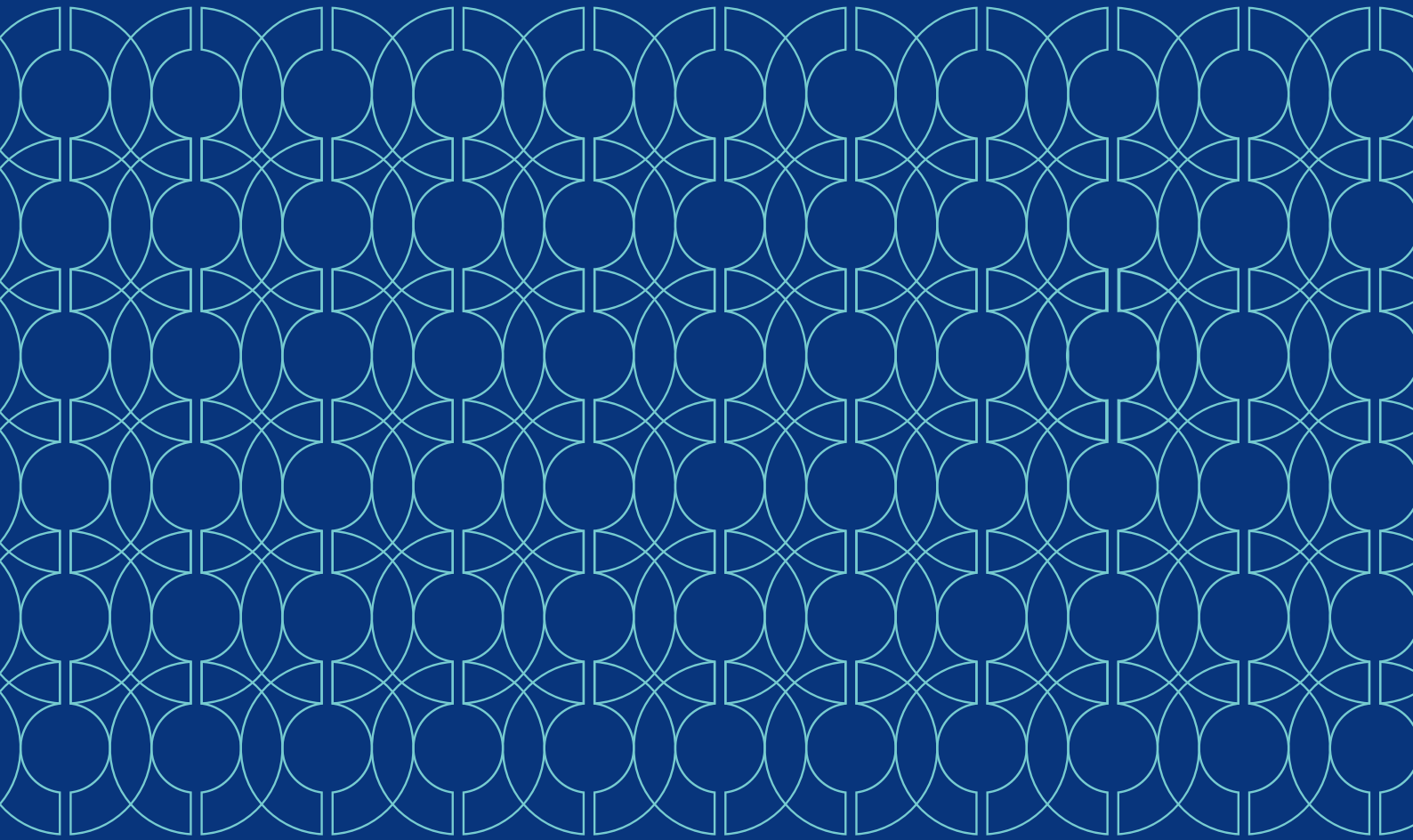


Schroders

Schroder Absolute Return Bond Fund

Final Report and Accounts

December 2018



Schroder Absolute Return Bond Fund

December 2018

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1 Collectively these comprise the Manager's report.

Fund Information

Investment objective and policy

The Schroder Absolute Return Bond Fund (the 'fund') aims to provide an absolute return of 3 month London Interbank Offer Rate (LIBOR) plus 2% (gross of fees¹) over rolling 12-month periods by investing directly or indirectly in fixed and floating rate securities issued by governments, government agencies and companies worldwide.

Absolute return means the Fund seeks to provide a positive return over rolling twelve month periods, in all market conditions but this cannot be guaranteed and your capital is at risk.

The Fund invests at least 80% of its assets directly, or indirectly through derivatives, in fixed and floating rate securities denominated in sterling (or in other currencies and hedged back into sterling) issued by governments, government agencies, supranational and corporate issuers worldwide. As the Fund is index unconstrained it is managed without reference to an index.

The Fund may invest up to 50% of its assets in below investment grade securities as measured by Standard & Poor's or an equivalent credit rating agency, or in unrated securities.

The Fund may invest up to 100% of its assets in asset backed securities and mortgage backed securities.

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

The Fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the Fund more efficiently. The Fund may use leverage and take short positions.

1 Gross of fees is before the deduction of the Fund's ongoing charges.

Financial highlights

Dealing price ¹	31.12.18	29.12.17	% change
A Income units	40.57p	42.03p	(3.47)
A Accumulation units	98.40p	100.90p	(2.48)
L Income units	48.69p	50.19p	(2.99)
L Accumulation units	51.50p	52.55p	(2.00)
X Income units	47.64p	48.91p	(2.60)
Z Income units	47.44p	48.95p	(3.08)
Z Accumulation units	53.30p	54.44p	(2.09)
	28.2.19	28.2.18	
Final distribution per Z Income unit	0.4665p	0.1326p	

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

Fund Information (continued)

Fund information

Launch date	5 November 1992	
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	21 November 2014	
Launch price	50.00p per X Income unit	
	Interim	Final
Accounting dates	30 June	31 December
Revenue allocation dates	31 August	28 February

Ongoing charges figure

	For the year to 31.12.18	For the period from 1.1.18	For the year to 31.12.17
A Income units	1.06%	1.05% ¹	1.15%
A Accumulation units	1.06%	1.05% ¹	1.12%
L Income units	0.56%	0.55% ¹	0.61%
L Accumulation units	0.56%	0.55% ¹	0.60%
X Income units²	0.06%	0.05%	0.05%
Z Income units	0.66%	0.65% ¹	0.70%
Z Accumulation units	0.66%	0.65% ¹	0.70%

- 1 The Ongoing charges figure was a projected figure based on the latest expenses of that unit class.
- 2 The Annual management charge for X Income units is invoiced directly to unitholders and is therefore not included in the Ongoing charges figure for that unit class.

Review of Investment Activities

From 29 December 2017 to 31 December 2018, the price of Z Accumulation units on a selling price to dealing price basis fell 2.09%. The fund aims to achieve a rolling twelve month positive return and is unconstrained by a benchmark. For information, over the same period, Sterling 3 Month London Interbank Offer Rate plus 2% generated a total return of 2.74%¹.

Global financial markets were more volatile in 2018 amid building macro uncertainty and central banks starting to withdraw support measures. The synchronised economic upswing began to unwind with Europe and other regions slowing, but the US remaining strong. Political uncertainty was high. US-China trade tensions escalated and both sides implemented significant tariffs in September. A populist coalition government formed in Italy and the UK wrestled with Brexit. US 10 year yields increased, rising for much of the year on strong data, but declining in the fourth quarter due to risk aversion. Bund 10 year yields declined from 0.42% to 0.25%. Conditions proved challenging for risk assets including corporate bonds.

The portfolio had a negative return over the period, lagging its target of Libor plus 2%. The allocation to credit, where we are significantly exposed to US dollar investment grade (IG) in particular, was negative for performance. We added to the position over the period, favouring IG, as valuations became more attractive. We remained significantly underweight US duration, which helped performance. We rotated the focus of the underweight into the front end of the yield curve, given its greater sensitivity to interest rates. We implemented an overweight duration in Australia, versus Canada and the UK, and an underweight to the Australian dollar.

Given the number of interrelating risks with binary outcomes, the outlook is less certain than it has been for some time. The recent poor performance in risk assets reflect market participants' increasingly pessimistic view on the macro outlook. To some extent, we view this as an overreaction and disconnected with underlying fundamentals. We prepare for episodic bouts of volatility, but also think we could be approaching a peak to uncertainty and clarity on some of the key issues could lead to a rapid improvement in market sentiment.

As of 20 April 2018, Thomas Sartain and James Lindsay-Fynn's fund management responsibilities were assumed by Paul Grainger and Bob Jolly with the support of the Global Multi-Sector team.

Co-Fund Manager:

Paul Grainger



2015: Schroders
2014: Co-founded financial technology firm yoyoDATA
2006: Wellington Management
2003: F&C Asset Management, Senior Portfolio Manager
1999: Gartmore, Senior Portfolio Manager
1995: Joined the BZW graduate training programme where he rotated through Fixed Income Sales & Trading into Asset Management at Barclays Global Investors
BA (Hons), University of Exeter
Member of the United Kingdom Society of investment professionals and a CFA Charterholder

Co-Fund Manager:

Bob Jolly



Joined Schroders Fixed Income team in September 2011 as Head of Global Macro Strategy
Prior to joining Schroders Bob worked for UBS Global Asset Management, his more recent responsibilities were Head of Currency, UK Fixed Income and Global Sovereign
Prior to UBS Bob spent two years with SEI investments developing customised solutions for institutional pension fund clients
The majority of Bob's investment career was spent at Gartmore Investment Management where he held the following positions:
2000 – 2005 Head of Fixed Income Portfolio Construction
1989 – 2000 Head of Structured Fixed Income
1982 – 1989 UK and Global Fixed Income Portfolio manager
CFA Charterholder

¹ 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 and reward indicator changed from 4 to 3 with effect from 3 April 2018.

The risk category is based upon the fund's risk target and there is no guarantee that the fund will achieve it.

The fund is in this category because it seeks to provide rewards whilst limiting price volatility.

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.

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 invests in less developed markets which are generally less well regulated than the UK. They may be less liquid and may have less reliable custody arrangements.

The fund invests in emerging markets and the Far East. This involves a high degree of risk and should be seen as long term in nature.

