

## Schroder UK Alpha Plus Fund

May 2019

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1 Collectively these comprise the Manager's report.

# Fund Information

## Investment objective and policy

The Schroder UK Alpha Plus Fund (the 'fund') aims to provide capital growth in excess of the FTSE All Share Total Return index (net of fees\*) over the market cycle (typically three to five years) by investing in equity and equity related securities of UK companies.

The Fund invests at least 80% of its assets in a concentrated range of equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK. The Fund typically holds 30 to 60 companies. As the Fund is index-unconstrained it is managed without reference to an index.

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

The Fund may also invest in equity and equity related securities of non-UK companies, collective investment schemes, fixed income securities, warrants and money market instruments, and hold cash.

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

\* Net of fees is after the deduction of the Fund's ongoing charge.

With effect from 2 January 2019 the fund's Investment objective and policy changed, previously it was:

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

The Fund invests at least 80% of its assets in a concentrated range of equity and equity related securities of UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK. The Fund typically holds 40 to 60 companies. As the Fund is index unconstrained it is managed without reference to an index.

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

The Fund may also invest in companies headquartered or quoted outside the UK which derive a significant proportion of their revenues or profits from the UK.

The Fund may also invest in other equity and equity related securities, collective investment schemes, fixed income securities, warrants and money market instruments, and hold cash.

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

# Fund Information (continued)

## Financial highlights

Dealing price <sup>1</sup>	31.5.19	31.5.18	% change
A Income units	171.50p	185.80p	(7.70)
A Accumulation units	210.10p	223.60p	(6.04)
L Income units	58.08p	62.90p	(7.66)
L Accumulation units	65.23p	68.84p	(5.24)
S Income units	55.55p	60.15p	(7.65)
S Accumulation units	63.70p	67.02p	(4.95)
Z Income units	72.60p	78.64p	(7.68)
Z Accumulation units	84.44p	89.18p	(5.32)
	31.7.19	31.7.18	
Final distribution per A Income unit	3.9199p	3.3541p	

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

## Fund information

Launch date	24 June 2002	
Launch price	50.00p per A Income unit	
	50.00p per A Accumulation unit	
Launch date	11 May 2011	
Launch price	50.00p per Z Income unit	
	50.00p per Z Accumulation unit	
Launch date	1 October 2013	
Launch price	50.00p per L Income unit	
	50.00p per L Accumulation unit	
Launch date	31 January 2014	
Launch price	50.00p per S Income unit	
	50.00p per S Accumulation unit	
	Interim	Final
Accounting dates	30 November	31 May
Revenue allocation date		31 July

# Fund Information (continued)

## Ongoing charges figure

	For the year to 31.5.19	For the year to 31.5.18
A Income units	1.66%	1.66%
A Accumulation units	1.66%	1.66%
L Income units	0.84%	0.84%
L Accumulation units	0.84%	0.84%
S Income units	0.54%	0.54%
S Accumulation units	0.54%	0.54%
Z Income units	0.91%	0.91%
Z Accumulation units	0.91%	0.91%

# Review of Investment Activities

**From 31 May 2018 to 31 May 2019, the price of A Accumulation units on a selling price to dealing price basis fell 6.04%. In comparison, the FTSE<sup>1</sup> All Share Index generated a negative total return of 3.17%<sup>2</sup>.**

The UK stock market fell over the period, led by cyclical areas, as geopolitical issues and concerns about the economic cycle weighed on sentiment towards equities more widely. Fears about global trade continued to dominate, with the US-China dispute taking centre stage. Global central banks tempered expectations for tighter monetary policy following some disappointing macro-economic data and bond markets began to price in rate cuts.

A number of cyclical holdings performed poorly, including oil services company John Wood Group, budget airline easyJet and packaging group DS Smith, despite producing broadly inline results. Meanwhile, our underweight in Rio Tinto detracted after the shares rallied sharply in line with iron ore prices following a dam collapse at a competitor's mine. On the positive side, our underweight in British American Tobacco was a positive amid growing concerns around a possible tightening of the US regulatory framework to tackle underage use of tobacco products. Not owning Vodafone was also beneficial after the mobile telecoms group published disappointing results, culminating in a material rebasing of the dividend. Emerging markets (EM) investment manager Ashmore Group delivered double-digit share price returns over the period on the back of strong net inflows, despite a volatile backdrop for EM debt and equity markets. Meanwhile, food producer Kerry Group performed well amid a rotation into stocks with low earnings volatility and stable growth as economic data worsened.

The market remains dominated by macro and politics. Currently, expected earnings certainty matters much more than valuation – in fact, valuation has had very little input into what performs at the stock level. We believe this phenomenon will be subject to aggressive reversals, particularly as global growth slows later in the year.

