The Bank of New York Mellon	238,790	31,139

Counterparty Name as at 31 December 2017	Exposure £	Cash Collateral £
Goldman Sachs International	68,433	—
The Bank of New York Mellon	270,834	160,574

Positive exposure represents the mark to market value of derivative contracts and the sub-fund's exposure to that counterparty.

18. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per share of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no share classes where the net asset value per share has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the year end.

Distribution Tables

For the year ended 31 December 2018

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
GLOBALSAR - Strategic Fund 'A' Income Shares				
Group 1	9.8936	—	9.8936	10.8286
Group 2	7.8009	2.0927	9.8936	10.8286
GLOBALSAR - Strategic Fund 'A' Accumulation Shares				
Group 1	17.7825	—	17.7825	19.1067
Group 2	5.0206	12.7619	17.7825	19.1067
GLOBALSAR - Strategic Fund 'D' Income Shares				
Group 1	12.5181	—	12.5181	13.6451
Group 2	3.8804	8.6377	12.5181	13.6451
GLOBALSAR - Strategic Fund 'D' Accumulation Shares				
Group 1	19.1806	—	19.1806	23.7594
Group 2	3.9176	15.2630	19.1806	23.7594
GLOBALSAR - Strategic Fund 'F' Accumulation Shares¹				
Group 1	1.6538	—	1.6538	1.8124
Group 2	1.6538	—	1.6538	1.8124
GLOBALSAR - Strategic Fund 'I' Income Shares				
Group 1	11.8903	—	11.8903	12.7378
Group 2	5.3595	6.5308	11.8903	12.7378
GLOBALSAR - Strategic Fund 'I' Accumulation Shares				
Group 1	21.3148	—	21.3148	22.4688
Group 2	18.4937	2.8211	21.3148	22.4688
GLOBALSAR - Strategic Fund 'P' Income Shares				
Group 1	1.3436	—	1.3436	1.4977
Group 2	0.8315	0.5121	1.3436	1.4977
GLOBALSAR - Strategic Fund 'P' Accumulation Shares				
Group 1	1.7770	—	1.7770	1.9328
Group 2	1.0727	0.7043	1.7770	1.9328
GLOBALSAR - Strategic Fund 'X' Income Shares				
Group 1	1.2421	—	1.2421	1.3585
Group 2	0.6612	0.5809	1.2421	1.3585
GLOBALSAR - Strategic Fund 'X' Accumulation Shares				
Group 1	1.5838	—	1.5838	1.6933
Group 2	1.0426	0.5412	1.5838	1.6933

Distribution Tables (continued)
Final distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
GLOBALSAR - Strategic Fund 'A' Income Shares				
Group 1	9.4236	—	9.4236	9.0593
Group 2	7.2436	2.1800	9.4236	9.0593
GLOBALSAR - Strategic Fund 'A' Accumulation Shares				
Group 1	16.8994	—	16.8994	16.1117
Group 2	3.8471	13.0523	16.8994	16.1117
GLOBALSAR - Strategic Fund 'D' Income Shares¹				
Group 1	12.3048	—	12.3048	11.7581
Group 2	12.3048	—	12.3048	11.7581
GLOBALSAR - Strategic Fund 'D' Accumulation Shares¹				
Group 1	22.5279	—	22.5279	18.3708
Group 2	22.5279	—	22.5279	18.3708
GLOBALSAR - Strategic Fund 'F' Accumulation Shares¹				
Group 1	1.5817	—	1.5817	1.5719
Group 2	1.5817	—	1.5817	1.5719
GLOBALSAR - Strategic Fund 'I' Income Shares				
Group 1	11.6226	—	11.6226	11.6682
Group 2	7.6332	3.9894	11.6226	11.6682
GLOBALSAR - Strategic Fund 'I' Accumulation Shares				
Group 1	20.6611	—	20.6611	19.3136
Group 2	19.2748	1.3863	20.6611	19.3136
GLOBALSAR - Strategic Fund 'P' Income Shares				
Group 1	1.2706	—	1.2706	1.2169
Group 2	0.4392	0.8314	1.2706	1.2169
GLOBALSAR - Strategic Fund 'P' Accumulation Shares				
Group 1	1.7254	—	1.7254	1.6028
Group 2	0.8535	0.8719	1.7254	1.6028
GLOBALSAR - Strategic Fund 'X' Income Shares				
Group 1	1.1759	—	1.1759	1.1294
Group 2	0.5639	0.6120	1.1759	1.1294
GLOBALSAR - Strategic Fund 'X' Accumulation Shares				
Group 1	1.5151	—	1.5151	1.4380
Group 2	1.0969	0.4182	1.5151	1.4380

¹There were no group 2 shares for this period.

Investment Objective and Policy

Sarasin Sterling Bond seeks to achieve an income at a premium to the FTSE Gilts All Stocks Index and to achieve a total return higher than that index over the medium term. The sub-fund is expected to invest predominantly either directly or indirectly in fixed income assets with the majority invested either directly or indirectly in sterling denominated government, corporate, asset-backed, index-linked, convertible, and structured bonds.

The sub-fund may also invest in a portfolio of investments which may include transferable securities, units in collective investment schemes, money market instruments, warrants, government and public securities and deposits. Cash and near cash may also be held by the sub-fund. The sub-fund may invest in derivatives for efficient portfolio management purposes (including hedging). The sub-fund may also borrow and employ stocklending techniques in accordance with the rules in COLL.

Sensitivity Analysis

The sub-fund invests in bonds. Exposure to certain parts of the yield curve has been done through swaps, swaptions, or options. Occasionally, small currency positions are implemented through forwards or options to implement views on currencies and credit exposure on bonds is sometimes hedged using credit default swaps.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin Funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Sterling Bond, as at 31 December 2018, was 5.98% (31 December 2017: 5.28%). The lowest, highest, and average utilisation in the year was 4.60%, 6.08%, and 5.48%, respectively (31 December 2017: 4.08%, 5.63%, and 4.95%, respectively).

Investment Review

As in 2017, UK gilt markets were rangebound in 2018, with the range on the 10-year yield moving up from 0.9-1.5% to 1.15-1.75% and ending the year marginally higher than it began at just below 1.3%. Total returns to the all-maturity gilt index were marginally positive at 0.5%. The inflation-linked gilt index returned -0.3%, with the underperformance vs conventionals being explained by the greater average maturity of the linker universe (the ultra-long-end of the curve (15-year+) underperformed the intermediate segment), rather than by inflation breakevens, which were actually modestly wider.

Sterling credit underperformed gilts in 2018, producing negative returns of the order of -1.5%. The underperformance was particularly pronounced in the latter part of first quarter, when spreads widened sharply after racing to multiyear tightness in the first few weeks of January, and then again in fourth quarter as risk markets globally came under severe pressure from the deteriorating growth and corporate earnings outlook, exacerbated by rising trade tensions between the US and China, and the perceived indifference of Federal Reserve policy thereto.

The sub-fund was overweight credit versus underweight gilts throughout 2018, and this positioning was the principal driver of the negative excess returns produced over the year. We also experienced idiosyncratic stress in some individual issuers held in the portfolio, specifically in the first quarter with Dignity (change in pricing strategy leading to an S&P downgrade from BBB to BB of the tranche we hold) and AA (downgraded earnings outlook leading to slower pace of delevering and cut in dividend). The negative sentiment on AA also had negative repercussions for the RAC issue we hold. Some of the long-dated life insurance paper we hold also underperformed (Aviva, Legal & General, Prudential) due to their perceived "high-beta" nature (exposure to financial market volatility via their investment portfolios), but we regard them as strong credits.

Relative outperformance came from agency and government-guaranteed debt, notably rail infrastructure (French SNCF Réseau and LCR Finance in the UK). Our asset-backed security exposure taken via third party funds performed well; however, we are likely to reduce this exposure in favour of re-allocating to "traditional" corporate credit given the shift in relative value.

Transactions of note included participating in an RBS senior holdco new issue (which recycled bank exposure from maturing/called Citigroup and ING holdings). We also participated in the inaugural issue of Connect Plus, the entity contracted by the UK government to operate the M25 and design and build additional parts of the network. Both transactions typify our preference for adding meaningful exposure via the primary market, which affords the possibility of capturing "new issue premium". In the early part of fourth quarter we sold some Tier 2 Rabobank bonds and bought a green bond of International Finance Corporation, an AAA-rated supranational, as part of a risk management exercise given rising market volatility.

Investment Review (continued)

Outlook

Absent a Brexit resolution, gilt yields are likely to remain rangebound (we have long held that 0.75-1.75% on the 10-year defines the current post-Brexit range). In the event of a positive outcome from Brexit negotiations, they could break out of their post-Brexit ranges, particularly at the front-end of the curve. 2-year gilts yield about the same as Bank Rate, which we regard as too low given that the Bank of England (and other major central banks like the U.S. Federal Reserve) are likely to continue gradually tightening policy.

The European Central Bank duly concluded its QE programme in December, whilst continuing to guide that rates will remain on hold at least through the middle of 2019. The Bank of Japan continues to expand its balance sheet, albeit at the slowest pace since the programme began in early 2013. The Federal Reserve currently targets a \$50bn per month pace of reduction in its balance sheet, although they have recently signalled that this pace may be reduced in response to slowing economic activity and financial market volatility.

The relatively benign medium-term economic and financial market outlook (global recession risk remains relatively low) are somewhat clouded by shorter-term political risk factors and the recent slowdown in activity. On the other hand, the widening in spreads since last January has created opportunities to selectively add credit given our base case expectation that we are currently “late cycle”, but not “very late-cycle” (i.e. recession risk in 2019 remains low).

Consequently, we are likely to retain our overweight stance on credit and underweight on gilts. We are, however, unlikely to increase overall credit “beta”, further instead rotating exposure from ABS and other more exotic credit back into “traditional” sectors where a compelling valuation argument has been formed by the recent widening, for example, senior bank paper.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Top 10 purchases during the year

UK Treasury 3.75% 22/07/2052
UK Treasury 4.00% 07/03/2022
UK Treasury 4.25% 07/03/2036
BP Capital Markets 2.274% 03/07/2026
Channel Housing Link Enterprises Finance F2F 3.043% 30/06/2050
Neuberger Berman Emerging Market Debt
Investec Bank 4.25% 24/07/2028
Royal Bank of Scotland 2.875% 19/09/2026
BUPA Finance 5.00% 08/12/2026
Credit Agricole 7.50% Perpetual

Top 10 sales during the year

UK Treasury 4.75% 07/12/2030
UK Treasury 3.75% 07/09/2019
UK Treasury 3.5% 22/01/2045
UK Treasury 4.25% 07/03/2036
UK Treasury 4.25% 07/12/2027
UK Treasury 4.00% 07/03/2022
NGG Finance F2V 5.625% 18/06/2073
Nestle 1.00% 11/06/2021
UK Treasury 4.25% 07/06/2032
BUPA Finance 2.00% 05/04/2024

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 423 and 424 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information (continued)**Comparative Tables***Sterling Bond 'I' Income Shares*

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	113.80	113.43	106.24
Return before operating charges*	(0.79)	5.42	11.42
Operating charges	(0.79)	(0.81)	(0.80)
Return after operating charges*	(1.58)	4.61	10.62
Distributions on income shares	(4.12)	(4.24)	(3.43)
Closing net asset value per share	108.10	113.80	113.43
* after direct transaction costs of ¹ :	(0.08)	(0.03)	(0.02)
Performance			
Return after charges ²	(1.39)%	4.06%	9.99%
Other Information			
Closing net asset value (£'000)	82,131	116,778	124,724
Closing number of shares	75,975,479	102,620,530	109,959,393
Operating charges ³	0.71%	0.71%	0.71%
Direct transaction costs	(0.07)%	(0.03)%	(0.02)%
Prices			
Highest share price	114.10p	117.30p	120.50p
Lowest share price	107.30p	111.90p	107.00p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)**Comparative Tables (continued)***Sterling Bond 'I' Accumulation Shares*

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	174.38	167.51	152.25
Return before operating charges*	(1.13)	8.09	16.42
Operating charges	(1.23)	(1.22)	(1.16)
Return after operating charges*	(2.36)	6.87	15.26
Distributions	(6.26)	(6.31)	(4.95)
Retained distributions on accumulation shares	6.26	6.31	4.95
Closing net asset value per share	172.02	174.38	167.51
* after direct transaction costs of ¹ :	(0.12)	(0.05)	(0.03)
Performance			
Return after charges ²	(1.35)%	4.10%	10.02%
Other Information			
Closing net asset value (£'000)	13,369	7,330	6,978
Closing number of shares	7,771,878	4,203,518	4,165,573
Operating charges ³	0.71%	0.71%	0.71%
Direct transaction costs	(0.07)%	(0.03)%	(0.02)%
Prices			
Highest share price	174.80p	175.90p	175.30p
Lowest share price	168.60p	165.20p	153.30p

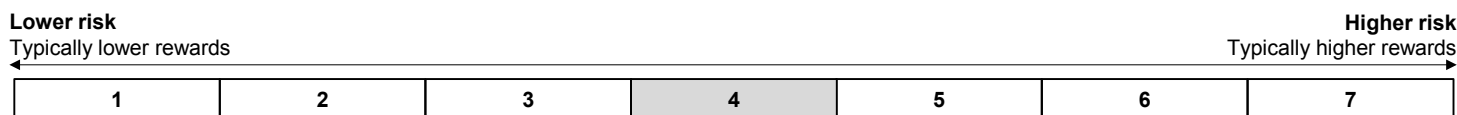
¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The following risks may not be fully captured by the Indicator:

Bonds: Investing in bonds offers you the chance to earn returns through growing your capital and generating income. Nevertheless, there is a risk that the organisation which issued the bond will fail, which would result in a loss of income to the sub-fund, along with its initial investment. Bond values are likely to fall if interest rates rise.