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

More than 35% of the property of the fund may be invested in Government securities.

The fund invests in higher yielding bonds (non-investment grade). The risk of default is higher with non-investment grade bonds than with investment grade bonds. Higher yielding bonds may also have an increased potential to erode your capital sum than lower yielding bonds.

The fund invests in a wide range of derivatives in order to meet its investment objectives and for leverage. The use of leverage can increase gains as well as losses and expose the fund to increased risk.

The fund uses derivatives for specific investment purposes. This involves a higher degree of risk and may lead to a higher volatility in the unit prices of the fund. The Manager employs a risk management process to allow the Manager to measure derivative and forward positions and their contribution to the overall risk profile of the fund. As part of this risk management process, the Manager conducts daily value at risk analysis of the fund and performs both stress and back testing of the fund.

As a result of the Annual management charge being charged wholly to capital for all unit classes except for X Income units, the distributable revenue of the fund may be higher, but the capital value of the fund may be eroded which may affect future performance.

The fund may invest in mortgage or asset backed securities and therefore may not receive in full the amounts owed to them by underlying borrowers.

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 December 2018 were signed on 6 March 2019 on behalf of the Manager by:

J.A. Walker-Hazell
Directors

P. Chislett

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 Absolute Return Bond Fund ('the fund') for the year ended 31 December 2018

The Trustee of the Schroder Absolute Return Bond 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
28 January 2019

Independent Auditors' Report to the Unitholders of Schroder Absolute Return Bond Fund

Report on the audit of the financial statements

Opinion

In our opinion, Schroder Absolute Return Bond Fund's financial statements:

- give a true and fair view of the financial position of the fund as at 31 December 2018 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 December 2018; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the notes to the financial statements, which include a description of the significant accounting policies, and the distribution tables.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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, which is currently due to occur on 29 March 2019, 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 Absolute Return Bond 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 7, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Independent Auditors' Report to the Unitholders of Schroder Absolute Return Bond 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
6 March 2019

Comparative Tables

A Income units

Financial year to 31 December	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	41.83	41.88	41.65
Return before operating charges	(0.57)	0.92	1.57
Operating charges	(0.44)	(0.49)	(0.49)
Return after operating charges*	(1.01)	0.43	1.08
Distributions ¹	(0.71)	(0.48)	(0.85)
Closing net asset value	40.11	41.83	41.88
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	(2.41)	1.03	2.59
Other information			
Closing net asset value (£000's)	1,119	1,383	3,493
Closing number of units	2,789,081	3,307,184	8,339,756
Operating charges (%)	1.06	1.15	1.18
Prices			
Highest dealing price (p) ²	42.62	42.83	42.61
Lowest dealing price (p) ²	40.54	41.83	40.19

Comparative Tables (continued)

A Accumulation units

Financial year to 31 December	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	100.72	99.70	97.52
Return before operating charges	(1.39)	2.15	3.70
Operating charges	(1.07)	(1.13)	(1.12)
Return after operating charges*	(2.46)	1.02	2.58
Distributions ¹	(1.71)	(1.14)	(2.01)
Retained distributions ¹	1.71	1.14	1.61
Closing net asset value	98.26	100.72	99.70
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	(2.44)	1.02	2.65
Other information			
Closing net asset value (£000's)	19,509	22,865	26,965
Closing number of units	19,853,565	22,701,846	27,044,920
Operating charges (%)	1.06	1.12	1.14
Prices			
Highest dealing price (p) ²	102.60	102.80	100.60
Lowest dealing price (p) ²	98.33	99.58	94.09

Comparative Tables (continued)

Financial year to 31 December	L Income units		
	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	49.96	49.76	49.22
Return before operating charges	(0.68)	1.07	1.87
Operating charges	(0.28)	(0.30)	(0.32)
Return after operating charges*	(0.96)	0.77	1.55
Distributions ¹	(0.85)	(0.57)	(1.01)
Closing net asset value	48.15	49.96	49.76
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	(1.92)	1.55	3.15
Other information			
Closing net asset value (£000's)	254	766	1,256
Closing number of units	527,178	1,532,414	2,524,347
Operating charges (%)	0.56	0.61	0.64
Prices			
Highest dealing price (p) ²	50.95	51.02	50.63
Lowest dealing price (p) ²	48.66	49.74	47.52

Comparative Tables (continued)

Financial year to 31 December	L Accumulation units		
	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	52.45	51.66	50.27
Return before operating charges	(0.72)	1.10	1.92
Operating charges	(0.30)	(0.31)	(0.32)
Return after operating charges*	(1.02)	0.79	1.60
Distributions ¹	(0.89)	(0.59)	(1.04)
Retained distributions ¹	0.89	0.59	0.83
Closing net asset value	51.43	52.45	51.66
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	(1.94)	1.53	3.18
Other information			
Closing net asset value (£000's)	7,404	11,047	8,706
Closing number of units	14,395,894	21,061,292	16,853,264
Operating charges (%)	0.56	0.60	0.64
Prices			
Highest dealing price (p) ²	53.49	53.42	52.12
Lowest dealing price (p) ²	51.46	51.63	48.53

Comparative Tables (continued)

Financial year to 31 December	X Income units		
	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	48.66	48.24	47.48
Return before operating charges	(0.67)	1.05	1.81
Operating charges	(0.03)	(0.03)	(0.02)
Return after operating charges*	(0.70)	1.02	1.79
Distributions ¹	(0.88)	(0.60)	(1.03)
Closing net asset value	47.08	48.66	48.24
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	(1.44)	2.11	3.77
Other information			
Closing net asset value (£000's)	10,241	10,584	10,493
Closing number of units	21,753,583	21,753,583	21,753,583
Operating charges (%)	0.06	0.05	0.04
Prices			
Highest dealing price (p) ²	49.66	49.62	49.10
Lowest dealing price (p) ²	47.60	48.26	45.87

Comparative Tables (continued)

Z Income units

Financial year to 31 December	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	48.72	48.57	48.10
Return before operating charges	(0.66)	1.05	1.82
Operating charges	(0.32)	(0.35)	(0.36)
Return after operating charges*	(0.98)	0.70	1.46
Distributions ¹	(0.83)	(0.55)	(0.99)
Closing net asset value	46.91	48.72	48.57
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	(2.01)	1.44	3.04
Other information			
Closing net asset value (£000's)	5,345	8,264	9,710
Closing number of units	11,395,203	16,959,824	19,991,011
Operating charges (%)	0.66	0.70	0.74
Prices			
Highest dealing price (p) ²	49.68	49.78	49.42
Lowest dealing price (p) ²	47.41	48.54	46.43

Comparative Tables (continued)

Z Accumulation units

Financial year to 31 December	2018 p per unit	2017 p per unit	2016 p per unit
Change in net asset value			
Opening net asset value	54.33	53.56	52.17
Return before operating charges	(0.75)	1.15	2.00
Operating charges	(0.36)	(0.38)	(0.39)
Return after operating charges*	(1.11)	0.77	1.61
Distributions ¹	(0.92)	(0.61)	(1.08)
Retained distributions ¹	0.92	0.61	0.86
Closing net asset value	53.22	54.33	53.56
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	(2.04)	1.44	3.09
Other information			
Closing net asset value (£000's)	38,459	35,633	39,666
Closing number of units	72,259,885	65,581,362	74,055,250
Operating charges (%)	0.66	0.70	0.74
Prices			
Highest dealing price (p) ²	55.39	55.36	54.05
Lowest dealing price (p) ²	53.26	53.53	50.37

1 These figures have been rounded to 2 decimal places.

2 Prior to 17 September 2018, Highest buying and Lowest selling.

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 31.12.18	Market Value £000's	% of net assets
Collective Investment Schemes 2.18% (1.99%)			
Emerging Markets Fixed Interest Funds 2.18% (1.99%)			
Schroder Emerging Market Bond Fund I Accumulation USD [†]	18,531	1,796	2.18
		1,796	2.18
Collective Investment Schemes total		1,796	2.18
Government Bonds 4.05% (24.18%)			
Argentina 0.00% (1.31%)			
Brazil 0.53% (0.00%)			
Brazil Government Bond 5.625% 21/02/2047	US\$585,000	433	0.53
		433	0.53
Malaysia 0.00% (0.38%)			
Spain 0.00% (1.43%)			
United Kingdom 3.52% (2.76%)			
UK Treasury Bill 0% 25/03/2019	£1,450,000	1,448	1.76
UK Treasury Bill 0% 07/05/2019	£1,450,000	1,446	1.76
		2,894	3.52
United States of America 0.00% (18.30%)			
US Treasury 2.875% 15/05/2028	US\$5,000	4	0.00
		4	0.00
Government Bonds total		3,331	4.05

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
Corporate Bonds 88.95% (67.83%)			
Australia 0.08% (0.07%)			
Boral Finance 3% 01/11/2022	US\$90,000	68	0.08
		68	0.08
Austria 0.00% (0.67%)			
Bermuda 0.24% (0.48%)			
Fly Leasing 5.25% 15/10/2024	US\$275,000	197	0.24
		197	0.24
Canada 3.62% (0.84%)			
Toronto-Dominion Bank FRN 1.172% 07/06/2021	£1,160,000	1,158	1.41
Royal Bank of Canada FRN 1.137% 08/12/2022	£1,500,000	1,488	1.81
Bausch Health 5.5% 01/11/2025	US\$58,000	42	0.05
Canadian Natural Resources 3.85% 01/06/2027	US\$40,000	30	0.03
Cenovus Energy 5.4% 15/06/2047	US\$170,000	115	0.14
TransCanada PipeLines 5.1% 15/03/2049	US\$32,000	25	0.03
Enbridge FRN 6% 15/01/2077	US\$130,000	91	0.11
Bank of Nova Scotia FRN 4.65% Perpetual	US\$50,000	34	0.04
		2,983	3.62
Cayman Islands 2.70% (4.11%)			
Shackleton 2015-VIII CLO FRN, Series 2015-8A 3.37% 20/10/2027	US\$250,000	194	0.24
Shackleton 2016-IX CLO FRN, Series 2016-9A 3.848% 20/10/2028	US\$225,000	176	0.21
Magnetite XVIII FRN 3.696% 15/11/2028	US\$250,000	194	0.23
Madison Park Funding XXVI FRN, Series 2017-26A 3.539% 29/07/2030	US\$250,000	195	0.24
Voya Clo 2017-4 FRN, Series 2017-4A 3.469% 15/10/2030	US\$250,000	193	0.23