## Co-Fund Manager: Bill Casey



Bill joined from Janus Henderson where he spent six years as an Equity portfolio manager and research analyst for both long only and long-short funds

Research responsibilities included coverage of European large and mid cap stocks. Bill was also the co-manager of the European Best Ideas Fund alongside John Bennett and laterally Nick Kissack

Previously an Equity Analyst at Bank of America Merrill Lynch and Bradshaw Asset Management

Investment career commenced in 2003

BSc Management (Finance) from Dublin Institute of Technology

CFA Charterholder

## Co-Fund Manager: Nick Kissack



Nick joined from Janus Henderson where he spent four years as an Equity portfolio manager and research analyst for both long only and long-short funds

Previously portfolio manager at the Universities Superannuation Scheme with responsibility for both research analysis and portfolio management for the pan European equities portfolio

Nick has worked as both a generalist (Clareville, Henderson) and a sector specialist (Consumer Staples & Discretionary at USS)

Investment career commenced in 2004 at Clareville Capital Partners as a portfolio manager for the long-short Pegasus Fund

Degree in Economics and Finance from the University of York  
CFA Charterholder

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<sup>2</sup> Source: Thomson Reuters Datastream.

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

# Risk Profile

## Risk and reward indicator



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

The fund's risk category is not guaranteed to remain fixed and may change over time.

A fund in the lowest category does not mean a risk free investment.

The fund is in this category because it can take higher risks in search of higher rewards and its price may rise and fall accordingly.

## Specific risks

The fund invests in assets which are exposed to currencies other than sterling. Exchange rates may cause the value of overseas investments and the revenue from them to rise or fall.

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

The fund invests predominantly in the securities of a particular country. There may be a greater risk than investing in funds that hold securities in a range of countries.

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

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

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

# Statement of the Manager's Responsibilities

The Financial Conduct Authority's Collective Investment Schemes sourcebook (COLL) requires the Manager to prepare accounts for each annual and half yearly accounting period, in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the financial position of the fund and of its net revenue and the net capital losses on the property of the fund for the year. In preparing the accounts the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Management Association (IMA (now the Investment Association (IA))) in May 2014;
- follow generally accepted accounting principles and applicable accounting standards;
- prepare the accounts on the basis that the fund will continue in operation unless it is inappropriate to do so;
- keep proper accounting records which enable it to demonstrate that the accounts as prepared comply with the above requirements;
- make judgements and estimates that are prudent and reasonable.

The Manager is responsible for the management of the fund in accordance with its Trust Deed, the Prospectus and the COLL, and for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Manager's report and accounts for the year ended 31 May 2019 were signed on 25 July 2019 on behalf of the Manager by:

**J.A. Walker-Hazell**  
Directors

**P. Middleton**



# Report of the Trustee

## **Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the Schroder UK Alpha Plus Fund ('the fund') for the year ended 31 May 2019**

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

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

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

The Trustee must ensure that:

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

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

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

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

**J.P. Morgan Europe Limited**

Trustee  
Bournemouth  
25 June 2019

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

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the financial position of the fund as at 31 May 2019 and of the net revenue and the net capital losses on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Final Report and Accounts (the 'Annual Report'), which comprise: the balance sheet as at 31 May 2019; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the notes to the financial statements, which include a description of the significant accounting policies, and the distribution tables.

## Basis for opinion

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

### Independence

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

## Conclusions relating to going concern

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

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

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

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

# Independent Auditors' Report to the Unitholders of Schroder UK Alpha Plus Fund (continued)

## Reporting on other information

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

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

### Manager's Report

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

## Responsibilities for the financial statements and the audit

### Responsibilities of the Manager for the financial statements

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

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

### Auditors' responsibilities for the audit of the financial statements

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

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

# Independent Auditors' Report to the Unitholders of Schroder UK Alpha Plus Fund (continued)

## Use of this report

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

## Other required reporting

### Opinion on matter required by the Collective Investment Schemes sourcebook

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

### Collective Investment Schemes sourcebook exception reporting

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

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

We have no exceptions to report arising from this responsibility.

### PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
Edinburgh  
25 July 2019

# Comparative Tables

## A Income units

Financial year to 31 May	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	182.12	178.33	152.66
Return before operating charges	(7.42)	10.06	31.20
Operating charges	(2.90)	(2.92)	(2.77)
<b>Return after operating charges*</b>	<b>(10.32)</b>	<b>7.14</b>	<b>28.43</b>
Distributions <sup>1</sup>	(3.92)	(3.35)	(2.76)
<b>Closing net asset value</b>	<b>167.88</b>	<b>182.12</b>	<b>178.33</b>
*after direct transaction costs of	(0.68)	(0.79)	(0.40)
<b>Performance</b>			
Return after charges (%)	(5.67)	4.00	18.62
<b>Other information</b>			
Closing net asset value (£000's)	163,051	207,810	201,987
Closing number of units	97,121,762	114,109,317	113,268,075
Operating charges (%)	1.66	1.66	1.66
Direct transaction costs (%)**	0.39	0.45	0.24
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	184.00	191.10	183.10
Lowest dealing price (p) <sup>2</sup>	156.50	165.10	141.30