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Derivatives: Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

Bond Liquidity Risk: In stressed market conditions the value of certain bond investments may be less predictable than normal. In some cases this may make such investments harder to sell at the last quoted market price, or at a price considered to be fair. Such conditions could result in unpredictable changes in the value of your holding.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
Sterling Government Bonds 44.30% (31 December 2017 - 44.87%)			
£5,500,000	UK Treasury 3.50% 22/01/2045	7,359,831	7.71
£2,000,000	UK Treasury 3.75% 07/09/2021	2,158,070	2.26
£3,450,000	UK Treasury 3.75% 22/07/2052	5,168,307	5.41
£6,500,000	UK Treasury 4.00% 07/03/2022	7,150,266	7.49
£4,000,000	UK Treasury 4.25% 07/12/2027	5,043,936	5.28
£1,500,000	UK Treasury 4.25% 07/06/2032	1,995,969	2.09
£6,750,000	UK Treasury 4.25% 07/03/2036	9,318,017	9.76
£3,500,000	UK Treasury 8.00% 07/06/2021	4,111,884	4.30
		42,306,280	44.30
UK Corporate Bonds 24.87% (31 December 2017 - 25.51%)			
£650,000	A2Dominion Housing 3.50% 15/11/2028	657,929	0.69
£400,000	AT&T 7.00% 30/04/2040	553,460	0.58
£600,000	Aviva F2F 5.125% 04/06/2050	571,742	0.60
£500,000	Banco Santander 2.75% 12/09/2023	495,282	0.52
£400,000	Bank of America 6.125% 15/09/2021	443,848	0.46
£500,000	Barclays 3.25% 12/02/2027	478,858	0.50
£550,000	BASF 1.75% 11/03/2025	543,526	0.57
£500,000	BP Capital Markets 2.274% 03/07/2026	495,876	0.52
£500,000	BPCE 5.25% 16/04/2029	562,048	0.59
£500,000	Bunzl Finance 2.25% 11/06/2025	483,908	0.51
£550,000	BUPA Finance 5.00% 08/12/2026	575,766	0.60
£650,000	Cadent Finance 2.625% 22/09/2038	573,723	0.60
£450,000	Centrica 7.00% 19/09/2033	625,806	0.66
£500,000	Comcast 5.50% 23/11/2029	628,776	0.66
£500,000	Connect Plus M25 2.607% 31/03/2039	497,869	0.52
£500,000	Credit Agricole 7.50% Perpetual	517,314	0.54
£500,000	Credit Suisse 3.00% 27/05/2022	510,885	0.54
£500,000	Credit Suisse F2F 2.125% 12/09/2025	474,064	0.50
£500,000	CYBG 4.00% 25/09/2026	464,755	0.49
£500,000	Deutsche Bahn Finance 1.375% 07/07/2025	489,286	0.51
£400,000	Deutsche Bank 1.75% 16/12/2021	381,311	0.40
£650,000	Digital Stout 4.25% 17/01/2025	687,766	0.72
£230,000	Eastern Power Networks 8.50% 31/03/2025	307,589	0.32
£400,000	Electricite de France 5.50% 17/10/2041	497,048	0.52
£600,000	Electricite de France 5.875% Perpetual	560,966	0.59
£400,000	Engie 7.00% 30/10/2028	557,684	0.58
£500,000	HSBC F2V 2.256% 13/11/2026	475,355	0.50
£400,000	innogy Finance 6.125% 06/07/2039	536,971	0.56
£600,000	Investec Bank 4.25% 24/07/2028	577,422	0.60
£600,000	Legal & General F2V 5.375% 27/10/2045	616,864	0.65
£450,000	Lloyds Bank 7.625% 22/04/2025	557,495	0.58
£550,000	Orange 5.75% Perpetual	574,750	0.60
£300,000	Places for People Treasury 2.875% 17/08/2026	291,035	0.30
£400,000	Places for People Treasury 3.625% 22/11/2028	400,693	0.42
£500,000	Prudential F2V 5.70% 19/12/2063	536,712	0.56
£300,000	Retail Charity Bond 4.50% 20/06/2026	294,900	0.31
£600,000	Royal Bank of Scotland 2.875% 19/09/2026	574,163	0.60

Portfolio Statement (continued)

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
UK Corporate Bonds (continued)			
£400,000	Royal Bank of Scotland 6.375% 07/12/2028	501,293	0.53
£400,000	Scottish Widows 7.00% 16/06/2043	458,647	0.48
£600,000	SSE 3.875% Perpetual	589,650	0.62
£450,000	SSE 8.375% 20/11/2028	653,436	0.68
£400,000	TSB Banking F2F 5.75% 06/05/2026	390,944	0.41
£450,000	United Utilities Water 5.625% 20/12/2027	561,718	0.59
£500,000	University of Southampton 2.25% 11/04/2057	429,158	0.45
£500,000	Wellcome Trust Finance 4.625% 25/07/2036	658,274	0.69
£400,000	Welltower 4.50% 01/12/2034	432,074	0.45
		23,748,639	24.87
Overseas Corporate Bonds 0.44% (31 December 2017 - 0.36%)			
USD600,000	Greenko Dutch 5.25% 24/07/2024	422,229	0.44
		422,229	0.44
Sterling Asset Backed 16.51% (31 December 2017 - 16.62%)			
£800,000	AA Bond 2.875% 31/01/2022	743,402	0.78
£200,000	Alpha Plus 5.00% 31/03/2024	207,916	0.22
£500,000	Anglian Water Services Financing 1.625% 10/08/2025	481,454	0.50
£600,000	Arqiva Financing 5.34% 30/06/2030	695,761	0.73
£700,000	Bazalgette Finance 2.375% 29/11/2027	684,382	0.72
£650,000	Channel Housing Link Enterprises Finance F2F 3.043% 30/06/2050	638,921	0.67
£550,000	CPUK Finance 7.239% 28/02/2042	662,396	0.69
£750,000	Dignity Finance 4.696% 31/12/2049	665,902	0.70
£400,000	Dwr Cymru Financing 2.50% 31/03/2036	384,202	0.40
£500,000	Dwr Cymru Financing 6.907% 31/03/2021	559,134	0.58
£400,000	EMH Treasury 4.50% 29/01/2044	470,915	0.49
£500,000	Fuller Smith & Turner 6.875% 30/04/2028	650,000	0.68
£600,000	Great Rolling 6.875% 27/07/2035	579,621	0.61
£600,000	Greater Gabbard Ofto 4.137% 29/11/2032	584,044	0.61
£500,000	Heathrow Funding 4.625% 31/10/2046	591,227	0.62
£400,000	High Speed Rail Finance 4.375% 01/11/2038	474,847	0.50
£300,000	Land Securities Capital Markets 1.974% 08/02/2026	299,652	0.31
£500,000	Manchester Airport 4.75% 31/03/2034	592,603	0.62
£300,000	Marston's Issuer FRN 1.776% 15/07/2020	43,488	0.05
£500,000	Notting Hill Housing Trust 3.25% 12/10/2048	471,954	0.49
£600,000	RAC Bond 4.565% 06/05/2023	589,295	0.62
£300,000	Retail Charity Bond 4.375% 29/07/2021	311,400	0.33
£270,000	Retail Charity Bond 5.00% 29/07/2021	292,410	0.31
£550,000	Riverside Finance 3.875% 05/12/2044	603,665	0.63
£700,000	Tesco Property Finance 5.661% 13/10/2041	763,073	0.80
£550,000	Thames Water Utilities Cayman Finance 3.50% 25/02/2028	571,160	0.60
£450,000	THFC (Funding No 3) 5.20% 11/10/2043	581,341	0.61
£500,000	Unite (USAF) 3.921% 30/06/2025	547,999	0.57
£376,635	UPP Bond 1 Issuer 4.902% 28/02/2040	452,373	0.47

Portfolio Statement (continued)

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
Sterling Asset Backed (continued)			
£600,000	WoDS Transmission 3.446% 24/08/2034	571,075	0.60
		15,765,612	16.51
Sterling Government Agencies, Supra 6.05% (31 December 2017 - 5.69%)			
£650,000	Affordable Housing Finance 2.893% 11/08/2043	724,145	0.76
£650,000	European Investment Bank 4.25% 07/12/2021	706,666	0.74
£500,000	International Finance 1.25% 15/12/2023	497,472	0.52
£600,000	LCR Finance 4.50% 07/12/2028	754,396	0.79
£750,000	Prs Finance 1.75% 24/11/2026	757,043	0.79
£800,000	SNCF Reseau 5.50% 01/12/2021	895,019	0.94
£500,000	Tennessee Valley Authority 5.625% 07/06/2032	688,483	0.72
£650,000	Transport for London 3.875% 23/07/2042	757,407	0.79
		5,780,631	6.05
Other Government Agencies, Supra 1.07% (31 December 2017 - 1.03%)			
IDR8,500,000,000	Inter-American Development Bank 7.875% 14/03/2023	462,399	0.49
INR50,000,000	International Finance 6.45% 10/08/2020	556,335	0.58
		1,018,734	1.07
US Government Agencies, Supra 0.19% (31 December 2017 - 0.15%)			
USD250,000	Indian Railway Finance 3.835% 13/12/2027	180,617	0.19
		180,617	0.19
Alternative Investments 0.00% (31 December 2017 - 2.33%)			
High Yield Bond Funds 0.00% (31 December 2017 - 0.67%)			
Strategic Holdings 3.28% (31 December 2017 - 0.00%)			
500,000	Alcentra European Floating Rate Income	497,000	0.52
6,500	Ashmore SICAV Emerging Markets Short Duration 'Z' Income	622,765	0.65
454,698	NB Distressed Debt Investment	319,531	0.33
65,000	Neuberger Berman Emerging Market Debt	629,850	0.66
450,000	Sequoia Economic Infrastructure Income	510,750	0.54
500,000	TwentyFour Income	557,500	0.58
		3,137,396	3.28
Total Value of Investments 96.71% (31 December 2017 - 97.23%)		92,360,138	96.71
Net Other Assets		3,139,969	3.29
Net assets		95,500,107	100.00

All holdings are bonds and are listed on an official stock exchange unless otherwise stated.

Portfolio Statement (continued)

Asset Allocation of Portfolio of Investments is as follows:		
Bonds	89,222,742	93.43
Collective Investment Schemes	2,817,865	2.95
Equities	319,531	0.33
Net Other Assets	3,139,969	3.29
	95,500,107	100.00
Debt Security Allocation of Portfolio of Investments is as follows: (Sourced from Bloomberg)		
Percentage of Debt Securities above investment grade		95.28
Percentage of Debt Securities below investment grade (sub BBB- or unrated)		4.72
		100.00

Statement of Total Return

For the year ended 31 December 2018

	Notes ¹	£	31.12.2018 £	31.12.2017 £
Income				
Net capital (losses)/gains	4		(4,313,481)	2,196,309
Revenue	6	3,213,746		3,727,274
Expenses	7	(799,341)		(891,729)
Interest payable and similar charges	9	<u>(224)</u>	<u>(7)</u>	
Net revenue before taxation		2,414,181		2,835,538
Taxation	8	<u>—</u>	<u>—</u>	
Net revenue after taxation for the year			<u>2,414,181</u>	<u>2,835,538</u>
Total returns before distributions			(1,899,300)	5,031,847
Distributions	9		<u>(4,167,684)</u>	<u>(4,611,938)</u>
Changes in net assets attributable to shareholders from investment activities			<u>(6,066,984)</u>	<u>419,909</u>

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

	Note ¹	£	31.12.2018 £	31.12.2017 £
Opening net assets attributable to shareholders			124,108,099	131,702,143
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		16,220,077		18,440,107
Less: amounts paid on cancellation of shares		<u>(39,163,705)</u>	<u>(22,943,628)</u>	<u>(8,309,533)</u>
Single swing price adjustment			78,870	36,116
Changes in net assets attributable to shareholders from investment activities (see above)			(6,066,984)	419,909
Retained distribution on accumulation shares	9		<u>323,750</u>	<u>259,464</u>
Closing net assets attributable to shareholders			<u>95,500,107</u>	<u>124,108,099</u>

¹The notes to these accounts can be found on pages 432 to 438.

Balance Sheet

As at 31 December 2018

		31.12.2018	31.12.2017
	Notes ¹	£	£
Assets			
Fixed assets:			
Investments		92,360,138	120,665,770
Current assets:			
Debtors	10	983,545	1,321,063
Cash and bank balances	11	3,011,588	3,298,487
Total assets		<u>96,355,271</u>	<u>125,285,320</u>
Liabilities			
Creditors:			
Distribution payable on income shares	9	(791,968)	(1,098,963)
Other creditors	12	(63,196)	(78,258)
Total liabilities		<u>(855,164)</u>	<u>(1,177,221)</u>
Net assets attributable to shareholders		<u>95,500,107</u>	<u>124,108,099</u>

¹The notes to these accounts can be found on pages 432 to 438.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(4,314,993)	1,828,211
Gains on forward currency contracts	–	334,823
Currency gains	1,512	33,334
Transaction charges	–	(59)
Net capital (losses)/gains	<u>(4,313,481)</u>	<u>2,196,309</u>

5. Purchases, Sales, and Transaction Costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Bonds	15,708,210	30,363,711
Collective Investment Schemes	727,300	–
Corporate Actions	766,873	1,817,932
Total purchase transaction costs	–	–
Gross purchases total	<u>17,202,383</u>	<u>32,181,643</u>

Analysis of total sale costs:

Gross sales in year before transaction costs		
Bonds	38,374,801	38,127,172
Collective Investment Schemes	191,650	863,190
Corporate Actions	766,873	1,817,932
Equities	1,020,812	60,837
Commissions:		
Equities total value paid	(497)	–
Total sales costs	<u>(497)</u>	<u>–</u>
Total sales net of transaction costs	<u>40,353,639</u>	<u>40,869,131</u>

Notes to the Financial Statements (continued)
5. Purchases, Sales, and Transaction Costs (continued)

	31.12.2018 %	31.12.2017 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV ¹	—	—
Equities percentage of purchases total	—	—
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV ¹	—	—
Equities percentage of sales total	0.05	—

The average portfolio dealing spread as at 31 December 2018 was 0.48% (31 December 2017: 0.46%).

¹Excluding single swing price adjustment.

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	3,255	455
Interest on debt securities	3,021,504	3,501,054
Offshore interest CIS revenue	117,500	78,439
Overseas dividends	71,487	147,326
	<u>3,213,746</u>	<u>3,727,274</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	560,407	626,098
	<u>560,407</u>	<u>626,098</u>
Other expenses:		
Fixed operating charge ¹	236,434	262,961
Sundry expenses	2,500	2,670
	<u>238,934</u>	<u>265,631</u>
	<u>799,341</u>	<u>891,729</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	—	—
Current tax (note 8b)	—	—
Deferred tax (note 8c)	—	—
Total tax charge	<u>—</u>	<u>—</u>
b) Factors affecting taxation charge for the year:		
The tax assessed for the period is lower (2017: lower) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:		
Net revenue before tax	2,414,181	2,835,538
Corporation tax at 20%	482,836	567,108
Effects of:		
Coupon basis distribution	190,820	189,064
Interest distributions	(659,359)	(727,076)
Overseas dividend revenue not subject to corporation tax	<u>(14,297)</u>	<u>(29,096)</u>
Sub-total	<u>(482,836)</u>	<u>(567,108)</u>
Current year tax charge (note 8a)	<u>—</u>	<u>—</u>
OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.		
c) Provision for the deferred tax		
Provision at start of year	—	—
Deferred tax charge for the year	—	—
Provision at end of year	<u>—</u>	<u>—</u>

Notes to the Financial Statements (continued)
9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
First Quarter Distribution	1,038,400	1,094,967
First Quarter Accumulation	61,398	63,400
Interim Distribution	1,058,460	1,115,756
Interim Accumulation	69,992	67,414
Third Quarter Distribution	942,883	1,023,088
Third Quarter Accumulation	72,012	60,793
Final Distribution	791,968	1,098,963
Final Accumulation	120,348	67,857
	<u>4,155,461</u>	<u>4,592,238</u>
Add: Amounts deducted on cancellation of shares	82,740	74,388
Less: Amounts added on creation of shares	<u>(70,517)</u>	<u>(54,688)</u>
Distributions	<u>4,167,684</u>	<u>4,611,938</u>
Interest payable and similar charges	224	7
Total distributions	<u>4,167,908</u>	<u>4,611,945</u>
Net revenue after taxation	2,414,181	2,835,538
Add: Capitalised expenses	799,343	831,113
Add: Benefit of coupon basis distribution	954,102	945,321
Add: Undistributed revenue brought forward	101	67
Less: Undistributed revenue carried forward	<u>(43)</u>	<u>(101)</u>
Distributions	<u>4,167,684</u>	<u>4,611,938</u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	983,397	1,292,648
Amount receivable for creation of shares	148	18,518
Sales awaiting settlement	–	9,897
	<u>983,545</u>	<u>1,321,063</u>

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	3,011,588	3,298,487
	<u>3,011,588</u>	<u>3,298,487</u>

12. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	4,604	92
Accrued expenses	58,592	78,166
	<u>63,196</u>	<u>78,258</u>

Notes to the Financial Statements (continued)**13. Commitments, Contingent Liabilities, and Contingent Assets**

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

14. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £40,980 (31 December 2017: £55,515).