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
Cayman Islands (continued)			
Dewolf Park Clo FRN, Series 2017-1A 3.549% 15/10/2030	US\$250,000	194	0.23
THL Credit Wind River 2013-2 CLO FRN, Series 2013-2A 3.679% 18/10/2030	US\$250,000	194	0.24
Madison Park Funding XVIII FRN, Series 2015-18A 3.537% 21/10/2030	US\$250,000	195	0.24
Goldentree Loan Management US Clo 2 FRN, Series 2017-2A 3.498% 28/11/2030	US\$250,000	195	0.24
Carbone Clo FRN 3.59% 20/01/2031	US\$256,000	198	0.24
ECAF I, Series 2015-1A 3.473% 15/06/2040	US\$381,516	297	0.36
		2,225	2.70
France 1.37% (2.32%)			
Banque Federative du Credit Mutuel 2.2% 20/07/2020	US\$1,219,000	937	1.14
BPCE 3% 22/05/2022	US\$250,000	191	0.23
		1,128	1.37
Germany 0.22% (1.02%)			
EnBW Energie Baden-Wuerttemberg FRN 3.375% 05/04/2077	€200,000	184	0.22
		184	0.22
Ireland 0.58% (2.17%)			
Shire Acquisitions Investments Ireland 2.4% 23/09/2021	US\$235,000	178	0.22
Bank of Ireland Group 4.5% 25/11/2023	US\$200,000	154	0.19
Ardagh Packaging Finance 6% 15/02/2025	US\$200,000	145	0.17
		477	0.58
Italy 2.17% (1.40%)			
FCA Bank FRN 0.019% 17/06/2021	€722,000	625	0.76
EVOCA 7% 15/10/2023	€100,000	92	0.11

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
Italy (continued)			
Wind Tre 5% 20/01/2026	US\$200,000	129	0.16
Enel FRN 7.75% 10/09/2075	£796,000	840	1.02
Enel FRN 6.625% 15/09/2076	£100,000	104	0.12
		1,790	2.17
Japan 0.00% (0.16%)			
Luxembourg 0.09% (0.19%)			
Eurofins Scientific FRN 3.25% Perpetual	€100,000	77	0.09
		77	0.09
Mexico 0.95% (0.54%)			
Petroleos Mexicanos 6.5% 13/03/2027	US\$560,000	414	0.50
Petroleos Mexicanos 6.5% 23/01/2029	US\$292,000	213	0.26
Grupo Bimbo FRN 5.95% Perpetual	US\$200,000	152	0.19
		779	0.95
Netherlands 3.86% (2.07%)			
Cooperatieve Rabobank FRN 1.25% 22/03/2021	£1,000,000	995	1.21
Teva Pharmaceutical Finance Netherlands III 2.2% 21/07/2021	US\$100,000	72	0.09
Bayer Capital FRN 0.24% 26/06/2022	€400,000	356	0.43
Deutsche Telekom International Finance FRN 0.034% 01/12/2022	€925,000	825	1.00
Cooperatieve Rabobank 4.625% 01/12/2023	US\$250,000	200	0.24
Petrobras Global Finance 7.375% 17/01/2027	US\$447,000	361	0.44
Koninklijke KPN FRN 6.875% 14/03/2073	£355,000	369	0.45
		3,178	3.86

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
Norway 3.38% (1.67%)			
SpareBank 1 Boligkreditt FRN 1.146% 14/11/2022	£1,514,000	1,504	1.83
Nordea Eiendomskreditt FRN 1.236% 18/06/2023	£1,283,000	1,274	1.55
		2,778	3.38
Peru 0.19% (0.17%)			
Petroleos del Peru 5.625% 19/06/2047	US\$200,000	154	0.19
		154	0.19
Spain 0.41% (0.26%)			
Banco Santander 3.125% 23/02/2023	US\$200,000	148	0.18
Grupo-Antolin Irausa 3.25% 30/04/2024	€100,000	78	0.10
Telefonica Emisiones 5.213% 08/03/2047	US\$150,000	108	0.13
		334	0.41
Sweden 1.80% (1.28%)			
Intrum Justitia FRN 2.625% 15/07/2022	€112,000	94	0.11
Stadshypotek FRN 1.025% 11/01/2023	£1,400,000	1,388	1.69
		1,482	1.80
Switzerland 3.39% (2.50%)			
UBS FRN 3.218% 01/12/2020	US\$2,421,000	1,895	2.30
Credit Suisse Group FRN 4.016% 12/06/2024	US\$1,155,000	893	1.09
		2,788	3.39
United Kingdom 21.59% (9.36%)			
Santander UK FRN 1.098% 05/05/2020	£681,000	681	0.83

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
United Kingdom (continued)			
National Westminster Bank FRN 1.145% 15/05/2020	£1,074,000	1,073	1.30
Lloyds Bank FRN 0.965% 10/01/2021	£2,049,000	2,041	2.48
Santander UK FRN 1.033% 13/04/2021	£166,000	165	0.20
HSBC Holdings FRN 3.24% 18/05/2021	US\$1,867,000	1,444	1.75
Jerrold Finco 6.25% 15/09/2021	£100,000	98	0.12
Santander UK FRN 1.133% 20/09/2021	£1,201,000	1,197	1.45
Investec 4.5% 05/05/2022	£770,000	798	0.97
IDH Finance FRN 6.885% 15/08/2022	£100,000	82	0.10
HSBC Holdings FRN 0.39% 27/09/2022	€1,100,000	968	1.17
Barclays Bank UK FRN 1.022% 09/01/2023	£1,934,000	1,915	2.33
William Hill 4.875% 07/09/2023	£300,000	295	0.36
Royal Bank of Scotland Group 3.875% 12/09/2023	US\$200,000	150	0.18
Coventry Building Society FRN 1.303% 13/11/2023	£1,276,000	1,272	1.54
Yorkshire Building Society FRN 1.303% 19/11/2023	£2,076,000	2,067	2.51
Standard Chartered FRN 3.885% 15/03/2024	US\$295,000	224	0.27
Unique Pub Finance 7.395% 28/03/2024	£979,000	1,059	1.29
Arrow Global Finance 5.125% 15/09/2024	£100,000	89	0.11
Iceland Bondco 4.625% 15/03/2025	£152,000	128	0.15
CYBG FRN 3.125% 22/06/2025	£100,000	91	0.11
Alba FRN, Series 2007-1 0.967% 17/03/2039	£204,318	189	0.23
Paragon Mortgages No. 10 FRN, Series 10X 1.117% 15/06/2041	£200,000	186	0.23
RMAC Securities No. 1 FRN, Series 2006-NS4X 0.971% 12/06/2044	£241,280	224	0.27
Aviva FRN 3.875% 03/07/2044	€700,000	631	0.77
Eurohome UK Mortgages FRN, Series 2007-2 0.987% 15/09/2044	£63,913	63	0.08

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
United Kingdom (continued)			
Eurosail PRIME-UK FRN, Series 2007-PR1X 1.2% 13/09/2045	£63,152	58	0.07
EMF-UK FRN, Series 2008-1X 1.88% 13/03/2046	£108,245	106	0.13
Newgate Funding FRN, Series 2006-2 0.85% 01/12/2050	£119,338	113	0.14
Income Contingent Student Loans 2007-2009 FRN, Series 2 2.05% 24/07/2058	£200,000	196	0.24
Aviva FRN 5.902% Perpetual	£173,000	174	0.21
		17,777	21.59
United States of America 42.31% (36.55%)			
HSBC Bank USA NA 4.875% 24/08/2020	US\$250,000	201	0.24
AmeriCredit Automobile Receivables Trust, Series 2015-3 2.08% 08/09/2020	US\$17,759	14	0.02
Comcast FRN 2.732% 01/10/2020	US\$960,000	751	0.91
Hewlett Packard Enterprise 3.6% 15/10/2020	US\$120,000	94	0.11
Conagra Brands FRN 3.219% 22/10/2020	US\$420,000	330	0.40
Marriott International FRN 3.268% 01/12/2020	US\$90,000	71	0.09
Packaging Corp. of America 2.45% 15/12/2020	US\$55,000	42	0.05
Goldman Sachs Group FRN 3.552% 27/12/2020	US\$1,796,000	1,407	1.71
Ingersoll-Rand Global Holding 2.9% 21/02/2021	US\$85,000	66	0.08
Regions Bank 2.75% 01/04/2021	US\$250,000	193	0.23
Ford Motor Credit FRN 0.114% 14/05/2021	€992,000	848	1.03
AT&T FRN 3.386% 15/07/2021	US\$2,427,000	1,900	2.31
Citibank FRN 3.047% 23/07/2021	US\$1,149,000	897	1.09
Wells Fargo FRN 3.533% 26/07/2021	US\$945,000	746	0.91
BAT Capital FRN 0.184% 16/08/2021	€621,000	545	0.66
United Technologies FRN 3.279% 16/08/2021	US\$735,000	576	0.70

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
United States of America (continued)			
Conagra Brands 3.8% 22/10/2021	US\$113,000	89	0.11
Constellation Brands FRN 3.265% 15/11/2021	US\$81,000	63	0.08
SunTrust Banks 2.7% 27/01/2022	US\$148,000	113	0.14
Citigroup FRN 3.45% 25/04/2022	US\$1,200,000	930	1.13
Amgen 2.65% 11/05/2022	US\$25,000	19	0.02
Sherwin-Williams 2.75% 01/06/2022	US\$137,000	104	0.13
AT&T 3% 30/06/2022	US\$128,000	98	0.12
Wells Fargo 1.375% 30/06/2022	£1,325,000	1,289	1.57
Charter Communications Operating 4.464% 23/07/2022	US\$30,000	24	0.03
Morgan Stanley FRN 0.383% 08/11/2022	€2,700,000	2,392	2.91
Mosaic 3.25% 15/11/2022	US\$145,000	111	0.13
Anheuser-Busch InBev Finance 3.3% 02/01/2023	US\$105,000	80	0.10
General Electric 3.1% 09/01/2023	US\$15,000	11	0.01
Bank of America 3.3% 11/01/2023	US\$128,000	99	0.12
Nabors Industries 5.5% 15/01/2023	US\$60,000	37	0.04
Constellation Brands 3.2% 15/02/2023	US\$45,000	34	0.04
Newell Brands 3.85% 01/04/2023	US\$120,000	93	0.11
Bank of America FRN 2.881% 24/04/2023	US\$120,000	92	0.11
JPMorgan Chase FRN 3.39% 25/04/2023	US\$300,000	234	0.28
Bank of America FRN 0.462% 04/05/2023	€1,500,000	1,323	1.61
Keurig Dr Pepper 4.057% 25/05/2023	US\$90,000	70	0.09
JC Penney 5.875% 01/07/2023	US\$241,000	151	0.18
Bank of America FRN 2.816% 21/07/2023	US\$45,000	34	0.04
Goldman Sachs Group FRN 2.905% 24/07/2023	US\$80,000	60	0.07
Comerica 3.7% 31/07/2023	US\$65,000	51	0.06
Roper Technologies 3.65% 15/09/2023	US\$137,000	107	0.13