# Comparative Tables (continued)

A Accumulation units			
Financial year to 31 May	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	223.11	214.52	180.85
Return before operating charges	(9.11)	12.10	36.94
Operating charges	(3.55)	(3.51)	(3.27)
<b>Return after operating charges*</b>	<b>(12.66)</b>	<b>8.59</b>	<b>33.67</b>
Distributions <sup>1</sup>	(4.84)	(4.01)	(3.26)
Retained distributions <sup>1</sup>	4.84	4.01	3.26
<b>Closing net asset value</b>	<b>210.45</b>	<b>223.11</b>	<b>214.52</b>
*after direct transaction costs of	(0.83)	(0.95)	(0.47)
<b>Performance</b>			
Return after charges (%)	(5.67)	4.00	18.62
<b>Other information</b>			
Closing net asset value (£000's)	289,457	364,608	431,629
Closing number of units	137,545,192	163,424,142	201,206,832
Operating charges (%)	1.66	1.66	1.66
Direct transaction costs (%)**	0.39	0.45	0.24
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	225.40	229.90	217.00
Lowest dealing price (p) <sup>2</sup>	191.70	198.60	167.40

# Comparative Tables (continued)

Financial year to 31 May	L Income units		
	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	61.16	59.86	51.21
Return before operating charges	(2.50)	3.40	10.52
Operating charges	(0.49)	(0.49)	(0.47)
<b>Return after operating charges*</b>	<b>(2.99)</b>	<b>2.91</b>	<b>10.05</b>
Distributions <sup>1</sup>	(1.82)	(1.61)	(1.40)
<b>Closing net asset value</b>	<b>56.35</b>	<b>61.16</b>	<b>59.86</b>
*after direct transaction costs of	(0.23)	(0.27)	(0.13)
<b>Performance</b>			
Return after charges (%)	(4.89)	4.86	19.63
<b>Other information</b>			
Closing net asset value (£000's)	7,140	9,048	12,394
Closing number of units	12,670,102	14,795,724	20,705,214
Operating charges (%)	0.84	0.84	0.84
Direct transaction costs (%)**	0.39	0.45	0.24
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	61.89	64.66	61.95
Lowest dealing price (p) <sup>2</sup>	52.82	55.79	47.43

# Comparative Tables (continued)

Financial year to 31 May	L Accumulation units		
	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	68.70	65.52	54.78
Return before operating charges	(2.81)	3.72	11.24
Operating charges	(0.55)	(0.54)	(0.50)
<b>Return after operating charges*</b>	<b>(3.36)</b>	<b>3.18</b>	<b>10.74</b>
Distributions <sup>1</sup>	(2.04)	(1.77)	(1.50)
Retained distributions <sup>1</sup>	2.04	1.77	1.50
<b>Closing net asset value</b>	<b>65.34</b>	<b>68.70</b>	<b>65.52</b>
*after direct transaction costs of	(0.26)	(0.29)	(0.14)
<b>Performance</b>			
Return after charges (%)	(4.89)	4.85	19.61
<b>Other information</b>			
Closing net asset value (£000's)	50,664	63,377	69,815
Closing number of units	77,536,576	92,246,408	106,560,668
Operating charges (%)	0.84	0.84	0.84
Direct transaction costs (%)**	0.39	0.45	0.24
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	69.52	70.77	66.26
Lowest dealing price (p) <sup>2</sup>	59.33	61.07	50.73



# Comparative Tables (continued)

S Income units			
Financial year to 31 May	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	58.32	57.07	48.82
Return before operating charges	(2.37)	3.26	10.04
Operating charges	(0.30)	(0.30)	(0.29)
<b>Return after operating charges*</b>	<b>(2.67)</b>	<b>2.96</b>	<b>9.75</b>
Distributions <sup>1</sup>	(1.91)	(1.71)	(1.50)
<b>Closing net asset value</b>	<b>53.74</b>	<b>58.32</b>	<b>57.07</b>
*after direct transaction costs of	(0.22)	(0.25)	(0.13)
<b>Performance</b>			
Return after charges (%)	(4.58)	5.19	19.97
<b>Other information</b>			
Closing net asset value (£000's)	28,183	39,150	36,258
Closing number of units	52,446,903	67,131,056	63,528,737
Operating charges (%)	0.54	0.54	0.54
Direct transaction costs (%)**	0.39	0.45	0.24
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	59.06	61.84	59.23
Lowest dealing price (p) <sup>2</sup>	50.46	53.33	45.22

# Comparative Tables (continued)

S Accumulation units			
Financial year to 31 May	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	66.89	63.59	53.02
Return before operating charges	(2.74)	3.64	10.88
Operating charges	(0.34)	(0.34)	(0.31)
<b>Return after operating charges*</b>	<b>(3.08)</b>	<b>3.30</b>	<b>10.57</b>
Distributions <sup>1</sup>	(2.19)	(1.91)	(1.62)
Retained distributions <sup>1</sup>	2.19	1.91	1.62
<b>Closing net asset value</b>	<b>63.81</b>	<b>66.89</b>	<b>63.59</b>
*after direct transaction costs of	(0.25)	(0.28)	(0.14)
<b>Performance</b>			
Return after charges (%)	(4.60)	5.19	19.94
<b>Other information</b>			
Closing net asset value (£000's)	10,226	13,079	9,818
Closing number of units	16,027,216	19,553,634	15,438,989
Operating charges (%)	0.54	0.54	0.54
Direct transaction costs (%)**	0.39	0.45	0.24
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	67.72	68.90	64.31
Lowest dealing price (p) <sup>2</sup>	57.86	59.42	49.10