At the year end, Sarasin Sterling Bond held no shares in any other sub-fund or collective investment schemes managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

At the year end, BNY (OCS) Nominees Limited owned below the 25% threshold in the sub-fund on behalf of multiple beneficiaries (31 December 2017: 55.25%).

15. Shareholders' Funds

The sub-fund has 2 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Sterling Bond 'I' Income Shares

Opening shares	102,620,530
Shares Created	6,314,603
Shares Liquidated	(32,959,654)
Shares Converted	—
Closing shares	75,975,479

Sterling Bond 'I' Accumulation Shares

Opening shares	4,203,518
Shares Created	5,423,791
Shares Liquidated	(1,855,431)
Shares Converted	—
Closing shares	7,771,878

16. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 420. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Indian rupee	14,189	556,335	570,524	0.60
Indonesian rupiah	29,339	462,399	491,738	0.51
Sterling	3,085,228	90,419,027	93,504,255	97.91
US dollar	11,214	922,376	933,590	0.98
	<u>3,139,970</u>	<u>92,360,137</u>	<u>95,500,107</u>	<u>100.00</u>

Notes to the Financial Statements (continued)
16. Risk Disclosures (continued)

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Indian rupee	17,560	696,405	713,965	0.57
Indonesian rupiah	34,484	584,547	619,031	0.50
Sterling	3,370,516	118,424,343	121,794,859	98.14
US dollar	19,769	960,475	980,244	0.79
	3,442,329	120,665,770	124,108,099	100.00

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Indian rupee	–	556,335	14,189	570,524
Indonesian rupiah	–	462,399	29,339	491,738
Sterling	10,618,698	79,994,053	3,746,668	94,359,419
US dollar	–	602,845	330,745	933,590
	10,618,698	81,615,632	4,120,941	96,355,271

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	–	–	(855,164)	(855,164)
	–	–	(855,164)	(855,164)

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Indian rupee	–	696,405	17,560	713,965
Indonesian rupiah	–	584,547	34,484	619,031
Sterling	12,101,601	106,232,755	4,637,724	122,972,080
US dollar	–	633,807	346,437	980,244
	12,101,601	108,147,514	5,036,205	125,285,320

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	–	–	(1,177,221)	(1,177,221)
	–	–	(1,177,221)	(1,177,221)

Notes to the Financial Statements (continued)**16. Risk Disclosures (continued)****Fair Value**

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

Valuation technique as at 31 December 2018

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Collective Investment Schemes	1,565,250	1,252,615	—	2,817,865
Debt Securities	42,306,280	46,916,462	—	89,222,742
Equities	319,531	—	—	319,531
	<u>44,191,061</u>	<u>48,169,077</u>	<u>—</u>	<u>92,360,138</u>

Valuation technique as at 31 December 2017

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Collective Investment Schemes	2,564,554	823,920	—	3,388,474
Debt Securities	60,292,706	56,657,922	—	116,950,628
Equities	326,668	—	—	326,668
	<u>63,183,928</u>	<u>57,481,842</u>	<u>—</u>	<u>120,665,770</u>

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Counterparty Risk

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. As at the balance sheet date, the sub-fund is not exposed to any counterparty risk.

17. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per shares of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no share classes where the net asset value per shares has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the year end.

SARASIN Sterling Bond

Distribution Tables

For the year ended 31 December 2018

First Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 31 March 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	First Quarter Distribution Paid 2018 Pence per Share	First Quarter Distribution Paid 2017 Pence per Share
Sterling Bond 'I' Income Shares				
Group 1	1.0085	—	1.0085	1.0309
Group 2	0.3893	0.6192	1.0085	1.0309
Sterling Bond 'I' Accumulation Shares				
Group 1	1.5336	—	1.5336	1.5241
Group 2	0.5747	0.9589	1.5336	1.5241

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 April 2018

Group 2: Shares purchased between 1 April 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Sterling Bond 'I' Income Shares				
Group 1	1.0324	—	1.0324	1.0700
Group 2	0.5168	0.5156	1.0324	1.0700
Sterling Bond 'I' Accumulation Shares				
Group 1	1.5720	—	1.5720	1.5865
Group 2	0.7364	0.8356	1.5720	1.5865

Third Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 30 September 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Third Quarter Distribution Paid 2018 Pence per Share	Third Quarter Distribution Paid 2017 Pence per Share
Sterling Bond 'I' Income Shares				
Group 1	1.0360	—	1.0360	1.0668
Group 2	0.4622	0.5738	1.0360	1.0668
Sterling Bond 'I' Accumulation Shares				
Group 1	1.6087	—	1.6087	1.5876
Group 2	0.9021	0.7066	1.6087	1.5876

Distribution Tables (continued)**Final distribution in pence per share**

Group 1: Shares purchased prior to 1 October 2018

Group 2: Shares purchased between 1 October 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Sterling Bond 'I' Income Shares				
Group 1	1.0424	—	1.0424	1.0709
Group 2	0.7189	0.3235	1.0424	1.0709
Sterling Bond 'I' Accumulation Shares				
Group 1	1.5485	—	1.5485	1.6143
Group 2	0.8728	0.6757	1.5485	1.6143

Investment Objective and Policy

Sarasin Food & Agriculture Opportunities seeks to achieve capital appreciation. In order to achieve its investment objective, the sub-fund will invest in a global and diversified portfolio of investments which provide exposure to the food and agricultural sectors. The sub-fund will be permitted to invest in a broad range of investments permitted for UCITS Schemes under COLL including transferable securities, units in collective investment schemes, exchange traded funds ("ETFs"), exchange traded commodities ("ETCs"), money market instruments, warrants, government and public securities, deposits and derivative and forward transactions. Cash and near cash may also be held by the sub-fund.

The sub-fund may invest in derivatives for efficient portfolio management purposes (including hedging). The sub-fund may also borrow and employ stocklending techniques in accordance with the rules in COLL.

Sensitivity Analysis

The sub-fund invests in equities and Exchange Traded Funds. The sub-fund will then use options on individual stocks to implement views on specific stocks. Exposure to foreign currencies is also altered through the use of forwards.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Food & Agriculture Opportunities, as at 31 December 2018, was 7.75% (31 December 2017: 7.32%). The lowest, highest, and average utilisation in the year was 6.05%, 7.87%, and 6.81%, respectively (31 December 2017: 7.21%, 8.68%, and 7.96%, respectively).

Investment Review

The Sarasin Food and Agriculture Opportunities Fund delivered a 0% return in 2018 after being up 10% midway through the year. A broad global equity market sell-off in December, caused by a weakening global economic outlook, resulted in the main impact to performance.

After a slow start, we saw performance accelerate through the spring, as a mixture of long-held shareholdings and some recent additions began to perform strongly. Meanwhile, broader equity markets saw mixed conditions, with the US outperforming non-US, and notably an emerging market sell-off towards the end of the first half. Market volatility was caused by slowing economic momentum, trade protectionism, rising bond yields, a stronger US dollar, and subdued food commodity prices.

Through the summer equity markets stabilised, albeit with rising US-China trade war rhetoric, disagreements over NAFTA, elections in Brazil, and tension between Italy and the EU over its fiscal balances. Fund performance remained positive as we entered Q4 and financial results reported by companies held in the portfolio were generally strong. But in December, global equity markets lurched down by 10% as economic growth started to deteriorate across the world. Lead indicators began to roll over, and fears took hold of a policy error by the US Federal Reserve raising interest rates too quickly. In a broad market sell-off, exacerbated by low liquidity, it was difficult for the unit price not to follow, with a drawdown of 9%.

Our long-term approach is unchanged and the sub-fund remains positioned for structural themes in the food economy, backed by inexorable drivers such as rising populations and incomes, urbanisation, and lifestyle change.

Positive returns stemmed from across our food 'spectrum', from field to fork, and across geographic regions. After being the second best contributor during 2017, it was another successful year for the fund's holding in Ocado, rising 106%. Ocado sits within the "technology across the food chain" theme and we have patiently owned the shares since 2013. In the past year the company finally delivered on its promise of delivering its software and automation solutions to multiple international grocery retailers. Following the first deal in November 2017 with Groupe Casino, we saw three further new deals signed, culminating with Kroger, the largest grocer in the US in May 2018. The sheer size of the US food retail market and Kroger's ambition to become the leading player in online grocery fulfilment led to a much bigger deal with Ocado than many had expected – up to 20 automated warehouses in the next three years. We think that there is enormous scope for technology to change the food chain, significantly altering how we produce, process, purchase, and consume food over the next decade. Ocado is a good example of how we use themes to find the investment beneficiaries.

Investment Review (continued)

SLC Agricola is another example of a long-held share, illustrating our patient investment approach when we believe strongly in positive underlying fundamentals - One of the casualties from the trade war is soybean exports from the US to China. Soybeans are shipped across the world in order to satisfy the demand for animal feed from livestock farmers in China – a consequence of the changing diet in Asia. Higher tariffs on US imported soybeans have necessitated Chinese buyers sourcing supplies from elsewhere, mostly Latin American countries such as Brazil and Argentina. This helped SLC Agricola, a Brazilian producer of soybeans and other agricultural commodities such as cotton, corn, coffee, and wheat. The stock price rose by 122% between January and August, when we elected to sell out of the holding completely. It was the second best contributor to full year performance.

A number of stocks in our “diet change” theme performed strongly too. Our long-held exposure to salmon producers Marine Harvest and Leroy Seafood delivered positive contributions to fund performance, and Leroy in particular was the third best performing stock, rising 54% in 2018. The farmed salmon market continues to see steady demand growth above 5% p.a. and supply is constrained by regulation, geography, and biological conditions. We think this remains a structural growth sub-segment within animal protein.

Inevitably, some holdings did not perform as well as expected. Our three worst contributors were Jain Irrigation, Fevertree Drinks, and WH Group. Jain Irrigation was the worst contributor, falling 47% during 2018. This was despite successive quarters of above 20% revenue growth and a record backlog of irrigation orders from state governments. We would highlight that most of the weak performance occurred in the midst of an overall flight away from emerging markets due to risk aversion, stronger US dollar, and rising oil prices. Fevertree Drinks was a new small addition to the portfolio, and in hindsight we timed our initial entry point poorly. In Q4 the stock fell 39% on fears that core UK revenue growth is decelerating. We think recent data points suggest the company is performing much better than the market expects, and underappreciates how successful its premium tonic water will be in North America.

WH Group is the largest pork producer in the world and has operations primarily in the US and China. An outbreak of swine fever in China and potential risks to the business from US-China trade tariffs, hurt the share price. We used the weakness to add to our holding as we believed these were likely to be temporary overhangs. The shares rallied by 12% in Q4.

Fund Structure and Changes

Regional listing	31 st December 2017	31 st December 2018	↑↓
Emerging Markets	21.1%	18.8%	↓
Europe ex-UK	24.2%	20.9%	↓
Japan	3.2%	1.8%	
North America	23.8%	32.6%	↑
Pacific ex. Japan	11.2%	8.6%	
United Kingdom	16.5%	17.3%	

Spectrum	31 st December 2017	31 st December 2018	↑↓
Land	0.0%	0.0%	
Timber	1.5%	0.0%	
Seeds	1.6%	1.7%	
Feeds	7.8%	12.3%	↑
Equipment	14.8%	15.2%	
Producers	19.7%	13.6%	↓
Traders	3.8%	1.8%	
Infrastructure	1.5%	1.8%	
Processors	21.3%	28.0%	↑
Retail	20.8%	17.3%	
Consumer	2.0%	1.4%	
Cash	5.2%	7.1%	

Geographically, the most noticeable change over the year was the increase in the North America weighting, through moving our emphasis towards companies involved in the “production” of food like Deere & Co (now the largest holding) and Mosaic. Although the agricultural equipment and fertiliser markets are still facing some cyclical headwinds, we see signs that certain parts of the industry are inflecting. In both cases, we see earnings rebounding off trough levels.

We sold out of GEA, a manufacturer of equipment used in food & beverage production, which partially explains the reduction in the exposure to Europe ex-UK. In our view the company, undergoing a deep restructuring and turnaround, faces a tough outlook and we have lost confidence that management can deliver on this.

The sub-fund’s emerging market exposure fell in the second half of the year by exiting two long-held holdings – SLC Agricola and Dairy Farm International – albeit for differing reasons. As mentioned above, the share price of SLC Agricola, a Brazilian farmland owner and operator, saw a tremendous rise and we sold the shares at close to all-time record highs. Dairy Farm International, on the other hand, is experiencing weaker consumption growth in South Asia and rising competition for its convenience store format from mini-marts. We felt the upside had become limited.

Across the spectrum we added to “Feeds” via our fertiliser stocks Mosaic, Yara International, and CF Industries as we gained confidence that the industry is moving out of oversupply and into tighter balances. Reduced exports from China as a result of environmental measures is the key reason for this change in trend. The “Processors” segment was increased partly due to the addition of shares in the Dutch company DSM, which produces essential nutrients such as synthetic vitamins, food enzymes, cultures, yeast extracts, savory flavors, and other specialty ingredients for the feed, food, pharmaceutical and personal care industries. The fund weight in “Producers” came down mainly as a result of weaker performance and dilution from fund inflows.