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
United States of America (continued)			
Goldman Sachs Group FRN 0.31% 26/09/2023	€626,000	536	0.65
Volkswagen Group of America Finance 4.25% 13/11/2023	US\$200,000	156	0.19
DowDuPont 4.205% 15/11/2023	US\$127,000	102	0.12
Analog Devices 3.125% 05/12/2023	US\$100,000	76	0.09
Bank of America FRN 3.004% 20/12/2023	US\$145,000	111	0.13
Amphenol 3.2% 01/04/2024	US\$60,000	45	0.05
CCO Holdings 5.875% 01/04/2024	US\$248,000	194	0.24
BWAY Holding 5.5% 15/04/2024	US\$245,000	181	0.22
JPMorgan Chase FRN 3.207% 23/04/2024	US\$160,000	122	0.15
FNMA FRN, Series 2014-C02 5.106% 25/05/2024	US\$250,000	205	0.25
Citigroup FRN 4.044% 01/06/2024	US\$180,000	142	0.17
Becton Dickinson 3.363% 06/06/2024	US\$130,000	98	0.12
JPMorgan Chase FRN 3.367% 23/07/2024	US\$1,690,000	1,293	1.57
Crown Castle International REIT 3.2% 01/09/2024	US\$245,000	181	0.22
FHLMC Structured Agency Credit Risk Debt Notes FRN, Series 2014-HQ3 7.256% 25/10/2024	US\$205,053	176	0.21
BB&T 2.85% 26/10/2024	US\$100,000	75	0.09
FNMA FRN, Series 2014-C04 7.406% 25/11/2024	US\$155,324	136	0.17
JPMorgan Chase FRN 4.023% 05/12/2024	US\$75,000	59	0.07
Vornado Realty REIT 3.5% 15/01/2025	US\$85,000	64	0.08
Verizon Communications 3.376% 15/02/2025	US\$75,000	57	0.07
Sabine Pass Liquefaction 5.625% 01/03/2025	US\$50,000	41	0.05
Energy Transfer Operating 4.05% 15/03/2025	US\$80,000	59	0.07
Eldorado Resorts 6% 01/04/2025	US\$241,000	183	0.22

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
United States of America (continued)			
General Mills 4% 17/04/2025	US\$8,000	6	0.01
Tenet Healthcare 5.125% 01/05/2025	US\$225,000	164	0.20
American Tower REIT 4% 01/06/2025	US\$100,000	77	0.09
Morgan Stanley 4% 23/07/2025	US\$240,000	186	0.23
Williams 4% 15/09/2025	US\$205,000	156	0.19
Scientific Games International 5% 15/10/2025	US\$140,000	99	0.12
Caesars Resort Collection 5.25% 15/10/2025	US\$190,000	130	0.16
CrownRock 5.625% 15/10/2025	US\$310,000	221	0.27
Multi-Color 4.875% 01/11/2025	US\$225,000	152	0.18
Qualitytech 4.75% 15/11/2025	US\$145,000	106	0.13
Morgan Stanley 3.875% 27/01/2026	US\$105,000	80	0.10
OneMain Financial Issuance Trust, Series 2015-1A 3.19% 18/03/2026	US\$76,782	60	0.07
DISH DBS 7.75% 01/07/2026	US\$215,000	140	0.17
EnLink Midstream Partners 4.85% 15/07/2026	US\$231,000	163	0.20
Hexcel 3.95% 15/02/2027	US\$30,000	23	0.03
CommScope Technologies 5% 15/03/2027	US\$225,000	143	0.17
American Axle & Manufacturing 6.5% 01/04/2027	US\$235,000	165	0.20
Keysight Technologies 4.6% 06/04/2027	US\$80,000	63	0.08
CSC Holdings 5.5% 15/04/2027	US\$235,000	172	0.21
Wynn Las Vegas 5.25% 15/05/2027	US\$164,000	113	0.14
Digital Realty Trust REIT 3.7% 15/08/2027	US\$205,000	152	0.18
Concho Resources 3.75% 01/10/2027	US\$95,000	70	0.08
EQT 3.9% 01/10/2027	US\$200,000	135	0.16
MPT Operating Partnership REIT 5% 15/10/2027	US\$225,000	162	0.20
Parsley Energy 5.625% 15/10/2027	US\$150,000	107	0.13
FHLMC Structured Agency Credit Risk Debt Notes FRN, Series 2015-DNA1 5.806% 25/10/2027	US\$250,000	215	0.26

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
United States of America (continued)			
Synchrony Financial 3.95% 01/12/2027	US\$82,000	54	0.07
FHLMC Structured Agency Credit Risk Debt Notes FRN, Series 2015-DNA2 5.106% 25/12/2027	US\$78,579	63	0.08
Citigroup FRN 3.887% 10/01/2028	US\$115,000	87	0.11
Targa Resources Partners 5% 15/01/2028	US\$240,000	169	0.21
CCO Holdings 5% 01/02/2028	US\$225,000	163	0.20
Motorola Solutions 4.6% 23/02/2028	US\$230,000	177	0.21
Sabine Pass Liquefaction 4.2% 15/03/2028	US\$120,000	90	0.11
Marathon Petroleum 3.8% 01/04/2028	US\$50,000	37	0.04
Bank of America FRN 3.705% 24/04/2028	US\$25,000	19	0.02
FHLMC Structured Agency Credit Risk Debt Notes FRN, Series 2015-HQA2 5.306% 25/05/2028	US\$105,124	84	0.10
GLP Capital REIT 5.3% 15/01/2029	US\$86,000	66	0.08
FNMA FRN, Series 2016-C06 3.806% 25/04/2029	US\$85,185	67	0.08
Countrywide Home Equity Loan Trust FRN, Series 2004-A 2.527% 15/04/2030	US\$28,769	22	0.03
Hospitality Mortgage Trust FRN, Series 2017-HIT 3.167% 08/05/2030	US\$296,000	229	0.28
FNMA FRN, Series 2017-C07 3.156% 25/05/2030	US\$198,545	156	0.19
One Market Plaza Trust, Series 2017-1MKT 4.016% 10/02/2032	US\$234,000	186	0.23
One Market Plaza Trust 4.146% 10/02/2032	US\$175,000	135	0.16
New Century Home Equity Loan Trust FRN, Series 2003-3 8.131% 25/07/2033	US\$80,325	55	0.07
CWABS Revolving Home Equity Loan Trust FRN, Series 2004-J 1A 2.597% 15/12/2033	US\$5,157	4	0.00
CWABS Revolving Home Equity Loan Trust FRN, Series 2004-J 2A 2.597% 15/12/2033	US\$44,092	34	0.04
CWABS Revolving Home Equity Loan Trust FRN, Series 2004-C 2.527% 15/01/2034	US\$43,662	34	0.04

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
United States of America (continued)			
Specialty Underwriting & Residential Finance Trust FRN, Series 2003-BC4 4.788% 25/11/2034	US\$61,120	46	0.06
Mastr Asset-Backed Securities Trust FRN, Series 2005-WMC1 3.451% 25/03/2035	US\$65,600	51	0.06
Asset-Backed Pass-Through FRN, Series 2005-R2 3.226% 25/04/2035	US\$16,713	13	0.02
Merrill Lynch Mortgage Investors Trust FRN, Series 2004-HE2 3.115% 25/08/2035	US\$251,276	178	0.22
Aegis Asset-Backed Securities Trust FRN, Series 2005-4 2.765% 25/10/2035	US\$90,223	71	0.09
Encore Credit Receivables Trust FRN, Series 2005-3 3.241% 25/10/2035	US\$10,279	8	0.01
BX Trust FRN, Series 2018-IND 3.607% 15/11/2035	US\$108,838	84	0.10
Verizon Communications 4.272% 15/01/2036	US\$56,000	41	0.05
Cold Storage Trust FRN, Series 2017-ICE3 3.306% 15/04/2036	US\$155,000	119	0.14
SACO I Trust FRN, Series 2006-3 2.966% 25/04/2036	US\$117,877	91	0.11
Impac Secured Assets Trust FRN, Series 2006-1 2.856% 25/05/2036	US\$489,998	356	0.43
Impac Secured Assets Trust FRN, Series 2006-1 2.916% 25/05/2036	US\$64,927	48	0.06
BBCMS Mortgage Trust FRN, Series 2017-DELC 3.157% 15/08/2036	US\$250,000	194	0.24
RAMP Trust FRN, Series 2006-EFC2 2.726% 25/12/2036	US\$250,000	186	0.23
Credit Suisse Mortgage Capital Certificates FRN, Series 2010-9R 2.581% 27/01/2037	US\$13,889	11	0.01
Microsoft 4.1% 06/02/2037	US\$20,000	16	0.02
GS Mortgage Securities Corp. Trust FRN, Series 2018-CHLL 4.656% 15/02/2037	US\$100,000	77	0.09
GS Mortgage Securities Corp. Trust FRN, Series 2018-CHLL 5.607% 15/02/2037	US\$119,000	92	0.11