# Comparative Tables (continued)

Z Income units			
Financial year to 31 May	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	76.51	74.89	64.08
Return before operating charges	(3.11)	4.25	13.14
Operating charges	(0.67)	(0.67)	(0.64)
<b>Return after operating charges*</b>	<b>(3.78)</b>	<b>3.58</b>	<b>12.50</b>
Distributions <sup>1</sup>	(2.22)	(1.96)	(1.69)
<b>Closing net asset value</b>	<b>70.51</b>	<b>76.51</b>	<b>74.89</b>
*after direct transaction costs of	(0.29)	(0.33)	(0.17)
<b>Performance</b>			
Return after charges (%)	(4.94)	4.78	19.51
<b>Other information</b>			
Closing net asset value (£000's)	32,103	38,735	48,737
Closing number of units	45,532,268	50,626,547	65,078,745
Operating charges (%)	0.91	0.91	0.91
Direct transaction costs (%)**	0.39	0.45	0.24
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	77.42	80.84	77.45
Lowest dealing price (p) <sup>2</sup>	66.05	69.76	59.34

# Comparative Tables (continued)

Z Accumulation units			
Financial year to 31 May	2019 p per unit	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>			
Opening net asset value	89.00	84.94	71.07
Return before operating charges	(3.64)	4.83	14.58
Operating charges	(0.78)	(0.77)	(0.71)
<b>Return after operating charges*</b>	<b>(4.42)</b>	<b>4.06</b>	<b>13.87</b>
Distributions <sup>1</sup>	(2.59)	(2.23)	(1.88)
Retained distributions <sup>1</sup>	2.59	2.23	1.88
<b>Closing net asset value</b>	<b>84.58</b>	<b>89.00</b>	<b>84.94</b>
*after direct transaction costs of	(0.33)	(0.38)	(0.19)
<b>Performance</b>			
Return after charges (%)	(4.97)	4.78	19.52
<b>Other information</b>			
Closing net asset value (£000's)	183,902	187,431	222,409
Closing number of units	217,421,575	210,596,057	261,855,905
Operating charges (%)	0.91	0.91	0.91
Direct transaction costs (%)**	0.39	0.45	0.24
<b>Prices</b>			
Highest dealing price (p) <sup>2</sup>	90.05	91.69	85.90
Lowest dealing price (p) <sup>2</sup>	76.82	79.12	65.81

1 These figures have been rounded to 2 decimal places.

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

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

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

# Portfolio Statement

	Holding at 31.5.19	Market Value £000's	% of net assets
<b>Equities 94.75% (98.52%)</b>			
<b>Oil &amp; Gas 17.16% (16.28%)</b>			
BP	11,249,352	60,758	7.94
John Wood Group	2,709,869	10,601	1.39
Royal Dutch Shell B	2,420,082	59,861	7.83
		<b>131,220</b>	<b>17.16</b>
<b>Basic Materials 3.55% (6.86%)</b>			
BHP Group	1,520,699	27,138	3.55
		<b>27,138</b>	<b>3.55</b>
<b>Industrials 11.74% (14.14%)</b>			
Balfour Beatty	5,786,558	13,726	1.80
DS Smith	4,203,232	13,278	1.74
G4S	5,299,819	11,082	1.45
Meggitt	2,831,120	13,872	1.81
Melrose Industries	8,177,346	13,407	1.75
Smiths Group	850,068	12,215	1.60
Smurfit Kappa Group	554,360	12,185	1.59
		<b>89,765</b>	<b>11.74</b>
<b>Consumer Goods 18.87% (14.31%)</b>			
Anheuser-Busch InBev	176,070	11,327	1.48
Burberry Group	841,776	14,268	1.86
Diageo	472,140	15,701	2.05
Imperial Brands	1,201,560	23,010	3.01
Kerry Group A	190,354	17,371	2.27
Reckitt Benckiser Group	542,213	34,414	4.50
Unilever	584,951	28,291	3.70
		<b>144,382</b>	<b>18.87</b>