Investment Review (continued)

Outlook

The underlying drivers of growth in the global food economy such as the rising incomes of low and middle income consumers, urbanisation in developing countries and the annual increase of 67 million more mouths to feed, are durable and structural in nature. This will continue to create plenty of thematic growth investment opportunities across our 'field to fork' spectrum. We remain optimistic in a strong long-term outlook for the Sarasin Food & Agriculture Opportunities fund.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Top 10 purchases during the year

Deere & Co
Koninklijke
Mosaic
Fevertree Drinks
Barry Callebaut
Just Eat
Treasury Wine Estates
China Mengniu Dairy
Americold Realty Trust
CF Industries

Top 10 sales during the year

SLC Agricola
Ocado
Leroy Seafood
Barry Callebaut
Phaunos Timber Fund
Treasury Wine Estates
GEA
Dairy Farm International
Charoen Pokphand Foods
Americold Realty Trust

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 445 to 455 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information (continued)
Comparative Tables
Food & Agriculture Opportunities 'A' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	169.75	151.10	115.21
Return before operating charges*	1.62	23.22	40.15
Operating charges	(3.03)	(2.76)	(2.30)
Return after operating charges*	(1.41)	20.46	37.85
Distributions on income shares	(1.62)	(1.81)	(1.96)
Closing net asset value per share	166.72	169.75	151.10
* after direct transaction costs of ¹ :	0.10	0.14	0.08
Performance			
Return after charges ²	(0.83)%	13.54%	32.86%
Other Information			
Closing net asset value (£'000)	1,839	1,947	1,995
Closing number of shares	1,103,005	1,147,038	1,320,282
Operating charges ³	1.73%	1.74%	1.74%
Direct transaction costs	0.05%	0.09%	0.06%
Prices			
Highest share price	185.70p	170.60p	152.00p
Lowest share price	161.90p	151.00p	108.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Food & Agriculture Opportunities 'A' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	185.37	163.13	122.59
Return before operating charges*	1.71	25.23	43.01
Operating charges	(3.32)	(2.99)	(2.47)
Return after operating charges*	(1.61)	22.24	40.54
Distributions	(1.77)	(1.96)	(2.09)
Retained distributions on accumulation shares	1.77	1.96	2.09
Closing net asset value per share	183.76	185.37	163.13
* after direct transaction costs of ¹ :	0.11	0.16	0.09
Performance			
Return after charges ²	(0.87)%	13.63%	33.07%
Other Information			
Closing net asset value (£'000)	41,096	40,241	37,351
Closing number of shares	22,363,834	21,708,610	22,896,493
Operating charges ³	1.73%	1.74%	1.74%
Direct transaction costs	0.05%	0.09%	0.06%
Prices			
Highest share price	204.30p	185.70p	163.50p
Lowest share price	176.80p	163.00p	115.70p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Food & Agriculture Opportunities 'F' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	188.94	165.51	123.75
Return before operating charges*	1.86	25.58	43.64
Operating charges	(2.38)	(2.15)	(1.88)
Return after operating charges*	(0.52)	23.43	41.76
Distributions	(2.27)	(2.33)	(2.41)
Retained distributions on accumulation shares	2.27	2.33	2.41
Closing net asset value per share	188.42	188.94	165.51
* after direct transaction costs of ¹ :	0.11	0.16	0.09
Performance			
Return after charges ²	(0.28)%	14.16%	33.75%
Other Information			
Closing net asset value (£'000)	135	385	852
Closing number of shares	71,452	203,775	514,677
Operating charges ³	1.23%	1.24%	1.24%
Direct transaction costs	0.05%	0.09%	0.06%
Prices			
Highest share price	209.10p	189.30p	165.70p
Lowest share price	180.40p	165.40p	116.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Food & Agriculture Opportunities 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	176.21	156.24	118.65
Return before operating charges*	1.65	24.06	41.45
Operating charges	(1.97)	(1.79)	(1.48)
Return after operating charges*	(0.32)	22.27	39.97
Distributions on income shares	(2.16)	(2.30)	(2.38)
Closing net asset value per share	173.73	176.21	156.24
* after direct transaction costs of ¹ :	0.10	0.15	0.08
Performance			
Return after charges ²	(0.18)%	14.25%	33.69%
Other Information			
Closing net asset value (£'000)	4,658	5,495	5,822
Closing number of shares	2,680,964	3,118,266	3,726,559
Operating charges ³	1.08%	1.09%	1.09%
Direct transaction costs	0.05%	0.09%	0.06%
Prices			
Highest share price	193.40p	177.30p	157.20p
Lowest share price	168.30p	156.20p	112.10p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Food & Agriculture Opportunities 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	195.96	171.32	127.89
Return before operating charges*	1.64	26.62	45.07
Operating charges	(2.14)	(1.98)	(1.64)
Return after operating charges*	(0.50)	24.64	43.43
Distributions	(2.40)	(2.54)	(2.58)
Retained distributions on accumulation shares	2.40	2.54	2.58
Closing net asset value per share	195.46	195.96	171.32
* after direct transaction costs of ¹ :	0.11	0.16	0.09
Performance			
Return after charges ²	(0.26)%	14.38%	33.96%
Other Information			
Closing net asset value (£'000)	1,666	17,373	12,080
Closing number of shares	852,188	8,865,465	7,051,123
Operating charges ³	1.08%	1.09%	1.09%
Direct transaction costs	0.05%	0.09%	0.06%
Prices			
Highest share price	216.80p	196.30p	171.60p
Lowest share price	187.20p	171.30p	120.80p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Food & Agriculture Opportunities 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	173.67	153.91	116.77
Return before operating charges*	1.67	23.69	40.89
Operating charges	(1.78)	(1.60)	(1.35)
Return after operating charges*	(0.11)	22.09	39.54
Distributions on income shares	(2.20)	(2.33)	(2.40)
Closing net asset value per share	171.36	173.67	153.91
* after direct transaction costs of ¹ :	0.10	0.15	0.08
Performance			
Return after charges ²	(0.06)%	14.35%	33.87%
Other Information			
Closing net asset value (£'000)	17,732	9,014	11,710
Closing number of shares	10,347,689	5,190,282	7,607,929
Operating charges ³	0.98%	0.99%	0.99%
Direct transaction costs	0.05%	0.09%	0.06%
Prices			
Highest share price	190.70p	174.80p	154.90p
Lowest share price	165.90p	153.90p	110.30p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Food & Agriculture Opportunities 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	192.93	168.49	125.65
Return before operating charges*	1.76	26.21	44.30
Operating charges	(1.98)	(1.77)	(1.46)
Return after operating charges*	(0.22)	24.44	42.84
Distributions	(2.45)	(2.57)	(2.60)
Retained distributions on accumulation shares	2.45	2.57	2.60
Closing net asset value per share	192.71	192.93	168.49
* after direct transaction costs of ¹ :	0.11	0.16	0.09
Performance			
Return after charges ²	(0.11)%	14.51%	34.10%
Other Information			
Closing net asset value (£'000)	155,853	78,308	46,882
Closing number of shares	80,872,998	40,589,866	27,824,066
Operating charges ³	0.98%	0.99%	0.99%
Direct transaction costs	0.05%	0.09%	0.06%
Prices			
Highest share price	213.70p	193.30p	168.70p
Lowest share price	184.30p	168.50p	118.70p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Food & Agriculture Opportunities 'X' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	169.86	151.06	115.05
Return before operating charges*	1.71	23.23	40.15
Operating charges	(2.80)	(2.52)	(2.10)
Return after operating charges*	(1.09)	20.71	38.05
Distributions on income shares	(1.74)	(1.91)	(2.04)
Closing net asset value per share	167.03	169.86	151.06
* after direct transaction costs of ¹ :	0.10	0.14	0.08
Performance			
Return after charges ²	(0.64)%	13.71%	33.07%
Other Information			
Closing net asset value (£'000)	964	363	360
Closing number of shares	577,037	213,834	238,438
Operating charges ³	1.58%	1.59%	1.59%
Direct transaction costs	0.05%	0.09%	0.06%
Prices			
Highest share price	186.00p	170.70p	151.90p
Lowest share price	162.00p	150.90p	108.60p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

³Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Food & Agriculture Opportunities 'X' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	184.65	162.28	121.77
Return before operating charges*	1.71	25.09	42.77
Operating charges	(3.03)	(2.72)	(2.26)
Return after operating charges*	(1.32)	22.37	40.51
Distributions	(1.88)	(2.05)	(2.17)
Retained distributions on accumulation shares	1.88	2.05	2.17
Closing net asset value per share	183.33	184.65	162.28
* after direct transaction costs of ¹ :	0.10	0.15	0.09
Performance			
Return after charges ²	(0.71)%	13.78%	33.27%
Other Information			
Closing net asset value (£'000)	744	709	795
Closing number of shares	405,762	383,706	490,077
Operating charges ³	1.58%	1.59%	1.59%
Direct transaction costs	0.05%	0.09%	0.06%
Prices			
Highest share price	203.60p	184.97p	162.60p
Lowest share price	176.10p	162.12p	114.90p

¹Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

²The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

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Sub-fund Information (continued)
Comparative Tables (continued)
Food & Agriculture Opportunities 'P EUR' Income Shares

	2018 ¹ (cents per share)	2017 ² (cents per share)
Change in Net Asset Value per Share		
Opening net asset value per share	109.30	100.06
Return before operating charges*	8.45	10.19
Operating charges	(0.85)	(0.51)
Return after operating charges*	7.60	9.68
Distributions on income shares	(0.97)	(0.44)
Last quoted share price	115.93	–
Closing net asset value per share	–	109.30
* after direct transaction costs of ³ :	0.05	0.09
Performance		
Return after charges ⁴	6.95%	9.67%
Other Information		
Closing net asset value (€'000)	–	1
Closing number of shares	–	1,000
Operating charges ⁵	0.98%	0.99%
Direct transaction costs	–%	0.09%
Prices		
Highest share price	106.70c	110.00c
Lowest share price	93.00c	99.00c

¹Share class closed on 5 November 2018.

²Share class launched 3 July 2017.

³Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

⁴The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁵Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Food & Agriculture Opportunities 'P EUR' Accumulation Shares

	2018 (cents per share)	2017 ¹ (cents per share)
Change in Net Asset Value per Share		
Opening net asset value per share	109.80	100.06
Return before operating charges*	(0.26)	10.25
Operating charges	(1.12)	(0.51)
Return after operating charges*	(1.38)	9.74
Distributions	(1.40)	(0.44)
Retained distributions on accumulation shares	1.40	0.44
Closing net asset value per share	108.42	109.80
* after direct transaction costs of ² :	0.06	0.09
Performance		
Return after charges ³	(1.26)%	9.73%
Other Information		
Closing net asset value (€'000)	582	1
Closing number of shares	536,558	1,000
Operating charges ⁴	0.98%	0.99%
Direct transaction costs	0.05%	0.09%
Prices		
Highest share price	108.10c	110.00c
Lowest share price	93.40c	99.00c

¹Share class launched 3 July 2017.

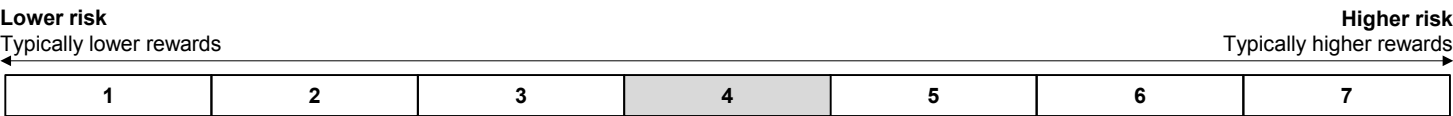
²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean ‘risk-free’.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The following risks may not be fully captured by the Indicator:

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Derivatives: Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

Smaller company shares can be riskier as they may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 6.93% (31 December 2017 - 8.48%)			
200,000	Americold Realty Trust	4,009,108	1.78
4,500	Barry Callebaut	5,487,389	2.44
55,000	Bunge	2,307,357	1.02
2,500,000	Vina Concha y Toro	3,799,165	1.69
		15,603,019	6.93
Cyclical Franchise 54.52% (31 December 2017 - 51.72%)			
151,400	AGCO	6,617,806	2.94
160,000	Britannia Industries	5,610,664	2.49
120,000	CF Industries	4,098,618	1.82
3,910,000	China Mengniu Dairy	9,528,493	4.23
107,400	Deere & Co	12,575,817	5.58
3,000,000	Delfi	1,866,449	0.83
174,000	Genus	3,723,600	1.65
9,990	Hatsun Agro Product	49,935	0.02
412,010	Hatsun Agro Products	2,873,344	1.28
155,000	Industrias Bachoco ADR	4,813,324	2.14
6,270,000	Jain Irrigation Systems	4,932,572	2.19
325,000	Kubota	3,627,184	1.61
1,109,000	Leroy Seafood	6,608,772	2.93
496,000	Marine Harvest	8,210,227	3.65
417,000	Mosaic	9,560,615	4.24
174,770	Nutrien	6,411,142	2.85
450,000	Shoprite	4,669,053	2.07
70,000	Sociedad Quimica y Minera de Chile ADR	2,102,308	0.93
625,064	SSP	4,046,664	1.80
1,106,000	Treasury Wine Estates	9,048,080	4.02
10,800,000	WH	6,531,039	2.90
175,000	Yara International	5,285,722	2.35
		122,791,428	54.52
Defensive Franchise 23.87% (31 December 2017 - 24.13%)			
107,487	Amsterdam Commodities	1,659,413	0.74
454,000	Compass	7,468,300	3.32
29,400	Costco Wholesale	4,702,938	2.09
160,000	Cranswick	4,211,200	1.87
165,000	Dave & Buster's Entertainment	5,772,926	2.56
44,000	Ecolab	5,090,609	2.26
60,000	Fresenius Medical Care	3,042,775	1.35
3,360	Givaudan	6,088,338	2.70
30,000	International Flavors and Fragrances	3,162,060	1.40
99,000	Koninklijke	6,317,932	2.81
77,300	Middleby	6,234,497	2.77
		53,750,988	23.87
Disruptive Growth 7.04% (31 December 2017 - 6.33%)			
168,000	Fevertree Drinks	3,684,240	1.64
1,050,000	Just Eat	6,161,400	2.74

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Disruptive Growth (continued)			
760,000	Ocado	6,002,480	2.66
		15,848,120	7.04
Special Situation 0.00% (31 December 2017 - 3.81%)			
	Total Value of Investments 92.36%		
	(31 December 2017 - 94.47%)	207,993,555	92.36
	Net Other Assets	17,214,965	7.64
	Net assets	225,208,520	100.00

All holdings are ordinary shares of stock and are listed on an official stock exchange unless otherwise stated.

Statement of Total Return

For the year ended 31 December 2018

	Notes ¹	£	31.12.2018 £	31.12.2017 £
Income				
Net capital (losses)/gains	4		(4,851,427)	17,088,597
Revenue	6	3,397,510		2,595,789
Expenses	7	(2,211,981)		(1,623,302)
Interest payable and similar charges	9	<u>(3,301)</u>		<u>(1,178)</u>
Net revenue before taxation		1,182,228		971,309
Taxation	8	<u>(365,234)</u>		<u>(217,651)</u>
Net revenue after taxation for the year			<u>816,994</u>	<u>753,658</u>
Total returns before distributions			(4,034,433)	17,842,255
Distributions	9		<u>(2,145,288)</u>	<u>(1,728,526)</u>
Changes in net assets attributable to shareholders from investment activities			<u>(6,179,721)</u>	<u>16,113,729</u>

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

	Note ¹	£	31.12.2018 £	31.12.2017 £
Opening net assets attributable to shareholders			153,837,306	117,846,548
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		114,807,583		56,706,145
Less: amounts paid on cancellation of shares		<u>(39,376,193)</u>		<u>(38,435,167)</u>
			75,431,390	18,270,978
Single swing price adjustment			48,954	25,059
Unclaimed distributions			437	395
Changes in net assets attributable to shareholders from investment activities (see above)			(6,179,721)	16,113,729
Retained distribution on accumulation shares	9		<u>2,070,154</u>	<u>1,580,597</u>
Closing net assets attributable to shareholders			<u>225,208,520</u>	<u>153,837,306</u>

¹The notes to these accounts can be found on pages 461 to 469.