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
United States of America (continued)			
BX Commercial Mortgage Trust FRN, Series 2018-BIOA 4.258% 15/03/2037	US\$159,000	123	0.15
Nationstar Home Equity Loan Trust FRN, Series 2007-A 2.545% 25/03/2037	US\$167,990	128	0.16
ACE Securities Corp. Home Equity Loan Trust FRN, Series 2007-SL2 3.331% 25/05/2037	US\$241,757	186	0.23
IndyMac INDX Mortgage Loan Trust FRN, Series 2007-FLX3 2.746% 25/06/2037	US\$26,585	19	0.02
Bayview Commercial Asset Trust FRN, Series 2007-2A 2.585% 25/07/2037	US\$122,782	90	0.11
Sempra Energy 3.8% 01/02/2038	US\$100,000	68	0.08
MPLX LP 4.5% 15/04/2038	US\$200,000	138	0.17
Bayer US Finance II 4.625% 25/06/2038	US\$200,000	142	0.17
Comcast 4.6% 15/10/2038	US\$121,000	96	0.12
Hilton USA Trust (C) FRN, Series 2016-HHV 4.333% 05/11/2038	US\$325,000	256	0.31
Hilton USA Trust (D) FRN, Series 2016-HHV 4.333% 05/11/2038	US\$325,000	250	0.30
United Technologies 4.45% 16/11/2038	US\$99,000	75	0.09
Dow Chemical 9.4% 15/05/2039	US\$39,000	44	0.05
MSSG Trust, Series 2017-237P 3.865% 13/09/2039	US\$143,000	106	0.13
Barrick North America Finance 5.7% 30/05/2041	US\$50,000	41	0.05
Anheuser-Busch InBev Worldwide 3.75% 15/07/2042	US\$45,000	28	0.03
General Electric 4.125% 09/10/2042	US\$101,000	62	0.08
Verizon Communications 3.85% 01/11/2042	US\$84,000	57	0.07
AT&T 4.3% 15/12/2042	US\$45,000	30	0.04
Triton Container Finance V, Series 2018-1A 3.95% 20/03/2043	US\$185,925	147	0.18
Kroger 5.15% 01/08/2043	US\$55,000	41	0.05
Anadarko Petroleum 4.5% 15/07/2044	US\$49,000	33	0.04

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
United States of America (continued)			
Noble Energy 5.05% 15/11/2044	US\$65,000	44	0.05
Valero Energy 4.9% 15/03/2045	US\$83,000	64	0.08
Devon Energy 5% 15/06/2045	US\$150,000	104	0.13
WaMu Mortgage Pass-Through Trust FRN, Series 2005-AR11 2.826% 25/08/2045	US\$63,576	48	0.06
WaMu Mortgage Pass-Through Trust FRN 2.796% 25/10/2045	US\$243,017	181	0.22
Anadarko Petroleum 6.6% 15/03/2046	US\$100,000	87	0.11
Target 3.625% 15/04/2046	US\$5,000	3	0.00
AT&T 4.75% 15/05/2046	US\$39,000	27	0.03
Fortive 4.3% 15/06/2046	US\$65,000	47	0.06
Fidelity National Information Services 4.5% 15/08/2046	US\$140,000	99	0.12
Union Pacific 3.35% 15/08/2046	US\$11,000	7	0.01
Altria Group 3.875% 16/09/2046	US\$45,000	27	0.03
Kroger 3.875% 15/10/2046	US\$18,000	11	0.01
J.P. Morgan Mortgage Trust FRN, Series 2016-3 3.5% 25/10/2046	US\$70,782	55	0.07
Kroger 4.45% 01/02/2047	US\$136,000	93	0.11
First Republic Bank 4.625% 13/02/2047	US\$250,000	186	0.23
McDonald's 4.45% 01/03/2047	US\$20,000	15	0.02
Energy Transfer Partners 5.3% 15/04/2047	US\$90,000	63	0.08
J.P. Morgan Mortgage Trust FRN, Series 2017-2 3% 25/05/2047	US\$531,829	407	0.49
Activision Blizzard 4.5% 15/06/2047	US\$105,000	74	0.09
HCA 5.5% 15/06/2047	US\$66,000	49	0.06
MidAmerican Energy 3.95% 01/08/2047	US\$45,000	33	0.04
BAT Capital 4.54% 15/08/2047	US\$140,000	89	0.11
Cox Communications 4.6% 15/08/2047	US\$70,000	49	0.06
Amazon.com 4.05% 22/08/2047	US\$31,000	24	0.03
J.P. Morgan Mortgage Trust FRN, Series 2017-3 3.5% 25/08/2047	US\$107,258	83	0.10

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
United States of America (continued)			
Prudential Financial FRN 4.5% 15/09/2047	US\$110,000	73	0.09
Flagstar Mortgage Trust FRN, Series 2017-2 3.5% 25/10/2047	US\$177,116	137	0.17
Target 3.9% 15/11/2047	US\$60,000	43	0.05
Martin Marietta Materials 4.25% 15/12/2047	US\$50,000	32	0.04
Voya Financial 0% 23/01/2048	US\$75,000	46	0.06
Norfolk Southern 4.15% 28/02/2048	US\$70,000	51	0.06
Southern California Edison 4.125% 01/03/2048	US\$52,000	39	0.05
Vulcan Materials 4.7% 01/03/2048	US\$75,000	53	0.06
Campbell Soup 4.8% 15/03/2048	US\$50,000	34	0.04
CVS Health 5.05% 25/03/2048	US\$230,000	176	0.21
Marathon Petroleum 4.5% 01/04/2048	US\$70,000	46	0.06
AXA Equitable Holdings 5% 20/04/2048	US\$30,000	21	0.03
Nucor 4.4% 01/05/2048	US\$122,000	92	0.11
Kansas City Southern 4.7% 01/05/2048	US\$180,000	137	0.17
Texas Instruments 4.15% 15/05/2048	US\$21,000	16	0.02
Walmart 4.05% 29/06/2048	US\$40,000	31	0.04
McDonald's 4.45% 01/09/2048	US\$126,000	94	0.11
International Flavors & Fragrances 5% 26/09/2048	US\$96,000	76	0.09
Anheuser-Busch InBev Worldwide 4.439% 06/10/2048	US\$5,000	3	0.00
Comcast 4.7% 15/10/2048	US\$35,000	28	0.03
Corning 5.35% 15/11/2048	US\$201,000	161	0.20
J.P. Morgan Mortgage Trust FRN, Series 2017-4 3.5% 25/11/2048	US\$187,174	145	0.18
UnitedHealth Group 4.45% 15/12/2048	US\$36,000	29	0.04
Enterprise Products Operating 4.8% 01/02/2049	US\$40,000	30	0.04
Towd Point Mortgage Trust FRN, Series 2017-1 2.75% 25/10/2056	US\$142,703	110	0.13
Towd Point Mortgage Trust FRN, Series 2017-5 2.915% 25/02/2057	US\$124,301	97	0.12

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
United States of America (continued)			
Towd Point Mortgage Trust FRN, Series 2017-2 2.75% 25/04/2057	US\$208,322	161	0.20
Towd Point Mortgage Trust FRN, Series 2017-4 2.75% 25/06/2057	US\$77,327	59	0.07
Towd Point Mortgage Trust FRN, Series 2017-3 2.75% 25/07/2057	US\$137,654	106	0.13
Comcast 4.95% 15/10/2058	US\$51,000	41	0.05
MetLife 6.4% 15/12/2066	US\$80,000	64	0.08
Enterprise Products Operating FRN 5.375% 15/02/2078	US\$70,000	45	0.05
Bank of America FRN 6.25% Perpetual	US\$225,000	173	0.21
Energy Transfer Partners FRN 6.625% Perpetual	US\$242,000	158	0.19
General Motors Financial FRN 5.75% Perpetual	US\$19,000	12	0.01
JPMorgan Chase FRN 6.125% Perpetual	US\$100,000	77	0.09
M&T Bank FRN 5.125% Perpetual	US\$105,000	78	0.09
Progressive FRN 5.375% Perpetual	US\$170,000	126	0.15
SunTrust Banks FRN 5.125% Perpetual	US\$379,000	251	0.30
		34,834	42.31
Corporate Bonds total		73,233	88.95
Swaps (0.53)% ((0.10)%)			
Credit Default Swap Citigroup Buy Standard Chartered Bank 5.875% 26/09/2017 20/09/2020	EUR 1,550,000	(12)	(0.02)
Credit Default Swap BNP Paribas Buy Intesa Sanpaolo 0% 03/03/2017 20/06/2021	EUR 1,050,000	8	0.01
Credit Default Swap Barclays Buy Wendel 3.75% 21/01/2021 20/06/2021	EUR 620,000	(63)	(0.08)
Credit Default Swap J.P. Morgan Buy CDX.NA.HY.30-V1 0% 20/06/2023	USD 57,552	(1)	0.00

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
Swaps (continued)			
Credit Default Swap J.P. Morgan Buy iTraxx Europe Crossover Series 29 Version 2 0% 20/06/2023	EUR 218,040	(12)	(0.01)
Credit Default Swap Morgan Stanley Buy CDX.NA.HY.30-V1 0% 20/06/2023	USD 692,049	(17)	(0.02)
Credit Default Swap Morgan Stanley Buy iTraxx Europe Crossover Series 30 Version 2 0% 20/12/2023	EUR 3,490,587	(197)	(0.24)
Credit Default Swap Morgan Stanley Sell iTraxx Europe Series 30 Version 1 0% 20/12/2023	EUR 16,162,000	80	0.10
Inflation Rate Swap Morgan Stanley Pay fixed 2.235% Receive floating USCPI 1 month 16/03/2023	USD 544,527	(9)	(0.01)
Inflation Rate Swap Morgan Stanley Pay fixed 2.346% Receive floating USCPI 1 month 24/05/2023	USD 4,615,231	(98)	(0.12)
Inflation Rate Swap Morgan Stanley Pay fixed 2.3% Receive floating USCPI 1 month 30/07/2023	USD 6,685,334	(139)	(0.17)
Interest Rate Swap Morgan Stanley Pay floating EURIBOR 6 month Receive fixed 1.493% 29/06/2048	EUR 954,120	26	0.03
Swaps total		(434)	(0.53)
Swaptions 0.03% (0.51%)			
Swaption Morgan Stanley Pay fixed 3.05% Receive floating LIBOR 3 month Call 3.05 02/05/2029	USD6,900,000	21	0.03
Swaptions total		21	0.03
Options 0.00% (0.12%)			
Purchased options 0.00% (0.51%)			
Written options 0.00% (0.39%)			