# Portfolio Statement (continued)

	Holding at 31.5.19	Market Value £000's	% of net assets
<b>Health Care 8.77% (10.50%)</b>			
Eurofins Scientific	35,427	12,775	1.67
GlaxoSmithKline	3,554,662	54,272	7.10
		<b>67,047</b>	<b>8.77</b>
<b>Consumer Services 12.35% (14.50%)</b>			
Cineworld Group	4,996,393	14,799	1.94
easyJet	1,097,743	9,564	1.25
Next	238,454	13,735	1.80
RELX	1,415,208	26,068	3.41
Tesco	13,336,911	30,182	3.95
		<b>94,348</b>	<b>12.35</b>
<b>Telecommunications 1.58% (0.00%)</b>			
Koninklijke KPN	4,996,694	12,117	1.58
		<b>12,117</b>	<b>1.58</b>
<b>Financials 20.73% (21.93%)</b>			
Ashmore Group	3,676,917	17,370	2.27
Close Brothers Group	1,254,148	17,257	2.26
Hiscox	835,999	13,677	1.79
HSBC Holdings	3,218,352	20,761	2.71
Legal & General Group	6,214,988	15,948	2.09
Lloyds Banking Group	60,352,600	34,558	4.52
Prudential	1,008,387	15,907	2.08
Sherborne Investors Guernsey C	10,000,000	5,150	0.67
UNITE Group	1,885,899	17,907	2.34
		<b>158,535</b>	<b>20.73</b>
<b>Equities total</b>		<b>724,552</b>	<b>94.75</b>

# Portfolio Statement (continued)

	Market Value £000's	% of net assets
Portfolio of investments	724,552	94.75
Net other assets	40,174	5.25
<b>Net assets attributable to unitholders</b>	<b>764,726</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 31 May 2018.

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

# Summary of Portfolio Transactions

## Largest purchases

For the year ended 31 May 2019	Cost £000's
Royal Bank of Scotland Group	38,955
BP	38,791
Lloyds Banking Group	36,457
Imperial Brands	35,679
Reckitt Benckiser Group	35,557
RELX	32,040
HSBC Holdings	31,620
Rio Tinto	29,406
Unilever	24,368
DS Smith	19,954

## Largest sales

For the year ended 31 May 2019	Proceeds £000's
Rio Tinto	45,209
Lloyds Banking Group	41,045
Unilever	40,106
Royal Bank of Scotland Group	37,695
HSBC Holdings	35,217
British American Tobacco	33,281
Carnival	32,112
BAE Systems	30,049
Shire	28,923
Compass Group	28,197



# Statement of Total Return

For the year ended 31 May 2019

		2019		2018	
	Notes	£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital (losses)/gains	2		(71,716)		14,045
Revenue	3	33,427		34,995	
Expenses	4	(11,111)		(12,907)	
Net revenue before taxation		<b>22,316</b>		<b>22,088</b>	
Taxation	5	(40)		(1)	
Net revenue after taxation			<b>22,276</b>		<b>22,087</b>
<b>Total return before distributions</b>			<b>(49,440)</b>		<b>36,132</b>
Distributions	6		(21,320)		(20,837)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(70,760)</b>		<b>15,295</b>

# Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 May 2019

	2019		2018	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		923,238		1,033,047
Amounts receivable on issue of units	23,022		22,988	
Amounts payable on cancellation of units	(125,183)		(161,835)	
		<b>(102,161)</b>		<b>(138,847)</b>
Dilution adjustment		193		498
Change in net assets attributable to unitholders from investment activities		(70,760)		15,295
Retained distribution on Accumulation units		14,215		13,237
Unclaimed distributions		1		8
<b>Closing net assets attributable to unitholders</b>		<b>764,726</b>		<b>923,238</b>

# Balance Sheet

As at 31 May 2019

		2019	2018
	Notes	£000's	£000's
<b>Assets</b>			
Investments		724,552	909,582
<b>Current assets</b>			
Debtors	8	18,890	7,139
Cash and bank balances		30,140	15,600
<b>Total assets</b>		<b>773,582</b>	<b>932,321</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distributions payable		(6,050)	(6,211)
Other creditors	9	(2,806)	(2,872)
<b>Total liabilities</b>		<b>(8,856)</b>	<b>(9,083)</b>
<b>Net assets attributable to unitholders</b>			
		<b>764,726</b>	<b>923,238</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

The accounts have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the SORP for UK Authorised Funds issued by the IMA in May 2014 and in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)).

### Revenue

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

### Special dividends

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

### Expenses

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

### Taxation

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

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

### Distributions

The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. This revenue is distributed annually on 31 July to Income unitholders. For Accumulation units this revenue is not distributed but automatically reinvested in the fund and is reflected in the value of these units. The ordinary element of scrip dividends is treated as revenue but does not form part of the distribution. The enhanced element of scrip dividends is taken to capital and therefore does not form part of the distribution. The distribution is in accordance with the COLL.

Distributions which have remained unclaimed by unitholders for more than six years are credited to the capital property of the fund.

### Dilution adjustment

In certain circumstances the Manager may apply a dilution adjustment on subscriptions and redemptions of units. If applied, the dilution adjustment is paid to the fund. Prior to 17 September 2018, dilution adjustments included an estimate of dealing costs and the spread on underlying investments. See Prospectus for further details.