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		207,993,555	145,325,569
Current assets:			
Debtors	10	1,973,766	828,099
Cash and bank balances	11	15,831,823	8,757,839
Total assets		<u>225,799,144</u>	<u>154,911,507</u>
Liabilities			
Creditors:			
Bank overdrafts	12	(18,572)	(1,896)
Distribution payable on income shares	9	(89,316)	(68,903)
Other creditors	13	(482,736)	(1,003,402)
Total liabilities		<u>(590,624)</u>	<u>(1,074,201)</u>
Net assets attributable to shareholders		<u>225,208,520</u>	<u>153,837,306</u>

¹The notes to these accounts can be found on pages 461 to 469.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(5,633,598)	17,474,060
Gains/(losses) on forward currency contracts	3,295	(351,483)
Currency gains/(losses)	781,507	(32,874)
Transaction charges	(2,631)	(1,106)
Net capital (losses)/gains	<u>(4,851,427)</u>	<u>17,088,597</u>

5. Purchases, Sales, and Transaction Costs

	31.12.2018 £	31.12.2017 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Corporate Actions	14,486,478	4,347,543
Equities	110,851,337	47,161,444
Commissions:		
Equities total value paid	75,526	82,451
Taxes:		
Equities total value paid	55,325	29,889
Total purchase transaction costs	<u>130,851</u>	<u>112,340</u>
Gross purchases total	<u>125,468,666</u>	<u>51,621,327</u>
Analysis of total sale costs:		
Gross sales in year before transaction costs		
Corporate Actions	14,486,478	4,347,543
Equities	42,685,808	31,446,936
Commissions:		
Equities total value paid	(22,371)	(31,213)
Taxes:		
Equities total value paid	(1)	(191)
Total sales costs	<u>(22,372)</u>	<u>(31,404)</u>
Total sales net of transaction costs	<u>57,149,914</u>	<u>35,763,075</u>

Notes to the Financial Statements (continued)

5. Purchases, Sales, and Transaction Costs (continued)

	31.12.2018 %	31.12.2017 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV ¹	0.04	0.06
Equities percentage of purchases total	0.07	0.17
Taxes:		
Equities percentage of average NAV ¹	0.03	0.02
Equities percentage of purchases total	0.05	0.06
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV ¹	0.01	0.02
Equities percentage of sales total	0.05	0.10
Taxes:		
Equities percentage of average NAV ¹	—	—
Equities percentage of sales total	—	—

The average portfolio dealing spread as at 31 December 2018 was 0.31% (31 December 2017: 0.35%).

¹Excluding single swing price adjustment.

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	26,455	1,344
Franked UK dividends	388,755	99,999
Overseas dividends	2,982,300	2,494,446
	<u>3,397,510</u>	<u>2,595,789</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	1,772,019	1,315,117
	<u>1,772,019</u>	<u>1,315,117</u>
Other expenses:		
Fixed operating charge ¹	437,462	301,953
Sundry expenses	2,500	6,232
	<u>439,962</u>	<u>308,185</u>
	<u>2,211,981</u>	<u>1,623,302</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	365,234	217,651
Current tax (note 8b)	365,234	217,651
Deferred tax (note 8c)	—	—
Total tax charge	<u>365,234</u>	<u>217,651</u>

b) Factors affecting taxation charge for the year:

The tax assessed for the period is higher (2017: higher) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	1,182,228	971,309
Corporation tax at 20%	236,446	194,262
Effects of:		
UK dividend revenue not subject to corporation tax	(77,751)	(20,000)
Overseas tax irrecoverable	365,234	217,651
Excess management expenses	426,003	324,627
Overseas dividend revenue not subject to corporation tax	<u>(584,698)</u>	<u>(498,889)</u>
Sub-total	<u>128,788</u>	<u>23,389</u>
Current year tax charge (note 8a)	<u>365,234</u>	<u>217,651</u>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	—	—
Deferred tax charge for the year	—	—
Provision at end of year	<u>—</u>	<u>—</u>

The sub-fund has not recognised a deferred tax asset of £4,104,824 (31 December 2017: £3,678,821) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years.

9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
Interim Distribution	206,045	228,007
Interim Accumulation	1,389,579	1,046,633
Final Distribution	89,316	68,903
Final Accumulation	<u>680,575</u>	<u>533,964</u>
	<u>2,365,515</u>	<u>1,877,507</u>
Add: Amounts deducted on cancellation of shares	98,472	66,689
Less: Amounts added on creation of shares	<u>(318,699)</u>	<u>(215,670)</u>
Distributions	<u>2,145,288</u>	<u>1,728,526</u>
Interest payable and similar charges	<u>3,301</u>	<u>1,178</u>
Total distributions	<u>2,148,589</u>	<u>1,729,704</u>

Notes to the Financial Statements (continued)

9. Distributions (continued)

	31.12.2018 £	31.12.2017 £
Net revenue after taxation	816,994	753,658
Add: Capitalised expenses	1,327,185	973,981
Add: Equalisation uplift on unit conversions	1,112	868
Add: Undistributed revenue brought forward	52	71
Less: Undistributed revenue carried forward	(55)	(52)
Distributions	<u>2,145,288</u>	<u>1,728,526</u>

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	241,237	101,613
Amount receivable for creation of shares	1,561,949	509,403
Overseas tax recoverable	170,580	217,055
Currency deals awaiting settlement	–	28
	<u>1,973,766</u>	<u>828,099</u>

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	<u>15,831,823</u>	<u>8,757,839</u>
	<u>15,831,823</u>	<u>8,757,839</u>

12. Bank Overdrafts

	31.12.2018 £	31.12.2017 £
Bank overdrafts	<u>18,572</u>	<u>1,896</u>
	<u>18,572</u>	<u>1,896</u>

13. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	251,667	73,719
Accrued expenses	218,227	153,527
Purchases awaiting settlement	<u>12,842</u>	<u>776,156</u>
	<u>482,736</u>	<u>1,003,402</u>

14. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

15. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £173,941 (31 December 2017: £124,285).

At the year end, Sarasin Food & Agriculture Opportunities held no shares in any other sub-fund or collective investment scheme managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

Notes to the Financial Statements (continued)**16. Shareholders' Funds**

The sub-fund has 11 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Food & Agriculture Opportunities 'A' Income Shares

Opening shares	1,147,038
Shares Created	49,397
Shares Liquidated	(103,728)
Shares Converted	10,298
Closing shares	1,103,005

Food & Agriculture Opportunities 'A' Accumulation Shares

Opening shares	21,708,610
Shares Created	3,067,349
Shares Liquidated	(2,223,247)
Shares Converted	(188,878)
Closing shares	22,363,834

Food & Agriculture Opportunities 'F' Accumulation Shares

Opening shares	203,775
Shares Created	24,574
Shares Liquidated	(156,897)
Shares Converted	—
Closing shares	71,452

Food & Agriculture Opportunities 'I' Income Shares

Opening shares	3,118,266
Shares Created	200,800
Shares Liquidated	(638,102)
Shares Converted	—
Closing shares	2,680,964

Food & Agriculture Opportunities 'I' Accumulation Shares

Opening shares	8,865,465
Shares Created	14,456
Shares Liquidated	(3,634,270)
Shares Converted	(4,393,463)
Closing shares	852,188

Food & Agriculture Opportunities 'P' Income Shares

Opening shares	5,190,282
Shares Created	6,468,420
Shares Liquidated	(1,359,712)
Shares Converted	48,699
Closing shares	10,347,689

Food & Agriculture Opportunities 'P' Accumulation Shares

Opening shares	40,589,866
Shares Created	47,787,720
Shares Liquidated	(12,095,197)
Shares Converted	4,590,609
Closing shares	80,872,998

Notes to the Financial Statements (continued)
16. Shareholders' Funds (continued)
Food & Agriculture Opportunities 'X' Income Shares

Opening shares	213,834
Shares Created	375,400
Shares Liquidated	(12,197)
Shares Converted	–
Closing shares	577,037

Food & Agriculture Opportunities 'X' Accumulation Shares

Opening shares	383,706
Shares Created	31,556
Shares Liquidated	(9,500)
Shares Converted	–
Closing shares	405,762

Food & Agriculture Opportunities 'P EUR' Income Shares

Opening shares	1,000
Shares Created	–
Shares Liquidated	(1,000)
Shares Converted	–
Closing shares	–

Food & Agriculture Opportunities 'P EUR' Accumulation Shares

Opening shares	1,000
Shares Created	536,558
Shares Liquidated	(1,000)
Shares Converted	–
Closing shares	536,558

17. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 441. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	9,048,080	9,048,080	4.02
Canadian dollar	55,198	6,411,142	6,466,340	2.87
Chilean peso	6,435	3,799,165	3,805,600	1.69
Euro	21,155	11,020,120	11,041,275	4.90
Hong Kong dollar	–	16,059,532	16,059,532	7.13
Indian rupee	–	13,466,515	13,466,515	5.98
Japanese yen	37,679	3,627,184	3,664,863	1.63
Norwegian krone	–	20,104,721	20,104,721	8.93
Singapore dollar	–	1,866,449	1,866,449	0.83
South African rand	–	4,669,053	4,669,053	2.07
Sterling	12,005,152	35,297,885	47,303,037	21.01
Swiss franc	144,221	11,575,728	11,719,949	5.20
US dollar	4,945,125	71,047,981	75,993,106	33.74
	17,214,965	207,993,555	225,208,520	100.00

Notes to the Financial Statements (continued)
17. Risk Disclosures (continued)

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Australian dollar	–	7,666,800	7,666,800	4.98
Brazilian real	–	3,612,173	3,612,173	2.35
Canadian dollar	27,258	4,355,113	4,382,371	2.85
Chilean peso	5,705	2,278,114	2,283,819	1.49
Euro	44,777	11,975,633	12,020,410	7.81
Hong Kong dollar	–	8,961,910	8,961,910	5.83
Indian rupee	–	5,867,215	5,867,215	3.81
Japanese yen	32,205	4,649,772	4,681,977	3.04
Norwegian krone	–	14,868,053	14,868,053	9.67
Singapore dollar	–	2,126,536	2,126,536	1.38
South African rand	7,305	5,636,802	5,644,107	3.67
Sterling	8,205,266	23,568,941	31,774,207	20.65
Swiss franc	159,626	7,661,425	7,821,051	5.08
Thai baht	–	1,945,770	1,945,770	1.27
US dollar	29,595	40,151,312	40,180,907	26.12
	8,511,737	145,325,569	153,837,306	100.00

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	–	–	9,048,080	9,048,080
Canadian dollar	–	–	6,466,340	6,466,340
Chilean peso	6,435	–	3,799,165	3,805,600
Euro	3,259	–	11,041,272	11,044,531
Hong Kong dollar	–	–	16,059,532	16,059,532
Indian rupee	–	–	13,466,515	13,466,515
Japanese yen	–	–	3,664,863	3,664,863
Norwegian krone	1,904	–	20,104,721	20,106,625
Singapore dollar	–	–	1,866,449	1,866,449
South African rand	–	–	4,669,053	4,669,053
Sterling	10,985,834	–	36,889,255	47,875,089
Swiss franc	–	–	11,719,949	11,719,949
US dollar	4,834,391	–	71,172,127	76,006,518
	15,831,823	–	209,967,321	225,799,144

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Euro	(3,256)	–	–	(3,256)
Norwegian krone	(1,904)	–	–	(1,904)
Sterling	–	–	(572,052)	(572,052)
US dollar	(13,412)	–	–	(13,412)
	(18,572)	–	(572,052)	(590,624)

Notes to the Financial Statements (continued)
17. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Australian dollar	–	–	7,666,800	7,666,800
Brazilian real	–	–	3,612,173	3,612,173
Canadian dollar	–	–	4,382,371	4,382,371
Chilean peso	5,705	–	2,278,114	2,283,819
Euro	–	–	12,020,410	12,020,410
Hong Kong dollar	–	–	8,961,910	8,961,910
Indian rupee	–	–	5,867,215	5,867,215
Japanese yen	–	–	4,681,977	4,681,977
Norwegian krone	1,896	–	14,868,053	14,869,949
Singapore dollar	–	–	2,126,536	2,126,536
South African rand	–	–	5,644,107	5,644,107
Sterling	8,747,895	–	24,098,617	32,846,512
Swiss franc	–	–	7,821,051	7,821,051
Thai baht	–	–	1,945,770	1,945,770
US dollar	2,343	–	40,178,564	40,180,907
	<u>8,757,839</u>	<u>–</u>	<u>146,153,668</u>	<u>154,911,507</u>

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Norwegian krone	(1,896)	–	–	(1,896)
Sterling	–	–	(1,072,305)	(1,072,305)
	<u>(1,896)</u>	<u>–</u>	<u>(1,072,305)</u>	<u>(1,074,201)</u>

Fair Value

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

Valuation technique as at 31 December 2018

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Equities	207,993,555	–	–	207,993,555
	<u>207,993,555</u>	<u>–</u>	<u>–</u>	<u>207,993,555</u>

Valuation technique as at 31 December 2017

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Equities	145,325,569	–	–	145,325,569
	<u>145,325,569</u>	<u>–</u>	<u>–</u>	<u>145,325,569</u>

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Notes to the Financial Statements (continued)

17. Risk Disclosures (continued)

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Counterparty Risk

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. As at balance sheet date, the sub-fund is not exposed to any counterparty risk.

18. Post Balance Sheet Market Movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per share of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no share classes where the net asset value per share has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the year end.