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
Forward Foreign Currency Contracts (1.96)% (0.85%)			
Buy AUD 2,969,800 Sell EUR 1,827,752 17/01/2019	AUD 2,969,800	1	0.00
Buy AUD 740,000 Sell GBP 426,477 17/01/2019	AUD 740,000	(9)	(0.01)
Buy AUD 3,589,037 Sell NOK 22,465,400 17/01/2019	AUD 3,589,037	(22)	(0.03)
Buy BRL 4,106,800 Sell USD 1,052,095 03/01/2019	BRL 4,106,800	2	0.00
Buy BRL 4,106,800 Sell USD 1,060,777 04/02/2019	BRL 4,106,800	(2)	0.00
Buy CAD 390,000 Sell GBP 231,199 17/01/2019	CAD 390,000	(3)	0.00
Buy CHF 4,207,200 Sell USD 4,262,547 17/01/2019	CHF 4,207,200	8	0.01
Buy CZK 243,431,013 Sell GBP 8,230,438 17/01/2019	CZK 243,431,013	127	0.15
Buy CZK 6,768,000 Sell GBP 236,244 17/01/2019	CZK 6,768,000	0	0.00
Buy EUR 1,846,441 Sell CHF 2,084,300 17/01/2019	EUR 1,846,441	(2)	0.00
Buy EUR 2,807,660 Sell GBP 2,490,818 17/01/2019	EUR 2,807,660	14	0.02
Buy EUR 221,000 Sell GBP 199,810 17/01/2019	EUR 221,000	(1)	0.00
Buy EUR 6,055,162 Sell USD 6,926,712 17/01/2019	EUR 6,055,162	6	0.01
Buy IDR 82,941,330,770 Sell USD 5,782,705 17/01/2019	IDR 82,941,330,770	(10)	(0.01)
Buy INR 473,865,400 Sell USD 6,693,191 17/01/2019	INR 473,865,400	39	0.05
Buy JPY 1,003,183,848 Sell GBP 6,798,053 17/01/2019	JPY 1,003,183,848	176	0.21
Buy JPY 789,323,000 Sell USD 6,976,948 17/01/2019	JPY 789,323,000	83	0.10
Buy MXN 88,572,056 Sell GBP 3,315,715 17/01/2019	MXN 88,572,056	101	0.12
Buy NOK 1,843,793 Sell EUR 184,297 17/01/2019	NOK 1,843,793	1	0.00
Buy NOK 75,593,667 Sell GBP 6,885,527 17/01/2019	NOK 75,593,667	(32)	(0.04)
Buy NOK 17,849,265 Sell JPY 235,508,200 17/01/2019	NOK 17,849,265	(34)	(0.04)

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
Forward Foreign Currency Contracts (continued)			
Buy NOK 9,119,346 Sell SEK 9,705,600 17/01/2019	NOK 9,119,346	(13)	(0.02)
Buy NOK 45,058,200 Sell USD 5,326,399 17/01/2019	NOK 45,058,200	(51)	(0.06)
Buy NZD 3,349,112 Sell GBP 1,816,463 17/01/2019	NZD 3,349,112	(28)	(0.03)
Buy NZD 2,680,000 Sell USD 1,819,479 17/01/2019	NZD 2,680,000	(8)	(0.01)
Buy RUB 288,486,000 Sell USD 4,313,244 17/01/2019	RUB 288,486,000	(71)	(0.09)
Buy SEK 27,420,984 Sell GBP 2,392,448 17/01/2019	SEK 27,420,984	4	0.00
Buy TWD 157,012,000 Sell USD 5,122,653 17/01/2019	TWD 157,012,000	9	0.01
Buy USD 5,433,606 Sell AUD 7,496,200 17/01/2019	USD 5,433,606	55	0.07
Buy USD 4,237,167 Sell EUR 3,687,000 17/01/2019	USD 4,237,167	4	0.00
Buy USD 6,084,455 Sell GBP 4,687,613 17/01/2019	USD 6,084,455	37	0.04
Buy USD 8,426,533 Sell GBP 6,633,473 17/01/2019	USD 8,426,533	(19)	(0.02)
Buy USD 2,986,323 Sell GBP 2,357,575 22/01/2019	USD 2,986,323	(11)	(0.01)
Buy USD 584,328 Sell IDR 8,402,632,000 17/01/2019	USD 584,328	0	0.00
Buy USD 6,718,936 Sell INR 476,822,200 17/01/2019	USD 6,718,936	(45)	(0.05)
Buy USD 15,809,742 Sell JPY 1,781,078,000 17/01/2019	USD 15,809,742	(160)	(0.19)
Buy USD 3,280,931 Sell KRW 3,625,920,400 17/01/2019	USD 3,280,931	10	0.01
Buy USD 4,171,215 Sell KRW 4,668,068,600 17/01/2019	USD 4,171,215	(8)	(0.01)
Buy USD 2,235,602 Sell RUB 147,693,200 17/01/2019	USD 2,235,602	47	0.06
Buy USD 19,867,921 Sell TWD 607,470,400 17/01/2019	USD 19,867,921	(17)	(0.02)
Buy USD 4,664,642 Sell ZAR 65,818,600 17/01/2019	USD 4,664,642	37	0.04
Buy USD 145,707 Sell ZAR 2,107,000 17/01/2019	USD 145,707	0	0.00

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
Forward Foreign Currency Contracts (continued)			
Buy ZAR 11,604,400 Sell USD 800,477 17/01/2019	ZAR 11,604,400	2	0.00
Buy ZAR 86,720,900 Sell USD 6,171,246 17/01/2019	ZAR 86,720,900	(59)	(0.07)
Sell AUD 8,528,400 Buy GBP 4,747,114 17/01/2019	AUD (8,528,400)	18	0.02
Sell CHF 10,504,675 Buy GBP 8,038,031 17/01/2019	CHF (10,504,675)	(165)	(0.20)
Sell CZK 13,692,000 Buy GBP 472,061 17/01/2019	CZK (13,692,000)	(3)	0.00
Sell EUR 197,000 Buy GBP 178,111 17/01/2019	EUR (197,000)	1	0.00
Sell EUR 30,440,601 Buy GBP 26,569,657 17/01/2019	EUR (30,440,601)	(373)	(0.45)
Sell NOK 40,782,499 Buy GBP 3,763,010 17/01/2019	NOK (40,782,499)	42	0.05
Sell NZD 3,349,112 Buy GBP 1,728,883 17/01/2019	NZD (3,349,112)	(16)	(0.02)
Sell SEK 27,420,984 Buy GBP 2,330,894 17/01/2019	SEK (27,420,984)	(35)	(0.04)
Sell USD 1,124,000 Buy GBP 892,462 17/01/2019	USD (1,124,000)	6	0.01
Sell USD 138,477,602 Buy GBP 105,870,098 17/01/2019	USD (138,477,602)	(1,250)	(1.52)
Sell USD 17,978 Buy GBP 14,161 22/01/2019	USD (17,978)	0	0.00
Forward Foreign Currency Contracts total		(1,617)	(1.96)
Futures (0.75)% (0.37%)			
3 Month Eurodollar December 2019	(53)	(42)	(0.05)
3 Month Eurodollar June 2019	(53)	0	0.00
Australia 10 Year Bond March 2019	146	131	0.16
Canada 10 Year Bond March 2019	(96)	(227)	(0.28)
Euro-Bobl March 2019	(36)	(8)	(0.01)
Long Gilt March 2019	(46)	(47)	(0.06)
US 10 Year Note March 2019	(69)	(119)	(0.15)

Portfolio Statement (continued)

	Holding at 31.12.18	Market Value £000's	% of net assets
Futures (continued)			
US 10 Year Ultra Bond March 2019	41	128	0.16
US 2 Year Note March 2019	(119)	(135)	(0.16)
US 5 Year Note March 2019	(51)	(77)	(0.09)
US Long Bond March 2019	(40)	(217)	(0.27)
Futures total		(613)	(0.75)
Portfolio of investments		75,717	91.97
Net other assets		6,614	8.03
Net assets attributable to unitholders		82,331	100.00

The comparative percentage figures in brackets are as at 31 December 2017.

Unless otherwise stated, all securities are admitted to official stock exchange listings or are permitted collective investment schemes.

^ Unlisted, suspended or delisted security.

† A related party to the fund (Note 13).

Summary of Portfolio Transactions

Largest purchases

For the year ended 31 December 2018		Cost £000's
Spain Government Bond 1.4% 30/04/2028		8,478
Italy Certificati di Credito del Tesoro FRN 0.679% 15/04/2025		7,083
UK Treasury Bill 0% 24/09/2018		6,761
UK Treasury Bill 0% 25/03/2019		3,952
UK Treasury Bill 0% 28/08/2018		3,396
US Treasury Inflation Indexed 0.38% 15/01/2027		3,131
UK Treasury Bill 09/04/2018		2,799
Wells Fargo Bank 2.6% 15/01/2021		2,340
Yorkshire Building Society FRN 1.303% 19/11/2023		2,074
Lloyds Bank FRN 0.965% 10/01/2021		2,050

Largest sales

For the year ended 31 December 2018		Proceeds £000's
US Treasury Inflation Indexed 0.13% 15/07/2026		10,928
Spain Government Bond 1.4% 30/04/2028		8,435
US Treasury Inflation Indexed 0.38% 15/01/2027		8,069
Italy Certificati di Credito del Tesoro FRN 0.679% 15/04/2025		7,138
UK Treasury Bill 0% 24/09/2018		6,763
UK Treasury Bill 0% 28/08/2018		3,397
UK Treasury Bill 09/04/2018		2,799
Spain Government Bond 1.45% 31/10/2027		2,641
UK Treasury Bill 0% 25/03/2019		2,506
UK Treasury Bill 29/01/2018		2,500

Statement of Total Return

For the year ended 31 December 2018

		2018		2017	
	Notes	£000's	£000's	£000's	£000's
Income					
Net capital (losses)/gains	2		(2,683)		770
Revenue	3	1,585		1,215	
Expenses	4	(579)		(692)	
Net revenue before taxation		1,006		523	
Taxation	5	0		0	
Net revenue after taxation			1,006		523
Total return before distributions			(1,677)		1,293
Distributions	6		(1,470)		(1,088)
Change in net assets attributable to unitholders from investment activities			(3,147)		205

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 December 2018

		2018		2017	
		£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders			90,542		100,289
Amounts receivable on issue of units		13,037		12,388	
Amounts payable on cancellation of units		(19,295)		(23,233)	
			(6,258)		(10,845)
Dilution adjustment			72		99
Change in net assets attributable to unitholders from investment activities			(3,147)		205
Retained distribution on Accumulation units			1,121		789
Unclaimed distributions			1		5
Closing net assets attributable to unitholders			82,331		90,542

Balance Sheet

As at 31 December 2018

		2018	2017
	Notes	£000's	£000's
Assets			
Investments		79,584	89,294
Current assets			
Debtors	8	641	1,293
Cash and bank balances	9	9,226	3,536
Total assets		89,451	94,123
Liabilities			
Investment liabilities		(3,867)	(2,599)
Creditors			
Bank overdrafts	10	0	(289)
Distributions payable		(174)	(62)
Other creditors	11	(3,079)	(631)
Total liabilities		(7,120)	(3,581)
Net assets attributable to unitholders			
		82,331	90,542

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

Distributions receivable from authorised unit trusts and other collective investment schemes are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend. Interest receivable from bank balances is accounted for on an accruals basis. Interest receivable from debt securities is accounted for on an effective yield basis.