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

### Valuation

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

# Notes to the Accounts (continued)

## Foreign currencies

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

## 2 Net capital (losses)/gains

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

	2019 £000's	2018 £000's
Non-derivative securities	(71,699)	14,057
Foreign currency losses	(9)	(6)
Transaction costs	(8)	(6)
<b>Net capital (losses)/gains</b>	<b>(71,716)</b>	<b>14,045</b>

## 3 Revenue

	2019 £000's	2018 £000's
UK dividends	30,534	32,163
Overseas dividends	1,421	1,212
Real estate income distributions	435	267
Scrip dividends	982	1,343
Bank interest	55	10
<b>Total revenue</b>	<b>33,427</b>	<b>34,995</b>

# Notes to the Accounts (continued)

## 4 Expenses

	2019 £000's	2018 £000's
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Annual management charge	9,766	11,371
Administration charge	1,252	1,436
	<b>11,018</b>	<b>12,807</b>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Trustee's fees	74	81
Safe custody fees	4	5
Interest payable	4	0
	<b>82</b>	<b>86</b>
<b>Other expenses:</b>		
Audit fee	11	14
<b>Total expenses</b>	<b>11,111</b>	<b>12,907</b>

## 5 Taxation

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

	2019 £000's	2018 £000's
Overseas withholding tax	40	1
<b>Total current tax (Note 5(b))</b>	<b>40</b>	<b>1</b>

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

# Notes to the Accounts (continued)

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

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

	2019 £000's	2018 £000's
<b>Net revenue before taxation</b>	<b>22,316</b>	<b>22,088</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	4,463	4,418
<b>Effects of:</b>		
Revenue not subject to corporation tax	(6,587)	(6,944)
Movement in excess management expenses	2,124	2,526
Irrecoverable overseas withholding tax	40	1
<b>Current tax charge for the year (Note 5(a))</b>	<b>40</b>	<b>1</b>

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

At the balance sheet date, there is a potential deferred tax asset of £65,756,394 (2018 – £63,632,204) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.

## 6 Distributions

### Distributions

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

	2019 £000's	2018 £000's
Final Dividend distribution	20,265	19,448
Add: Revenue deducted on cancellation of units	1,205	1,420
Deduct: Revenue received on issue of units	(150)	(31)
<b>Distributions</b>	<b>21,320</b>	<b>20,837</b>
Net revenue after taxation	22,276	22,087
Scrip dividends not distributed	(982)	(1,343)
Equalisation on conversions	26	93
<b>Distributions</b>	<b>21,320</b>	<b>20,837</b>

Details of the distribution per unit are set out in the Distribution Table on page 38.

# Notes to the Accounts (continued)

## 7 Fair value hierarchy

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

Basis of valuation	2019 Assets £000's	2018 Assets £000's
Level 1: Quoted prices	724,552	909,582
Level 2: Observable market data	0	0
Level 3: Unobservable data	0	0
<b>Total</b>	<b>724,552</b>	<b>909,582</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

### Unobservable data

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

## 8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of units	17	13
Sales awaiting settlement	12,833	1,191
Accrued revenue	5,983	5,929
Overseas withholding tax recoverable	57	6
<b>Total debtors</b>	<b>18,890</b>	<b>7,139</b>

## 9 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of units	1,647	1,783
Purchases awaiting settlement	245	0
Accrued expenses	914	1,089
<b>Total other creditors</b>	<b>2,806</b>	<b>2,872</b>

# Notes to the Accounts (continued)

## 10 Contingent liabilities

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

## 11 Related party transactions

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

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

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

Units held or managed by the Manager or associates of the Manager as a percentage of the fund's net asset value at the balance sheet date were 20.35% (2018 – 19.37%).

## 12 Unit classes

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

A Income units	1.50%
A Accumulation units	1.50%
L Income units	0.675%
L Accumulation units	0.675%
S Income units	0.375%
S Accumulation units	0.375%
Z Income units	0.75%
Z Accumulation units	0.75%

The closing net asset value of each unit class, the closing net asset value per unit and the closing number of units in issue are given in the Comparative Tables on pages 13 to 20. The distribution per unit class is given in the Distribution Table on page 38. All classes have the same rights on winding up.

## 13 Derivative and other financial instruments

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

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

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

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



# Notes to the Accounts (continued)

## Market price risk

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

## Foreign currency risk

The fund invests in overseas securities valued in foreign currencies may cause the balance sheet to be significantly affected by movements in foreign exchange rates.

Revenue received in other currencies is translated to sterling on or near the date of receipt.

## Currency risk profile

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

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
<b>Euro</b>			
2019	2,725	53,590	56,315
2018	0	23,512	23,512
<b>Sterling</b>			
2019	37,449	670,962	708,411
2018	13,656	886,070	899,726

## Liquidity risk

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

## Interest rate risk

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

## Interest rate risk profile of financial assets and financial liabilities

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

Currency	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
<b>Euro</b>			
2019	0	56,315	56,315
2018	0	23,512	23,512
<b>Sterling</b>			
2019	30,140	687,127	717,267
2018	15,600	893,209	908,809

# Notes to the Accounts (continued)

Currency	Financial liabilities not carrying interest £000's	Total £000's
<b>Sterling</b>		
2019	8,856	8,856
2018	9,083	9,083

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

## Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average rate.