Distribution Tables

For the year ended 31 December 2018

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Food & Agriculture Opportunities 'A' Income Shares				
Group 1	1.2650	—	1.2650	1.3134
Group 2	0.9053	0.3597	1.2650	1.3134
Food & Agriculture Opportunities 'A' Accumulation Shares				
Group 1	1.3813	—	1.3813	1.4188
Group 2	0.8122	0.5691	1.3813	1.4188
Food & Agriculture Opportunities 'F' Accumulation Shares				
Group 1	1.6669	—	1.6669	1.6114
Group 2	0.5471	1.1198	1.6669	1.6114
Food & Agriculture Opportunities 'I' Income Shares				
Group 1	1.5463	—	1.5463	1.5673
Group 2	0.1571	1.3892	1.5463	1.5673
Food & Agriculture Opportunities 'I' Accumulation Shares				
Group 1	1.7118	—	1.7118	1.7214
Group 2	1.0882	0.6236	1.7118	1.7214
Food & Agriculture Opportunities 'P' Income Shares				
Group 1	1.5594	—	1.5594	1.5767
Group 2	1.0147	0.5447	1.5594	1.5767
Food & Agriculture Opportunities 'P' Accumulation Shares				
Group 1	1.7337	—	1.7337	1.7285
Group 2	0.9815	0.7522	1.7337	1.7285
Food & Agriculture Opportunities 'X' Income Shares				
Group 1	1.3213	—	1.3213	1.3605
Group 2	0.4658	0.8555	1.3213	1.3605
Food & Agriculture Opportunities 'X' Accumulation Shares¹				
Group 1	1.4325	—	1.4325	1.4619
Group 2	1.4325	—	1.4325	1.4619

Distribution Tables (continued)

Interim distribution in EUR cents per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 30 June 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Interim Distribution Paid 2018 Cents per Share	Interim Distribution Paid 2017 Cents per Share
Food & Agriculture Opportunities 'P EUR' Income Shares¹				
Group 1	0.9718	—	0.9718	—
Group 2	0.9718	—	0.9718	—
Food & Agriculture Opportunities 'P EUR' Accumulation Shares				
Group 1	0.9903	—	0.9903	—
Group 2	0.8512	0.1391	0.9903	—

Distribution Tables (continued)
Final distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Food & Agriculture Opportunities 'A' Income Shares				
Group 1	0.3559	—	0.3559	0.4959
Group 2	0.3037	0.0522	0.3559	0.4959
Food & Agriculture Opportunities 'A' Accumulation Shares				
Group 1	0.3919	—	0.3919	0.5406
Group 2	0.1763	0.2156	0.3919	0.5406
Food & Agriculture Opportunities 'F' Accumulation Shares				
Group 1	0.6051	—	0.6051	0.7224
Group 2	0.1864	0.4187	0.6051	0.7224
Food & Agriculture Opportunities 'I' Income Shares				
Group 1	0.6139	—	0.6139	0.7357
Group 2	0.4222	0.1917	0.6139	0.7357
Food & Agriculture Opportunities 'I' Accumulation Shares¹				
Group 1	0.6885	—	0.6885	0.8153
Group 2	0.6885	—	0.6885	0.8153
Food & Agriculture Opportunities 'P' Income Shares				
Group 1	0.6430	—	0.6430	0.7534
Group 2	0.2899	0.3531	0.6430	0.7534
Food & Agriculture Opportunities 'P' Accumulation Shares				
Group 1	0.7207	—	0.7207	0.8391
Group 2	0.2799	0.4408	0.7207	0.8391
Food & Agriculture Opportunities 'X' Income Shares				
Group 1	0.4152	—	0.4152	0.5456
Group 2	0.3817	0.0335	0.4152	0.5456
Food & Agriculture Opportunities 'X' Accumulation Shares				
Group 1	0.4502	—	0.4502	0.5895
Group 2	0.1415	0.3087	0.4502	0.5895

Distribution Tables (continued)

Final distribution in EUR cents per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 31 December 2018

Share	Net Revenue 2018 Cents per Share	Equalisation (note 2i) Cents per Share	Final Distribution Paid 2019 Cents per Share	Final Distribution Paid 2018 Cents per Share
Food & Agriculture Opportunities 'P EUR' Income Shares²				
Group 1	—	—	—	0.4359
Group 2	—	—	—	0.4359
Food & Agriculture Opportunities 'P EUR' Accumulation Shares				
Group 1	0.4054	—	0.4054	0.4359
Group 2	0.3856	0.0198	0.4054	0.4359

¹There were no group 2 shares for this period.

²Share class closed on 5 November 2018.

Investment Objective and Policy

Sarasin Responsible Corporate Bond aims to provide long term income and capital returns from a diversified portfolio of ethically screened corporate bonds and other credit instruments.

In addition to a rigorous credit selection process, the sub-fund avoids investment in companies which are materially engaged in certain sectors, including the production or distribution of tobacco, alcohol, armaments, gambling and adult entertainment. The Investment Manager purposefully favours exposure to organisations that, in its view, fulfil an environmentally or socially beneficial role and that employ high standards of governance.

Orthodox corporate credit selection is supplemented by ethical and environmental, social & governance (“ESG”) protocols with the aim of investing in organisations that have sound credit worthiness and strong ESG attributes. The Investment Manager also manages country and currency exposure, interest rate risk, yield curve positioning and credit sector risk. Details of the process and protocols along with materiality criteria are available from the Investment Manager.

The sub-fund will predominantly invest in a diversified portfolio of sterling denominated non-gilt (credit) fixed income investments. Subject to limitations, the sub-fund may also invest in quasi-government and supra-national securities, corporate and financial hybrid securities, inflation linked bonds, high yield, non-sterling credit, including emerging markets. Cash and near cash, including money market instruments and units in collective investment schemes, will also be held by the sub-fund. Derivatives may be used for efficient portfolio management (including hedging). The sub-fund will not invest in direct government bonds or third party credit funds. The sub-fund may also borrow and employ stock lending techniques in accordance with the rules of COLL. Further details on the use of derivatives and/or forward transactions in the context of this sub-fund are available from the ACD on request.

Sensitivity Analysis

The sub-fund invests in non-government bonds using an internal ESG rating process. Exposure to certain parts of the yield curve has been done through swaps, swaptions, or options. Occasionally small currency positions are implemented through forwards or options to implement views on currencies and credit exposure on bonds is sometimes hedged using credit default swaps.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the “99% / 20-day VaR” model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The “99% / 20-day VaR” for Sarasin Responsible Corporate Bond, as at 31 December 2018, was 3.90% (31 December 2017: 4.30%). The lowest, highest, and average utilisation in the year was 3.58%, 4.45%, and 4.12%, respectively (31 December 2017: 4.26%, 6.78%, and 4.89%, respectively).

Investment Review

Sterling credit underperformed gilts in 2018, producing negative returns of the order of -1.5%. The underperformance was particularly pronounced in the latter part of first quarter, when spreads widened sharply after racing to multiyear tightness in the first few weeks of January, and then again in fourth quarter as risk markets globally came under severe pressure from the deteriorating growth and corporate earnings outlook, exacerbated by rising trade tensions between the US and China, and the perceived indifference of Federal Reserve policy thereto. The ICE/BAML GBP non-gilt index ended the year at a spread of 147bp (vs a tight in January 2018 of 89bp).

The sub-fund had a relatively overweight “credit beta” relative to the Sterling non-gilt index, and this positioning was the principal driver of the negative excess returns produced over the year. We also experienced idiosyncratic stress in some individual issuers held in the portfolio, specifically in the first quarter with Dignity (change in pricing strategy leading to an S&P downgrade from BBB to BB of the tranche we hold) and AA (downgraded earnings outlook leading to slower pace of delivering and cut in dividend). The negative sentiment on AA also had negative repercussions for the RAC issue we hold. Some of the long-dated life insurance paper we hold also underperformed (Aviva, Legal & General, Prudential) due to their perceived “high-beta” nature (exposure to financial market volatility via their investment portfolios), but we regard them as strong credits. Relative outperformance came from agency and government-guaranteed debt, notably rail infrastructure (French SNCF Réseau and LCR Finance in the UK).

Transactions of note included participating in an RBS senior holdco new issue (which recycled bank exposure from maturing/called Citigroup and ING Groep holdings). We also participated in the inaugural issue of Connect Plus, the entity contracted by the UK government to operate the M25 and design and build additional parts of the network. Both transactions typify our preference for adding meaningful exposure via the primary market, which affords the possibility of capturing “new issue premium”. In the early part of Q4 we sold some Tier 2 Rabobank bonds and bought a green bond of International Finance Corporation, an AAA-rated supranational, as part of a risk management exercise given rising market volatility.

Investment Review (continued)

Outlook

Absent a Brexit resolution, gilt yields are likely to remain rangebound (we have long held that 0.75-1.75% on the 10-year defines the current post-Brexit range). In the event of a positive outcome from Brexit negotiations, they could break out of their post-Brexit ranges, particularly at the front-end of the curve. 2-year gilts yield about the same as Bank Rate, which we regard as too low given that the Bank of England (and other major central banks like the U.S. Federal Reserve) are likely to continue gradually tightening policy.

The European Central Bank duly concluded its QE (quantitative easing) programme in December, whilst continuing to guide that rates will remain on hold at least through the middle of 2019. The Bank of Japan continues to expand its balance sheet, albeit at the slowest pace since the programme began in early 2013. The Federal Reserve currently targets a \$50bn per month pace of reduction in its balance sheet, although they have recently signalled that this pace may be reduced in response to slowing economic activity and financial market volatility.

The relatively benign medium-term economic and financial market outlook (global recession risk remains relatively low) are somewhat clouded by shorter-term political risk factors and the recent slowdown in activity. On the other hand, the widening in spreads since last January has created opportunities to selectively add credit given our base case expectation that we are currently “late cycle”, but not “very late-cycle” (i.e. recession risk in 2019 remains low).

Consequently, we are likely to retain our overweight credit “beta” stance on, although we are unlikely to increase it materially, instead rotating exposure from asset-backed structures into more “traditional” sectors where a compelling valuation argument has been formed by the recent widening, for example, senior bank paper.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2019

All opinions and estimates contained in this report constitute the Company's judgement and view as of the date of the report and are subject to change without notice.

Top 10 purchases during the year

International Finance 1.25% 15/12/2023
Royal Bank of Scotland 2.875% 19/09/2026
Investec Bank 4.25% 24/07/2028
GE Capital UK Funding 4.125% 13/09/2023
ENEL Finance International 5.625% 14/08/2024
BUPA Finance 5.00% 08/12/2026
Nederlandse Waterschapsbank 5.375% 07/06/2032
InterContinental Hotels 3.75% 14/08/2025
Credit Agricole 7.50% Perpetual
Wellcome Trust Finance 4.625% 25/07/2036

Top 10 sales during the year

NGG Finance F2V 5.625% 18/06/2073
InterContinental Hotels 3.875% 28/11/2022
GE Capital UK Funding 5.875% 04/11/2020
Lloyds Bank 4.875% 30/03/2027
British Telecommunications 5.75% 07/12/2028
SNCF Reseau 5.50% 01/12/2021
Rabobank Nederland 4.625% 23/05/2029
ING Bank F2F 6.875% 29/05/2023
Citigroup 7.625% 03/04/2018
Scottish Widows 5.50% 16/06/2023

Sub-fund Information

For the year ended 31 December 2018

The Comparative Tables on pages 477 to 481 give the performance of each active share class in the sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information (continued)
Comparative Tables
Responsible Corporate Bond 'I' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	102.45	101.43	100.00
Return before operating charges*	(1.76)	5.57	2.38
Operating charges	(0.55)	(0.58)	(0.56)
Return after operating charges*	(2.31)	4.99	1.82
Distributions on income shares	(3.89)	(3.97)	(0.39)
Closing net asset value per share	96.25	102.45	101.43
* after direct transaction costs of ² :	(0.03)	(0.04)	(0.07)
Performance			
Return after charges ³	(2.25)%	4.92%	1.82%
Other Information			
Closing net asset value (£'000)	144,657	150,670	51,169
Closing number of shares	150,297,574	147,067,894	50,445,542
Operating charges ⁴	0.55%	0.56%	0.56%
Direct transaction costs	(0.03)%	(0.03)%	(0.07)%
Prices			
Highest share price	103.00p	105.50p	102.30p
Lowest share price	96.60p	100.50p	99.70p

¹Share class launched 14 November 2016.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Responsible Corporate Bond 'I' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	106.92	101.84	100.00
Return before operating charges*	(1.86)	5.67	2.40
Operating charges	(0.58)	(0.59)	(0.56)
Return after operating charges*	(2.44)	5.08	1.84
Distributions	(4.10)	(4.03)	(0.40)
Retained distributions on accumulation shares	4.10	4.03	0.40
Closing net asset value per share	104.48	106.92	101.84
* after direct transaction costs of ² :	(0.03)	(0.04)	(0.07)
Performance			
Return after charges ³	(2.28)%	4.99%	1.84%
Other Information			
Closing net asset value (£'000)	982	951	319
Closing number of shares	939,690	889,178	313,199
Operating charges ⁴	0.55%	0.56%	0.56%
Direct transaction costs	(0.03)%	(0.03)%	(0.07)%
Prices			
Highest share price	107.50p	107.60p	102.40p
Lowest share price	103.80p	100.90p	99.80p

¹Share class launched 14 November 2016.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Responsible Corporate Bond 'P' Income Shares

	2018 (pence per share)	2017 (pence per share)	2016 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	102.20	101.40	100.00
Return before operating charges*	(1.76)	5.28	2.42
Operating charges	(0.60)	(0.64)	(0.62)
Return after operating charges*	(2.36)	4.64	1.80
Distributions on income shares	(3.74)	(3.84)	(0.40)
Closing net asset value per share	96.10	102.20	101.40
* after direct transaction costs of ² :	(0.03)	(0.04)	(0.07)
Performance			
Return after charges ³	(2.31)%	4.58%	1.80%
Other Information			
Closing net asset value (£'000)	1,463	560	1
Closing number of shares	1,522,111	548,363	1,000
Operating charges ⁴	0.61%	0.62%	0.62%
Direct transaction costs	(0.03)%	(0.03)%	(0.07)%
Prices			
Highest share price	102.70p	105.30p	102.30p
Lowest share price	96.40p	100.40p	99.70p

¹Share class launched 14 November 2016.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)
Comparative Tables (continued)
Responsible Corporate Bond 'P' Accumulation Shares

	2018 (pence per share)	2017 (pence per share)	2016 ¹ (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	106.81	101.80	100.00
Return before operating charges*	(1.82)	5.67	2.42
Operating charges	(0.64)	(0.66)	(0.62)
Return after operating charges*	(2.46)	5.01	1.80
Distributions	(3.95)	(3.87)	(0.40)
Retained distributions on accumulation shares	3.95	3.87	0.40
Closing net asset value per share	104.35	106.81	101.80
* after direct transaction costs of ² :	(0.03)	(0.04)	(0.07)
Performance			
Return after charges ³	(2.30)%	4.92%	1.80%
Other Information			
Closing net asset value (£'000)	1,401	159	1
Closing number of shares	1,342,300	148,757	1,000
Operating charges ⁴	0.61%	0.62%	0.62%
Direct transaction costs	(0.03)%	(0.03)%	(0.07)%
Prices			
Highest share price	107.40p	107.50p	102.30p
Lowest share price	103.70p	100.80p	99.70p

¹Share class launched 14 November 2016.

²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Comparative Tables (continued)

Responsible Corporate Bond 'Z' Income Shares

	2018 ¹ (pence per share)
Change in Net Asset Value per Share	
Opening net asset value per share	100.10
Return before operating charges*	(0.50)
Operating charges	(0.02)
Return after operating charges*	(0.52)
Distributions on income shares	(0.28)
Closing net asset value per share	99.30
* after direct transaction costs of ² :	(0.03)
Performance	
Return after charges ³	(0.52)%
Other Information	
Closing net asset value (£'000)	1
Closing number of shares	1,000
Operating charges ⁴	0.15%
Direct transaction costs	(0.03)%
Prices	
Highest share price	100.50p
Lowest share price	99.20p

¹Share class launched 5 November 2018.

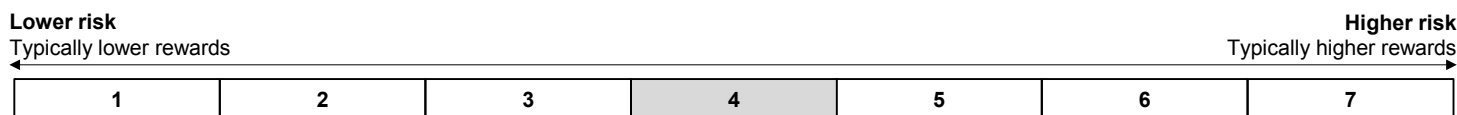
²Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information (continued)

Risk and Reward Profile



- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator

The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 4 reflecting observed historical returns. The sub-fund is in this category because it has shown moderate levels of volatility historically.