Equalisation

Equalisation on distributions received by the fund is deducted from the cost of investments. As such the equalisation on distributions received by the fund does not form part of the fund's distributions.

Interest on debt securities bought or sold

Interest on debt securities bought or sold is excluded from the capital cost of securities, and is dealt with as part of the revenue of the fund.

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.

For A Accumulation units, A Income units, L Accumulation units, L Income units, Z Accumulation units and Z Income units the Annual management charge is initially charged to revenue but ultimately borne by the capital of the fund and is accrued within the unit price. This charge is invoiced directly to X Income unitholders.

All expenses are accounted for on an accruals basis.

Taxation

The fund satisfied the qualifying investments test of Statutory Instrument 2006/964 Authorised Investment Funds (Tax) Regulations 2006 Regulation 19 throughout the year. All distributions made are therefore made as interest distributions.

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 28 February to Income unitholders. An interim distribution, based on available revenue at the half year, is distributed on 31 August 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.

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.

Notes to the Accounts (continued)

Valuation

Listed investments of the fund have been valued at market value and open ended investment companies have been valued at the latest available bid price at 18:00 on the balance sheet date, net of any accrued interest which is included in the balance sheet as a revenue related item. Market value is defined by the SORP as fair value which generally is the bid value of each security and the offer value for short positions.

Forward foreign currency contracts

Open forward foreign currency contracts are shown in the Portfolio Statement at market value and the net realised (losses)/gains are reflected under Net capital (losses)/gains in the Notes to the Accounts.

Futures contracts

Open futures contracts are shown in the Portfolio Statement at market value and the net gains/(losses) are reflected within Derivative contracts under Net capital (losses)/gains in the Notes to the Accounts. Other returns are included within Net revenue return from derivative contracts under Revenue in the Notes to the Accounts. This revenue is calculated by reference to the quoted yield of the index upon which the future is based compared to LIBOR and may be revenue or an expense in relation to whether the fund held a net long or short position over the period.

Credit default swaps

Open credit default swaps are shown in the Portfolio Statement at market value and are priced at fair value using valuation models and data sourced from market data providers. The upfront fees received on a mark to market basis are split between capital and revenue as appropriate. The capital element is reflected within Derivative contracts under Net capital (losses)/gains in the Notes to the Accounts and the revenue element is reflected within Net revenue return from derivative contracts under Revenue in the Notes to the Accounts. Net gains/(losses) are reflected within Derivative contracts under Net capital (losses)/gains in the Notes to the Accounts.

Interest rate swaps

Open interest rate swaps are shown in the Portfolio Statement and are priced at fair value using valuation models and data sourced from market data providers. Net gains/(losses) are reflected within Derivative contracts under Net capital (losses)/gains in the Notes to the Accounts. Interest receivable or payable on interest rate swaps is accounted for on an accruals basis and is included within Net revenue return from derivative contracts under Revenue in the Notes to the Accounts.

Inflation linked swaps

Open inflation linked swaps are shown in the Portfolio Statement and are priced at fair value using valuation models and data sourced from market data providers. Net gains/(losses) are reflected within Derivative contracts under Net capital (losses)/gains in the Notes to the Accounts.

Options contracts

Net gains/(losses) are reflected within Derivative contracts under Net capital (losses)/gains in the Notes to the Accounts.

Foreign currencies

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

Notes to the Accounts (continued)

2 Net capital (losses)/gains

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

	2018 £000's	2017 £000's
Non-derivative securities	(1,660)	(3,113)
Derivative contracts	1,192	(664)
Forward foreign currency contracts	(2,053)	4,808
Foreign currency losses	(143)	(245)
Transaction costs	(19)	(16)
Net capital (losses)/gains	(2,683)	770

3 Revenue

	2018 £000's	2017 £000's
Interest distributions	115	408
Interest on debt securities	2,506	2,520
Bank interest	36	18
Net revenue return from derivative contracts	(1,072)	(1,731)
Total revenue	1,585	1,215

Notes to the Accounts (continued)

4 Expenses

	2018 £000's	2017 £000's
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	464	565
Administration charge	76	84
	540	649
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	9	10
Safe custody fees	3	3
Interest payable	11	12
	23	25
Other expenses:		
Audit fee	13	16
Professional fee	3	2
	16	18
Total expenses	579	692

5 Taxation

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

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

The tax assessed for the year is different from that calculated when the standard rate of corporation tax for authorised unit trusts of 20% (2017 – 20%) is applied to the net revenue before taxation. The differences are explained below.

	2018 £000's	2017 £000's
Net revenue before taxation	1,006	523
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	201	105
Effects of:		
Movement in excess management expenses	(201)	(105)
Current tax charge for the year	0	0

Notes to the Accounts (continued)

(b) Factors that may affect future tax charges

At the balance sheet date, there is a potential deferred tax asset of £4,299,707 (2017 – £4,500,964) 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 distributions, which are on an effective yield basis, take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	2018 £000's	2017 £000's
Interim Interest distribution	631	796
Final Interest distribution	817	250
	1,448	1,046
Add: Revenue deducted on cancellation of units	87	83
Deduct: Revenue received on issue of units	(65)	(41)
Distributions	1,470	1,088
Net revenue after taxation	1,006	523
Annual management charge taken to capital	464	565
Distributions	1,470	1,088

Details of the distributions per unit are set out in the Distribution Table on pages 59 and 60.

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. Prior year comparatives have been restated accordingly.

Basis of valuation	2018		2017	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	3,153	(872)	19,497	(445)
Level 2: Observable market data	76,431	(2,995)	69,797	(2,154)
Level 3: Unobservable data	0	0	0	0
Total	79,584	(3,867)	89,294	(2,599)

Notes to the Accounts (continued)

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

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

Level 3: Valuation techniques using unobservable inputs.

Unobservable data

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

8 Debtors

	2018 £000's	2017 £000's
Amounts receivable for issue of units	100	422
Sales awaiting settlement	0	200
Accrued interest on debt securities	452	543
Accrued bank interest	1	0
Revenue receivable from derivative contracts	88	128
Total debtors	641	1,293

9 Cash and bank balances

	2018 £000's	2017 £000's
Cash and bank balances	4,482	1,573
Amounts held at futures clearing houses and brokers	4,744	1,963
Total cash and bank balances	9,226	3,536

10 Bank overdrafts

	2018 £000's	2017 £000's
Amounts overdrawn at futures clearing houses and brokers	0	289
Total bank overdrafts	0	289

Notes to the Accounts (continued)

11 Other creditors

	2018		2017	
	£000's	£000's	£000's	£000's
Amounts payable for cancellation of units		35		13
Purchases awaiting settlement		2,894		443
Amounts payable on derivative contracts		81		108
Accrued expenses				
Manager and Agents				
Annual management charge		37		38
Administration charge		6		6
		43		44
Trustee and Agents				
Trustee's fees		2		2
Safe custody fees		2		1
Transaction costs		9		4
		13		7
Other accrued expenses		13		16
Total other creditors		3,079		631

12 Contingent liabilities

There were no contingent liabilities at the balance sheet date other than those relating to the writing of call options (2017 – Nil).

If a holder of a call option exercised the option, the fund would be liable for the difference between the strike price of the option and the market value of the underlying security at the point of exercise.

13 Related party transactions

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

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

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

Units held or managed by the Manager or associates of the Manager as a percentage of the fund's net asset value at the balance sheet date were 12.69% (2017 – 12.48%).

Related party holdings are disclosed in the Portfolio Statement. The revenue earned from these investments of £115,014 (2017 – £408,264) is included under Revenue in the Notes to the Accounts.

Notes to the Accounts (continued)

14 Unit classes

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

A Income units	0.90%
A Accumulation units	0.90%
L Income units	0.40%
L Accumulation units	0.40%
Z Income units	0.50%
Z Accumulation units	0.50%

The expense is invoiced directly to X Income unitholders, resulting in a 0% charge to the fund.

The closing net asset value of each unit class, the closing net asset value per unit and the closing number of units in issue are given in the Comparative Tables on pages 12 to 18. The distributions per unit class are given in the Distribution Table on pages 59 and 60. All classes have the same rights on winding up.

15 Derivative and other financial instruments

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

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

Under normal circumstances, the Manager would expect substantially all of the assets of the fund to be invested in securities appropriate to the fund's investment objective. The fund may invest in deposits without limitation, only with an approved bank and which are repayable on demand or has the right to withdraw and maturing in no more than twelve months. Cash and near cash may only be held in order to assist in the redemption of units, the efficient management of the fund or purposes regarded as ancillary to the fund.

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

Market price risk

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

Derivative risk

The fund trades in a high volume of derivatives to achieve its investment objective. This involves a higher degree of risk and may lead to a higher volatility in the unit prices of the fund. The Manager employs a risk management process to allow the Manager to measure derivative and forward positions and their contribution to the overall risk profile of the fund. As part of this risk management process the Manager conducts daily value at risk analysis of the fund and performs both stress and back testing of the fund.