## Fair value of financial assets and financial liabilities

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

## Global risk exposure

### Commitment approach

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

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

The global risk exposure of the fund is calculated using the commitment approach. During the year ended 31 May 2019 the global risk exposure of the fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the fund as at the balance sheet date was as follows:

### Leverage

	Lowest	Highest	Average	Leverage at 31 May
<b>2019</b>	0.00%	1.21%	0.02%	0.00%
<b>2018</b>	0.00%	0.71%	0.01%	0.00%

# Notes to the Accounts (continued)

## 14 Direct transaction costs

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

2019	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	583,153	287	2,770	586,210	0.05	0.48
<b>Sales</b>						
Equities	699,891	(350)	0	699,541	(0.05)	0.00
Total cost of the fund's average net asset value (%)		0.08	0.33			

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	737,690	405	3,679	741,774	0.05	0.50
<b>Sales</b>						
Equities	879,024	(468)	(1)	878,555	(0.05)	0.00
Total cost of the fund's average net asset value (%)		0.09	0.39			

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.06% (2018 – 0.10%).

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

# Notes to the Accounts (continued)

## 15 Units in issue reconciliation

	Number of units in issue as at 31.5.18	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue as at 31.5.19
A Income units	114,109,317	132,944	(6,248,033)	(10,872,466)	97,121,762
A Accumulation units	163,424,142	252,284	(24,284,061)	(1,847,173)	137,545,192
L Income units	14,795,724	225,116	(2,354,345)	3,607	12,670,102
L Accumulation units	92,246,408	1,587,201	(17,805,095)	1,508,062	77,536,576
S Income units	67,131,056	–	(14,669,343)	(14,810)	52,446,903
S Accumulation units	19,553,634	45,000	(3,598,304)	26,886	16,027,216
Z Income units	50,626,547	74,467	(7,184,050)	2,015,304	45,532,268
Z Accumulation units	210,596,057	24,149,675	(41,232,748)	23,908,591	217,421,575

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

These disclosures form part of the non-audited section of this annual report and accounts and should be read in conjunction with the Schroders plc Remuneration Report on pages 68 to 90 of the 2018 Annual Report & Accounts (available on the Group's website – [www.schroders.com/ir](http://www.schroders.com/ir)), which provides more information on the activities of our Remuneration Committee and our remuneration principles and policies.

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

The Remuneration Committee of Schroders plc has established a remuneration policy to ensure the requirements of the UCITS Directive are met for all UCITS MRTs. The Remuneration Committee and the Board of Schroders plc review remuneration strategy at least annually. The directors of SUTL are responsible for the adoption of the remuneration policy, for reviewing its general principles at least annually, for overseeing its implementation and for ensuring compliance with relevant local legislation and regulation. During 2018 the Remuneration Policy was reviewed to ensure compliance with the UCITS/AIFMD remuneration requirements and no significant changes were made.

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

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

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

- The total amount of remuneration paid by SUTL to its staff was nil as SUTL has no employees. SUTL has two independent Non Executive Directors who receive fees in respect of their role on the Board of SUTL<sup>1</sup>. Employees of other Schroders Group entities who serve as Directors of SUTL receive no additional fees in respect of their role on the Board of SUTL.
- The following disclosures relate to UCITS MRTs of SUTL. Most of those UCITS MRTs were employed by and provided services to other Schroders group companies and clients. As a result, only a portion of remuneration for those individuals is included in the aggregate remuneration figures that follow, based on an objective apportionment to reflect the balance of each role using relevant regulated AUM as a proportion of the total AUM within the scope of each role. The aggregate total remuneration paid to the 142 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2018, and attributed to SUTL or the UCITS funds that it manages, is £12.6 million, of which £4.8 million was paid to senior management, £7.3 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and £0.5 million was paid to Control Function MRTs.

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

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

# Distribution Table

## Final distribution for the year ended 31 May 2019

**Group 1** Units purchased prior to 1 June 2018

**Group 2** Units purchased on or after 1 June 2018

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution payable 31.7.19 p per unit	Distribution paid 31.7.18 p per unit
<b>A Income units</b>				
Group 1	3.9199	–	3.9199	3.3541
Group 2	3.4874	0.4325	3.9199	3.3541
<b>A Accumulation units</b>				
Group 1	4.8400	–	4.8400	4.0058
Group 2	3.1631	1.6769	4.8400	4.0058
<b>L Income units</b>				
Group 1	1.8206	–	1.8206	1.6147
Group 2	1.2639	0.5567	1.8206	1.6147
<b>L Accumulation units</b>				
Group 1	2.0449	–	2.0449	1.7667
Group 2	1.2068	0.8381	2.0449	1.7667
<b>S Income units</b>				
Group 1	1.9077	–	1.9077	1.7130
Group 2	1.9077	0.0000	1.9077	1.7130
<b>S Accumulation units</b>				
Group 1	2.1871	–	2.1871	1.9077
Group 2	2.1647	0.0224	2.1871	1.9077
<b>Z Income units</b>				
Group 1	2.2216	–	2.2216	1.9641
Group 2	1.4937	0.7279	2.2216	1.9641
<b>Z Accumulation units</b>				
Group 1	2.5858	–	2.5858	2.2261
Group 2	1.9329	0.6529	2.5858	2.2261

## Corporate unitholders (unaudited)

Corporate unitholders receive the dividend distribution payments as detailed below:

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

## Equalisation

Equalisation applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of Group 2 units and is refunded to the holders of these units as a return of capital.

Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

# General Information

## Manager<sup>1</sup>

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

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

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

## Trustee

J.P. Morgan Europe Limited  
Chaseside  
Bournemouth BH7 7DA  
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

## Registrar<sup>1</sup>

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

## Administration Details

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Investor Services  
0800 718 777  
investorservices@schroders.com  
Dealing 0800 718 788  
Fax 0870 043 4080

## Independent Auditors

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

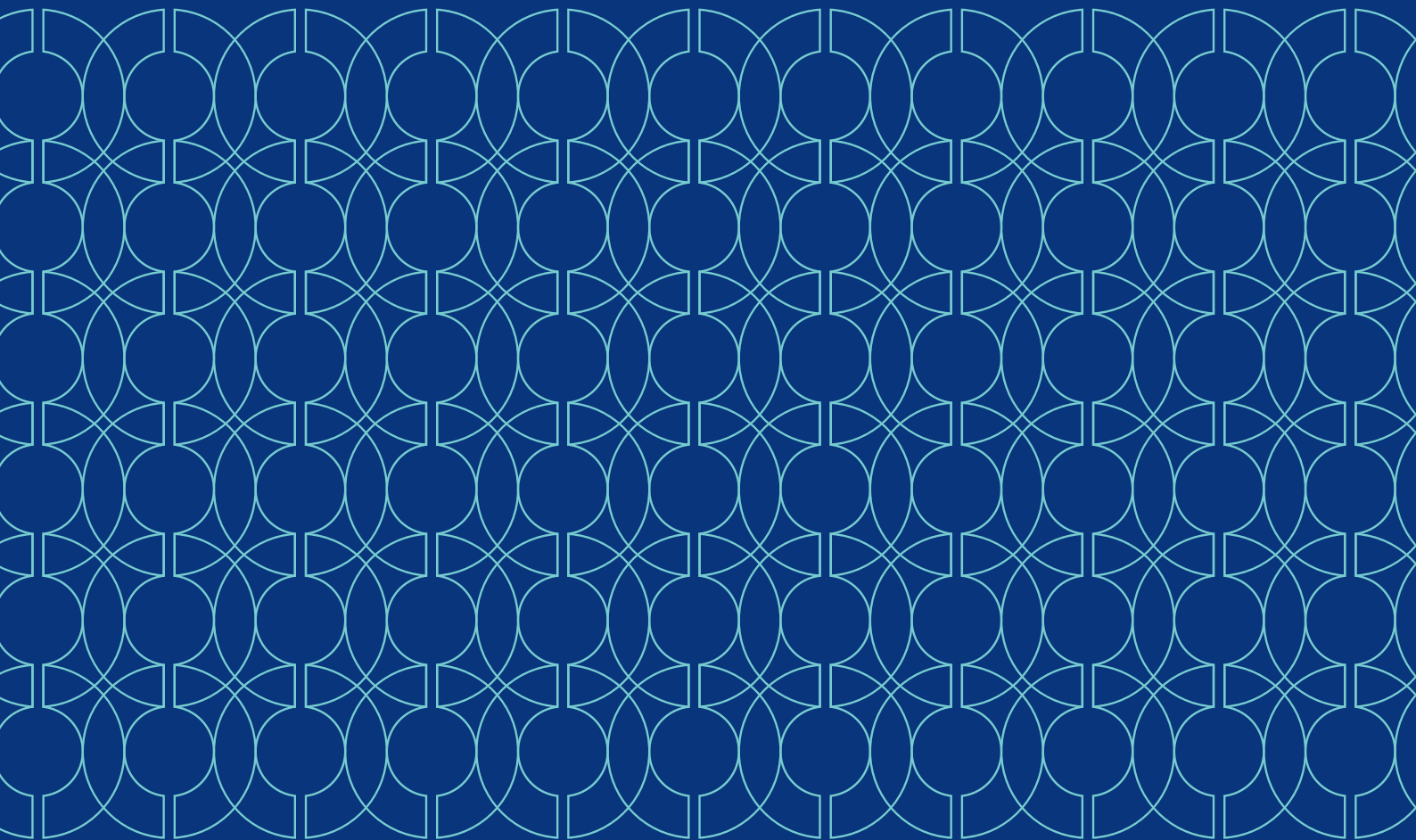
- 1 With effect from 4 September 2018, Schroder Unit Trusts Limited and Schroder Investment Management Limited changed address, previously it was 31 Gresham Street, London EC2V 7QA.

## Authorisation

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

## Other information

The Prospectus, the Key Investor Information Document and details of investment charges and costs are available on request or can be downloaded from our website [www.schroders.co.uk](http://www.schroders.co.uk).



EST. 1804

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

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

For further literature please contact Schroder Investor Services on 0800 718 777 or at [investorservices@schroders.com](mailto:investorservices@schroders.com), or visit our website at [www.schroders.co.uk](https://www.schroders.co.uk).

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