The following risks may not be fully captured by the Indicator:

Bonds: Investing in bonds offers you the chance to earn returns through growing your capital and generating income. Nevertheless, there is a risk that the organisation which issued the bond will fail, which would result in a loss of income to the sub-fund, along with its initial investment. Bond values are likely to fall if interest rates rise.

Counterparty and Settlement Risk: The sub-fund may enter into derivative transactions in over-the-counter markets, which will expose the sub-fund to the credit risk of their counterparties. The sub-fund may be exposed to the risk of settlement default where the counterparty may default on its obligations to perform under the relevant contract. In the event of the bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position as well as significant losses, including declines in value during the period in which the sub-fund seeks to enforce its rights.

Derivatives: Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

Bond Liquidity Risk: In stressed market conditions, the value of certain bond investments may be less predictable than normal. In some cases, this may make such investments harder to sell at the last quoted market price, or at price considered to be fair. Such conditions could result in unpredictable changes in the value of your holding.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2018

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
UK Corporate Bonds 48.30% (31 December 2017 - 50.67%)			
£1,000,000	A2D Funding II 4.50% 30/09/2026	1,097,648	0.74
£900,000	A2Dominion Housing 3.50% 15/11/2028	910,978	0.61
£1,500,000	AT&T 7.00% 30/04/2040	2,075,475	1.40
£1,000,000	Aviva F2F 5.125% 04/06/2050	952,903	0.64
£1,300,000	Aviva F2F 6.625% 03/06/2041	1,401,279	0.94
£1,000,000	Banco Santander 2.75% 12/09/2023	990,565	0.67
£1,300,000	Bank of America 6.125% 15/09/2021	1,442,505	0.97
£1,500,000	Barclays 3.25% 12/02/2027	1,436,575	0.97
£950,000	Barclays 10.00% 21/05/2021	1,093,077	0.74
£1,735,000	BASF 1.75% 11/03/2025	1,714,577	1.15
£1,400,000	BPCE 5.25% 16/04/2029	1,573,734	1.06
£1,250,000	Bunzl Finance 2.25% 11/06/2025	1,209,769	0.82
£750,000	BUPA Finance 2.00% 05/04/2024	738,352	0.50
£1,350,000	BUPA Finance 5.00% 08/12/2026	1,413,243	0.95
£1,200,000	Cadent Finance 2.75% 22/09/2046	1,028,689	0.69
£734,000	Cardiff University 3.00% 07/12/2055	771,383	0.52
£900,000	Centrica 7.00% 19/09/2033	1,251,613	0.84
£1,800,000	Comcast 5.50% 23/11/2029	2,263,594	1.52
£694,442	Connect Plus M25 2.607% 31/03/2039	697,017	0.47
£925,000	Coventry Building Society 5.875% 28/09/2022	1,041,989	0.70
£1,000,000	Credit Agricole 7.50% Perpetual	1,034,628	0.70
£1,000,000	Credit Suisse 3.00% 27/05/2022	1,021,770	0.69
£950,000	Credit Suisse F2F 2.125% 12/09/2025	900,721	0.61
£900,000	CYBG 4.00% 25/09/2026	836,559	0.56
£1,750,000	Deutsche Bahn Finance 1.375% 07/07/2025	1,712,499	1.15
£1,500,000	Digital Stout 4.25% 17/01/2025	1,587,153	1.07
£750,000	E.ON International Finance 6.00% 30/10/2019	776,738	0.52
£1,097,000	Eastern Power Networks 8.50% 31/03/2025	1,467,064	0.99
£1,800,000	Electricite de France 5.875% Perpetual	1,682,899	1.13
£500,000	Engie 7.00% 30/10/2028	697,105	0.47
£1,250,000	GE Capital UK Funding 4.125% 13/09/2023	1,267,550	0.85
£950,000	GlaxoSmithKline Capital 5.25% 19/12/2033	1,239,607	0.84
£900,000	Go-Ahead 2.50% 06/07/2024	863,651	0.58
£500,000	Goldman Sachs 3.125% 25/07/2029	481,106	0.32
£1,100,000	HSBC Bank 6.50% 07/07/2023	1,289,771	0.87
£1,000,000	HSBC F2V 2.256% 13/11/2026	950,710	0.64
£750,000	Innogy Finance 5.625% 06/12/2023	866,351	0.58
£550,000	Innogy Finance 6.125% 06/07/2039	738,335	0.50
£1,500,000	Investec Bank 4.25% 24/07/2028	1,443,555	0.97
£500,000	John Lewis 8.375% 08/04/2019	507,462	0.34
£1,050,000	Koninklijke 5.75% 17/09/2029	1,270,865	0.86
£1,250,000	Legal & General F2V 5.375% 27/10/2045	1,285,134	0.87
£500,000	Lloyds Bank 7.50% 15/04/2024	622,326	0.42
£900,000	Lloyds Bank 7.625% 22/04/2025	1,114,990	0.75
£400,000	Motability Operations 3.75% 16/07/2026	444,064	0.30
£500,000	Motability Operations 5.375% 28/06/2022	563,527	0.38
£500,000	NIE Finance 2.50% 27/10/2025	501,031	0.34
£840,000	Orange 5.625% 23/01/2034	1,086,975	0.73
£1,725,000	Places for People Treasury 2.875% 17/08/2026	1,673,452	1.13

Portfolio Statement (continued)

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
UK Corporate Bonds (continued)			
£700,000	Places for People Treasury 3.625% 22/11/2028	701,213	0.47
£300,000	Prudential F2V 5.625% 20/10/2051	299,278	0.20
£1,300,000	Prudential F2V 5.70% 19/12/2063	1,395,451	0.94
£715,000	Retail Charity Bond 4.50% 20/06/2026	702,845	0.47
£1,600,000	Royal Bank of Scotland 2.875% 19/09/2026	1,531,101	1.03
£615,000	Royal Bank of Scotland 6.375% 07/12/2028	770,738	0.52
£1,430,000	Scottish Widows 7.00% 16/06/2043	1,639,664	1.10
£800,000	Segro 2.375% 11/10/2029	754,802	0.51
£650,000	SSE 3.875% Perpetual	638,787	0.43
£600,000	SSE 8.375% 20/11/2028	871,248	0.59
£755,000	United Utilities Water 5.625% 20/12/2027	942,438	0.63
£1,200,000	University of Manchester 4.25% 04/07/2053	1,596,144	1.08
£700,000	University of Southampton 2.25% 11/04/2057	600,821	0.40
£1,400,000	Verizon Communications 3.375% 27/10/2036	1,367,828	0.92
£1,700,000	Wellcome Trust Finance 4.625% 25/07/2036	2,238,133	1.51
£600,000	Welltower 4.50% 01/12/2034	648,112	0.44
		71,731,166	48.30
Overseas Corporate Bonds 1.03% (31 December 2017 - 1.29%)			
USD800,000	Greenko Dutch 5.25% 24/07/2024	562,971	0.38
USD1,250,000	Southern Power 4.15% 01/12/2025	972,589	0.65
		1,535,560	1.03
Sterling Asset Backed 28.47% (31 December 2017 - 28.54%)			
£954,000	AA Bond 2.875% 31/07/2043	886,506	0.60
£300,000	Alpha Plus 5.00% 31/03/2024	311,875	0.21
£750,000	Anglian Water Services Financing 1.625% 10/08/2025	722,181	0.49
£650,000	Arqiva Financing 4.04% 30/06/2020	666,718	0.45
£1,650,000	Arqiva Financing 5.34% 30/06/2030	1,913,342	1.29
£1,650,000	Bazalgette Finance 2.375% 29/11/2027	1,613,187	1.09
£600,000	Catalyst Housing 3.125% 31/10/2047	580,558	0.39
£1,500,000	Channel Housing Link Enterprises Finance F2F 3.043% 30/06/2050	1,474,432	0.99
£950,000	CPUK Finance 3.588% 28/02/2042	985,798	0.66
£612,000	CPUK Finance 7.239% 28/02/2042	737,066	0.50
£2,310,000	Dignity Finance 4.696% 31/12/2049	2,050,980	1.38
£500,000	Dwr Cymru Financing 2.50% 31/03/2036	480,253	0.32
£575,000	Dwr Cymru Financing 6.015% 31/03/2028	750,334	0.51
£925,000	Dwr Cymru Financing 6.907% 31/03/2021	1,034,398	0.70
£600,000	EMH Treasury 4.50% 29/01/2044	706,372	0.48
£1,119,744	Great Rolling 6.875% 27/07/2035	1,391,089	0.94
£1,474,470	Greater Gabbard Ofco 4.137% 29/11/2032	1,654,791	1.11
£1,000,000	Heathrow Funding 6.75% 03/12/2028	1,291,464	0.87
£800,000	High Speed Rail Finance 4.375% 01/11/2038	949,694	0.64
£500,000	Housing & Care 3.288% 08/11/2049	492,217	0.33
£700,000	Land Securities Capital Markets 1.974% 08/02/2026	699,187	0.47
£600,000	London & Quadrant Housing Trust 2.75% 20/07/2057	515,027	0.35
£1,000,000	Manchester Airport 4.75% 31/03/2034	1,185,206	0.80
£600,000	New York Life Global Funding 1.75% 15/12/2022	601,637	0.41

Portfolio Statement (continued)

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
Sterling Asset Backed (continued)			
£825,000	Notting Hill Housing Trust 3.25% 12/10/2048	778,725	0.52
£650,000	Penarian Housing Finance 3.212% 07/06/2052	619,934	0.42
£900,000	Porterbrook Rail Finance 6.50% 20/10/2020	970,431	0.65
£1,700,000	RAC Bond 4.565% 06/05/2023	1,669,670	1.12
£650,000	Retail Charity Bond 3.90% 23/11/2029	659,100	0.44
£340,000	Retail Charity Bond 4.375% 29/07/2021	352,920	0.24
£559,300	Retail Charity Bond 4.40% 30/04/2025	571,571	0.38
£602,100	Retail Charity Bond 5.00% 29/07/2021	652,074	0.44
£900,000	Riverside Finance 3.875% 05/12/2044	987,816	0.67
£500,000	Southern Water Services Finance 6.125% 31/03/2019	505,345	0.34
£750,000	TC Dudgeon OFTO 3.158% 12/11/2038	776,423	0.52
£983,749	Tesco Property Finance 5.661% 13/10/2041	1,090,104	0.73
£385,439	Tesco Property Finance 5.744% 13/04/2040	432,553	0.29
£391,242	Tesco Property Finance 5.801% 13/10/2040	442,795	0.30
£500,000	Thames Water Utilities Cayman Finance 1.875% 24/01/2024	485,398	0.33
£750,000	Thames Water Utilities Cayman Finance 3.50% 25/02/2028	778,855	0.52
£400,000	Thames Water Utilities Cayman Finance 7.738% 09/04/2058	704,934	0.47
£900,000	THFC (Funding No 3) 5.20% 11/10/2043	1,162,681	0.78
£1,800,000	Unite (USAF) 3.921% 30/06/2025	1,972,798	1.33
£1,129,903	UPP Bond 1 Issuer 4.902% 28/02/2040	1,357,118	0.91
£1,537,378	WoDS Transmission 3.446% 24/08/2034	1,618,046	1.09
		42,283,603	28.47
Sterling Government Agencies, Supra 16.98% (31 December 2017 - 15.76%)			
£2,300,000	Affordable Housing Finance 2.893% 11/08/2043	2,562,361	1.72
£1,200,000	Bank Nederlandse Gemeenten 5.375% 07/06/2021	1,318,632	0.89
£2,000,000	European Investment Bank 4.25% 07/12/2021	2,174,356	1.46
£1,250,000	International Bank for Reconstruction & Development 5.40% 07/06/2021	1,378,077	0.93
£1,800,000	International Finance 1.25% 15/12/2023	1,790,899	1.21
£570,000	Kreditanstalt fuer Wiederaufbau 1.625% 05/06/2020	574,692	0.39
£1,000,000	Kreditanstalt fuer Wiederaufbau 5.55% 07/06/2021	1,105,724	0.74
£1,000,000	LCR Finance 4.50% 07/12/2028	1,257,327	0.85
£1,780,000	Nederlandse Waterschapsbank 5.375% 07/06/2032	2,467,189	1.66
£1,150,000	Network Rail Infrastructure Finance 3.00% 07/09/2023	1,243,106	0.84
£2,450,000	Prs Finance 1.75% 24/11/2026	2,473,006	1.66
£2,000,000	SNCF Reseau 5.50% 01/12/2021	2,237,548	1.51
£900,000	Tennessee Valley Authority 5.625% 07/06/2032	1,239,269	0.83
£1,650,000	Transport for London 2.125% 24/04/2025	1,672,414	1.13
£1,475,000	Transport for London 3.875% 23/07/2042	1,718,730	1.16
		25,213,330	16.98
Other Government Agencies, Supra 1.13% (31 December 2017 - 1.29%)			
IDR14,500,000,000	Inter-American Development Bank 7.875% 14/03/2023	788,799	0.53

Portfolio Statement (continued)

Holding/Nominal Value	Investment	Bid Market Value £	% of Net Assets
Other Government Agencies, Supra (continued)			
INR80,000,000	International Finance 6.45% 10/08/2020	890,136	0.60
		1,678,935	1.13
US Government Agencies, Supra 0.20% (31 December 2017 - 0.19%)			
USD400,000	Indian Railway Finance 3.835% 13/12/2027	288,987	0.20
		288,987	0.20
Fixed Interest 0.40% (31 December 2017 - 0.00%)			
£671,000	AA Bond 2.75% 31/07/2043	591,030	0.40
		591,030	0.40
Sterling Corporate Bonds 1.86% (31 December 2017 - 0.00%)			
£600,000	ABN AMRO Bank 1.375% 07/06/2022	588,594	0.40
£1,000,000	ENEL Finance International 5.625% 14/08/2024	1,131,054	0.76
£1,000,000	InterContinental Hotels 3.75% 14/08/2025	1,038,234	0.70
		2,757,882	1.86
Total Value of Investments 98.37% (31 December 2017 - 97.74%)		146,080,493	98.37
Net Other Assets		2,423,259	1.63
Net assets		148,503,752	100.00
All holdings are bonds and are listed on an official stock exchange unless otherwise stated.			
Debt Security Allocation of Portfolio of Investments is as follows: (Sourced from Bloomberg)			
Percentage of Debt Securities above investment grade			93.14
Percentage of Debt Securities below investment grade (sub BBB- or unrated)			6.86
			100.00

Statement of Total Return

For the year ended 31 December 2018

	Notes ¹	£	31.12.2018 £	31.12.2017 £
Income				
Net capital (losses)/gains	4		(6,962,855)	2,043,485
Revenue	6	4,254,077		3,076,119
Expenses	7	(851,477)		(638,354)
Interest payable and similar charges	9	—		(197)
Net revenue before taxation		3,402,600		2,437,568
Taxation	8	—		—
Net revenue after taxation for the year			<u>3,402,600</u>	<u>2,437,568</u>
Total returns before distributions			(3,560,255)	4,481,053
Distributions	9		<u>(6,139,873)</u>	<u>(4,540,973)</u>
Changes in net assets attributable to shareholders from investment activities			<u>(9,700,128)</u>	<u>(59,920)</u>

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2018

	Note ¹	£	31.12.2018 £	31.12.2017 £
Opening net assets attributable to shareholders			152,339,732	51,489,592
Movement due to sales and repurchases of shares:				
Amounts received on issue of shares		33,712,567		108,300,570
Less: amounts paid on cancellation of shares		<u>(27,973,360)</u>		<u>(7,462,218)</u>
			5,739,207	100,838,352
Single swing price adjustment			44,501	39,740
Changes in net assets attributable to shareholders from investment activities (see above)			(9,700,128)	(59,920)
Retained distribution on accumulation shares	9		<u>80,440</u>	<u>31,968</u>
Closing net assets attributable to shareholders			<u>148,503,752</u>	<u>152,339,732</u>

¹The notes to these accounts can be found on pages 489 to 494.

Balance Sheet

As at 31 December 2018

	Notes ¹	31.12.2018 £	31.12.2017 £
Assets			
Fixed assets:			
Investments		146,080,493	148,898,367
Current assets:			
Debtors	10	2,133,122	2,233,882
Cash and bank balances	11	2,037,835	3,814,731
Total assets		<u>150,251,450</u>	<u>154,946,980</u>
Liabilities			
Creditors:			
Bank overdrafts	12	(174,683)	(757)
Distribution payable on income shares	9	(1,500,333)	(1,571,441)
Other creditors	13	(72,682)	(1,035,050)
Total liabilities		<u>(1,747,698)</u>	<u>(2,607,248)</u>
Net assets attributable to shareholders		<u>148,503,752</u>	<u>152,339,732</u>

¹The notes to these accounts can be found on pages 489 to 494.

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 21 and 22.

2. Distribution Policies

The distribution policies for this sub-fund match those found on pages 22 and 23.

3. Risk Management Policies

The risk management policies for this sub-fund match those found on pages 23 and 24.

4. Net Capital (Losses)/Gains

	31.12.2018 £	31.12.2017 £
(Losses)/gains on non-derivative securities	(6,959,774)	2,049,827
Losses on forward currency contracts	(1,560)	(6,037)
Currency losses	(1,521)	(305)
Net capital (losses)/gains	<u>(6,962,855)</u>	<u>2,043,485</u>

5. Purchases, Sales, and Transaction Costs

As the sub-fund mainly invests in bonds, there were no transaction costs.

	31.12.2018 £	31.12.2017 £
Total purchases for the year:	42,565,479	126,295,922
Total sales for the year:	35,845,811	26,094,558

The average portfolio dealing spread as at 31 December 2018 was 0.73% (31 December 2017: 0.73%).

6. Revenue

	31.12.2018 £	31.12.2017 £
Bank interest	3,735	441
Interest on debt securities	4,250,342	3,075,678
	<u>4,254,077</u>	<u>3,076,119</u>

7. Expenses

	31.12.2018 £	31.12.2017 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	624,539	454,661
	<u>624,539</u>	<u>454,661</u>
Other expenses:		
Fixed operating charge ¹	235,481	170,582
Sundry expenses	2,500	—
Set-up costs	(11,043)	13,111
	<u>226,938</u>	<u>183,693</u>
	<u>851,477</u>	<u>638,354</u>

¹ Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2018 is £7,018 plus VAT (31 December 2017: £6,814 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	31.12.2018 £	31.12.2017 £
a) Analysis of charge for the year:		
Overseas tax suffered	—	—
Current tax (note 8b)	—	—
Deferred tax (note 8c)	—	—
Total tax charge	—	—

b) Factors affecting taxation charge for the year:

The tax assessed for the period is lower (2017: lower) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2017: 20%). The differences are explained below:

Net revenue before tax	3,402,600	2,437,568
Corporation tax at 20%	680,520	487,514
Effects of:		
Coupon basis distribution	377,167	293,019
Interest distributions	(1,057,687)	(780,533)
Sub-total	(680,520)	(487,514)
Current year tax charge (note 8a)	—	—

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

c) Provision for the deferred tax

Provision at start of year	—	—
Deferred tax charge for the year	—	—
Provision at end of year	—	—

9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2018 £	31.12.2017 £
First Quarter Distribution	1,479,044	723,890
First Quarter Accumulation	18,007	3,906
Interim Distribution	1,558,828	1,173,842
Interim Accumulation	18,693	8,459
Third Quarter Distribution	1,580,223	1,359,705
Third Quarter Accumulation	20,118	8,446
Final Distribution ¹	1,500,333	1,571,441
Final Accumulation	23,622	11,157
	<u>6,198,868</u>	<u>4,860,846</u>
Add: Amounts deducted on cancellation of shares	48,714	33,291
Less: Amounts added on creation of shares	(107,709)	(353,164)
Distributions	<u>6,139,873</u>	<u>4,540,973</u>
Interest payable and similar charges	—	197
Total distributions	<u>6,139,873</u>	<u>4,541,170</u>

Notes to the Financial Statements (continued)

9. Distributions (continued)

	31.12.2018 £	31.12.2017 £
Net revenue after taxation	3,402,600	2,437,568
Add: Capitalised expenses	851,477	638,354
Add: Benefit of coupon basis distribution	1,885,835	1,465,098
Add: Undistributed revenue brought forward	53	6
Less: Undistributed revenue carried forward	(92)	(53)
Distributions	6,139,873	4,540,973

10. Debtors

	31.12.2018 £	31.12.2017 £
Accrued revenue	1,996,980	2,202,220
Amount receivable for creation of shares	136,142	7,656
Sales awaiting settlement	–	24,006
	2,133,122	2,233,882

11. Cash and Bank Balances

	31.12.2018 £	31.12.2017 £
Cash and bank balances	2,037,835	3,814,731
	2,037,835	3,814,731

12. Bank Overdrafts

	31.12.2018 £	31.12.2017 £
Bank overdrafts	174,683	757
	174,683	757

13. Other Creditors

	31.12.2018 £	31.12.2017 £
Amount payable for cancellation of shares	2,411	3,118
Accrued expenses	70,271	82,614
Purchases awaiting settlement	–	949,318
	72,682	1,035,050

14. Commitments, Contingent Liabilities, and Contingent Assets

At 31 December 2018, the sub-fund had no contingent liabilities or assets (31 December 2017: same).

15. Related Parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of this transaction was £51,001 (31 December 2017: £52,025).

At the year end, Sarasin Responsible Corporate Bond held no shares in any other sub-fund or collective investment schemes managed by associated companies of Sarasin Investment Funds (31 December 2017: same).

At the year end, BNY (OCS) Nominees Limited owned below the 25% threshold in the sub-fund on behalf of multiple beneficiaries (31 December 2017: 46.27%)

Notes to the Financial Statements (continued)
16. Shareholders' Funds

The sub-fund has 5 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Responsible Corporate Bond 'I' Income Shares

Opening shares	147,067,894
Shares Created	31,145,682
Shares Liquidated	(27,933,147)
Shares Converted	17,145
Closing shares	150,297,574

Responsible Corporate Bond 'I' Accumulation Shares

Opening shares	889,178
Shares Created	294,312
Shares Liquidated	(227,525)
Shares Converted	(16,275)
Closing shares	939,690

Responsible Corporate Bond 'P' Income Shares

Opening shares	548,363
Shares Created	1,208,424
Shares Liquidated	(234,676)
Shares Converted	–
Closing shares	1,522,111

Responsible Corporate Bond 'P' Accumulation Shares

Opening shares	148,757
Shares Created	1,314,964
Shares Liquidated	(121,421)
Shares Converted	–
Closing shares	1,342,300

Responsible Corporate Bond 'Z' Income Shares

Opening shares	–
Shares Created	1,000
Shares Liquidated	–
Shares Converted	–
Closing shares	1,000

17. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note 3 on page 23. A sensitivity analysis of the sub-fund is provided on page 474. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2018

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Indian rupee	22,707	890,136	912,843	0.61
Indonesian rupiah	50,050	788,799	838,849	0.57
Sterling	2,331,977	142,577,011	144,908,988	97.58
US dollar	18,525	1,824,547	1,843,072	1.24
	2,423,259	146,080,493	148,503,752	100.00

Notes to the Financial Statements (continued)
17. Risk Disclosures (continued)

Currency exposure as at 31 December 2017

	Monetary exposure £	Non-Monetary exposure £	Total £	%
Indian rupee	25,871	1,026,037	1,051,908	0.69
Indonesian rupiah	55,175	935,275	990,450	0.65
Sterling	3,333,210	144,676,337	148,009,547	97.16
US dollar	27,109	2,260,718	2,287,827	1.50
	<u>3,441,365</u>	<u>148,898,367</u>	<u>152,339,732</u>	<u>100.00</u>

Interest rate exposure as at 31 December 2018

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Euro	766	—	—	766
Indian rupee	—	890,136	22,707	912,843
Indonesian rupiah	—	788,799	50,050	838,849
Sterling	17,864,506	126,749,574	2,041,840	146,655,920
US dollar	—	1,824,547	18,525	1,843,072
	<u>17,865,272</u>	<u>130,253,056</u>	<u>2,133,122</u>	<u>150,251,450</u>

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Euro	(766)	—	—	(766)
Sterling	(173,917)	—	(1,573,015)	(1,746,932)
	<u>(174,683)</u>	<u>—</u>	<u>(1,573,015)</u>	<u>(1,747,698)</u>

Interest rate exposure as at 31 December 2017

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Euro	757	—	—	757
Indian rupee	—	1,026,037	25,871	1,051,908
Indonesian rupiah	—	935,275	55,175	990,450
Sterling	17,853,740	130,636,571	2,125,727	150,616,038
US dollar	782,370	1,478,348	27,109	2,287,827
	<u>18,636,867</u>	<u>134,076,231</u>	<u>2,233,882</u>	<u>154,946,980</u>

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Euro	(757)	—	—	(757)
Sterling	—	—	(2,606,491)	(2,606,491)
	<u>(757)</u>	<u>—</u>	<u>(2,606,491)</u>	<u>(2,607,248)</u>

Notes to the Financial Statements (continued)

17. Risk Disclosures (continued)

Fair Value

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

Valuation technique as at 31 December 2018

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Debt Securities	–	146,080,493	–	146,080,493
	–	146,080,493	–	146,080,493

Valuation technique as at 31 December 2017

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Debt Securities	–	148,898,367	–	148,898,367
	–	148,898,367	–	148,898,367

The valuation technique has been disclosed under Accounting Policies note 1k on page 22.

Level 1

The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.

Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3

Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

Counterparty Risk

During the year, the sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce Counterparty Risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the sub-fund. As at balance sheet date, the sub-fund is not exposed to any counterparty risk.

18. Post balance sheet market movements

The ACD has applied a 10% threshold to the disclosure of post year end movements in the net asset value per share of the sub-fund from the year end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no share classes where the net asset value per share has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the year end.

Distribution Tables

For the year ended 31 December 2018

First Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 January 2018

Group 2: Shares purchased between 1 January 2018 and 31 March 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	First Quarter Distribution Paid 2018 Pence per Share	First Quarter Distribution Paid 2017 Pence per Share
Responsible Corporate Bond 'I' Income Shares				
Group 1	0.9595	—	0.9595	0.9367
Group 2	0.4277	0.5318	0.9595	0.9367
Responsible Corporate Bond 'I' Accumulation Shares¹				
Group 1	1.0117	—	1.0117	0.9614
Group 2	1.0117	—	1.0117	0.9614
Responsible Corporate Bond 'P' Income Shares				
Group 1	0.9267	—	0.9267	0.9960
Group 2	0.5653	0.3614	0.9267	0.9960
Responsible Corporate Bond 'P' Accumulation Shares				
Group 1	0.8674	—	0.8674	1.0010
Group 2	0.5078	0.3596	0.8674	1.0010

Interim distribution in pence per share

Group 1: Shares purchased prior to 1 April 2018

Group 2: Shares purchased between 1 April 2018 and 30 June 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Interim Distribution Paid 2018 Pence per Share	Interim Distribution Paid 2017 Pence per Share
Responsible Corporate Bond 'I' Income Shares				
Group 1	0.9773	—	0.9773	0.9805
Group 2	0.6262	0.3511	0.9773	0.9805
Responsible Corporate Bond 'I' Accumulation Shares				
Group 1	1.0590	—	1.0590	0.9935
Group 2	0.5704	0.4886	1.0590	0.9935
Responsible Corporate Bond 'P' Income Shares				
Group 1	0.8850	—	0.8850	0.9530
Group 2	0.4313	0.4537	0.8850	0.9530
Responsible Corporate Bond 'P' Accumulation Shares				
Group 1	1.0269	—	1.0269	0.9609
Group 2	0.6514	0.3755	1.0269	0.9609

Distribution Tables (continued)

Third Quarter distribution in pence per share

Group 1: Shares purchased prior to 1 July 2018

Group 2: Shares purchased between 1 July 2018 and 30 September 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Third Quarter Distribution Paid 2018 Pence per Share	Third Quarter Distribution Paid 2017 Pence per Share
Responsible Corporate Bond 'I' Income Shares				
Group 1	0.9672	—	0.9672	0.9855
Group 2	0.7023	0.2649	0.9672	0.9855
Responsible Corporate Bond 'I' Accumulation Shares				
Group 1	1.0026	—	1.0026	0.9855
Group 2	0.3406	0.6620	1.0026	0.9855
Responsible Corporate Bond 'P' Income Shares				
Group 1	0.9594	—	0.9594	0.9200
Group 2	0.5803	0.3791	0.9594	0.9200
Responsible Corporate Bond 'P' Accumulation Shares				
Group 1	1.0122	—	1.0122	0.9204
Group 2	0.6177	0.3945	1.0122	0.9204

Final distribution in pence per share

Group 1: Shares purchased prior to 1 October 2018

Group 2: Shares purchased between 1 October 2018 and 31 December 2018

Share	Net Revenue 2018 Pence per Share	Equalisation (note 2i) Pence per Share	Final Distribution Paid 2019 Pence per Share	Final Distribution Paid 2018 Pence per Share
Responsible Corporate Bond 'I' Income Shares				
Group 1	0.9884	—	0.9884	1.0649
Group 2	0.7474	0.2410	0.9884	1.0649
Responsible Corporate Bond 'I' Accumulation Shares				
Group 1	1.0285	—	1.0285	1.0898
Group 2	0.5083	0.5202	1.0285	1.0898
Responsible Corporate Bond 'P' Income Shares				
Group 1	0.9716	—	0.9716	0.9693
Group 2	0.5687	0.4029	0.9716	0.9693
Responsible Corporate Bond 'P' Accumulation Shares				
Group 1	1.0397	—	1.0397	0.9859
Group 2	0.6088	0.4309	1.0397	0.9859
Responsible Corporate Bond 'Z' Income Shares²				
Group 1	0.2760	—	0.2760	—
Group 2	0.1700	0.1060	0.2760	—

¹There were no group 2 shares for this period.

²Share class launched 5 November 2018.



SARASIN