Notes to the Accounts (continued)

Foreign currency risk

The fund invests in overseas securities, collective investment schemes valued in foreign currencies and the balance sheet can be significantly affected by movements in foreign exchange rates. The Manager seeks to manage exposure to currency movements by using forward foreign currency contracts.

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

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.

Credit risk

The debt securities are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The fund can invest in the full spectrum of available securities, which include non-investment grade securities (known as high yield). The Manager monitors credit weightings on a regular basis as well as reviewing individual issuers and respective bonds at risk of default.

The fund invests in credit default swaps to adjust the credit risk profile of the fund quickly and efficiently. Credit default swaps are bought and sold in response to detailed credit research to take advantage of anticipated movements in credit spreads on individual stocks and baskets of securities. When the fund buys a credit default swap the default risk associated with the underlying security transfers to the counterparty. Conversely when the fund sells a credit default swap the fund assumes the credit risk of the underlying security. All credit default swaps are disclosed separately in the Portfolio Statement.

The fund investment objective allows it to buy and sell options where the underlying contract is a credit default swap. These instruments have a similar investment purpose as holding credit default swap contracts directly in that they enable the fund to adjust the credit risk profile of the fund quickly and efficiently. When the fund buys an option it pays a premium and this entitles the fund to buy or sell a credit default swap at an agreed price at a future date. When the fund sells an option it receives a premium and this grants an entitlement to a third party that requires the fund to enter into a credit default swap at an agreed price at a future date.

Interest rate risk

The fund invests in debt securities. The revenue of the fund may be affected by changes to interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the expiry of contracts or sale of securities. The value of debt securities may be affected by interest rate movements or the expectation of such movements in the future. The Manager monitors and controls the sensitivity of the portfolio to fluctuations of interest rates (duration) to best match the return of revenue gains/losses with potential losses/gains of capital value.

The fund invests in interest rate swaps to adjust the interest rate risk profile of the fund across the entire yield curve quickly and efficiently. The price of interest rate swaps are largely determined by investors' views of future interest rate and yield levels, and the Manager aims to profit when these market views differ from Schroders' own expectations. All interest rate swaps are disclosed separately in the Portfolio Statement.

Interest receivable on bank balances or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Notes to the Accounts (continued)

Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average rate. Sterling denominated floating rate stocks bear interest at rates referenced to the Retail Price Index. Sterling denominated floating rate bonds, and foreign currency bank balances and amounts held or overdrawn at futures clearing houses and brokers bear interest at rates based on LIBOR or its international equivalent. Euro denominated floating rate notes bear interest at rates based on Euro Interbank Offered Rate. US dollar denominated floating rate notes bear interest at rates based on US LIBOR.

Fair value of financial assets and financial liabilities

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

Derivatives

During the year the fund entered into derivative contracts for specific investment purposes in addition to being used for efficient management.

The aim of any derivative or forward used for such reasons is not to materially alter the risk of the profile of the fund, rather their use is to assist the Manager in meeting the investment objective of the fund.

Global risk exposure

Absolute VaR approach

The approach used for the funds managed with an absolute return target, an absolute volatility limit or a target of outperforming an interest rate benchmark.

Regulatory VaR limit utilisation

	Lowest	Highest	Average
2018	4.20%	11.90%	7.19%
2017	8.10%	15.84%	12.29%

Information on VaR model

Model type	Length of data history	Confidence level	Holding period
2018			
Monte Carlo simulation	All available history	99%	20 days
2017			
<i>Monte Carlo simulation</i>	<i>All available history</i>	<i>99%</i>	<i>20 days</i>

Leverage

Information on the limit usage and level of leverage

The level of leverage is an indication of the derivative usage and of any leverage generated by the reinvestment of cash received as collateral when using efficient portfolio management techniques. It does not take into account other physical assets directly held in the portfolio of the fund. The figure is not representative of the maximum amount that a fund could lose, as it includes the derivatives used to protect the Net Asset Value of a fund as well as the derivatives backed by risk free assets and derivatives which do not generate any incremental exposure, leverage or market risk from an economic perspective.

The reported leverage figure is therefore not a true representation of the economic leverage¹ in the fund.

Notes to the Accounts (continued)

The level of leverage disclosed is based on the total notional value² of all derivative instruments held by the fund and is expressed as a percentage of the fund's Net Asset Value. For the purpose of this calculation the holdings and offset derivative positions (long and short positions) do not cancel each other out and the figure is a sum of the total holdings.

Leverage

	Lowest	Highest	Average	Leverage at 31 December
2018	336.93%	1,112.47%	581.94%	472.36%
2017	479.35%	1,555.82%	927.36%	586.44%

1 Where economic leverage is the sum of derivative commitments (calculated in line with ESMA (European Securities and Markets Authority) 10/788) and excludes derivatives used within hedging arrangements, derivatives whose commitments is covered by risk free assets and derivatives which are not considered to generate any incremental exposure and leverage or market risk.

2 Delta adjusted in line with ESMA 10/788 when appropriate.

16 Debt security credit analysis

	2018 £000's	2017 £000's
Investment grade securities	60,094	59,369
Below investment grade securities	13,247	19,666
Unrated securities	3,223	4,279
Total debt securities	76,564	83,314

The fund invests in credit default swaps to adjust the credit risk profile of the fund. The notional exposure of these swaps has been included in the above table.

17 Direct transaction costs

The transaction costs on the purchase and sale of investments incurred by the fund during 2018 were immaterial. The total purchases for the year amounted to £119,475,576 and the total sales amounted to £124,605,062.

No transaction costs on the purchase or sale of investments were incurred by the fund during the prior year. The total purchases for the year amounted to £133,167,459 and the total sales amounted to £144,106,994.

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.47% (2017 – 0.39%).

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)

18 Units in issue reconciliation

	Number of units in issue as at 31.12.17	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue as at 31.12.18
A Income units	3,307,184	51,974	(570,077)	0	2,789,081
A Accumulation units	22,701,846	1,078,659	(3,823,405)	(103,535)	19,853,565
L Income units	1,532,414	560,957	(1,568,928)	2,735	527,178
L Accumulation units	21,061,292	1,610,296	(8,384,094)	108,400	14,395,894
X Income units	21,753,583	0	0	0	21,753,583
Z Income units	16,959,824	874,244	(6,472,919)	34,054	11,395,203
Z Accumulation units	65,581,362	19,242,748	(12,618,609)	54,384	72,259,885

19 Counterparty exposure

The types of derivatives held at the balance sheet date were forward foreign currency contracts, futures contracts, credit default swaps, interest rate swaps, inflation linked swaps, option contracts and swaption contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

Counterparty	Forward foreign currency contracts £000's	Futures contracts £000's	Credit default swaps £000's	Interest rate swaps £000's	Inflation linked swaps £000's	Option contracts £000's	Swaption contracts £000's	Total £000's
ANZ Banking Group								
2018	(125)	0	0	0	0	0	0	(125)
2017	(3)	0	0	0	0	0	0	(3)
Bank of America								
2018	(5)	0	0	0	0	0	0	(5)
2017	0	0	0	0	0	0	0	0
Barclays Capital								
2018	(447)	0	(63)	0	0	0	0	(510)
2017	(849)	0	(90)	0	0	133	0	(806)
BNP Paribas								
2018	15	0	8	0	0	0	0	23
2017	1,207	0	(18)	0	0	0	0	1,189
Canadian Imperial Bank of Commerce								
2018	12	0	0	0	0	0	0	12
2017	0	0	0	0	0	0	0	0
Citibank								
2018	73	0	(12)	0	0	0	0	61
2017	(183)	0	(24)	0	0	93	185	71

Notes to the Accounts (continued)

Counterparty	Forward foreign currency contracts £000's	Futures contracts £000's	Credit default swaps £000's	Interest rate swaps £000's	Inflation linked swaps £000's	Option contracts £000's	Swaption contracts £000's	Total £000's
Deutsche Bank								
2018	(4)	0	0	0	0	0	0	(4)
2017	3	0	0	0	0	0	0	3
Goldman Sachs								
2018	(21)	0	0	0	0	0	0	(21)
2017	78	0	0	0	0	0	0	78
HSBC								
2018	(20)	0	0	0	0	0	0	(20)
2017	273	0	0	0	0	0	0	273
JPMorgan Chase								
2018	141	0	(13)	0	0	0	0	128
2017	167	0	0	0	(26)	0	0	141
Morgan Stanley								
2018	(3)	0	(134)	26	(246)	0	21	(336)
2017	(7)	0	0	(16)	54	3	279	313
Nomura								
2018	1	0	0	0	0	0	0	1
2017	(19)	0	0	0	0	0	0	(19)
Royal Bank of Canada								
2018	(4)	0	0	0	0	0	0	(4)
2017	(7)	0	0	0	0	0	0	(7)
Standard Chartered								
2018	136	0	0	0	0	0	0	136
2017	41	0	0	0	0	(92)	0	(51)
State Street								
2018	(120)	0	0	0	0	0	0	(120)
2017	151	0	0	0	0	0	0	151
UBS								
2018	(1,246)	(613)	0	0	0	0	0	(1,859)
2017	(84)	331	0	0	0	0	0	247

Notes to the Accounts (continued)

The collateral pledged by the fund on behalf of the counterparties at the balance sheet date was as follows:

Counterparty	2018 £000's	2017 £000's
Barclays Capital	(490)	(580)
Citibank	(50)	0
JPMorgan Chase	(244)	0
Morgan Stanley	(833)	0
UBS	(1,800)	(440)
Total	(3,417)	(1,020)

The nature of collateral pledged by the fund on behalf of the counterparties at the balance sheet date was as follows:

Counterparty	2018 £000's	2017 £000's
Cash	(3,417)	(1,020)
Total	(3,417)	(1,020)

Securities Financing Transactions

The fund has not engaged in Securities Financing Transactions (SFTs) (as defined in Article 3 of Regulation (EU) 2015/2365, SFTs include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions), or Total Return Swaps, or Contracts for Difference. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the accounting year ended 31 December 2018.

Remuneration

UCITS remuneration disclosures for Schroder Unit Trusts Limited ('SUTL') for the year to 31 December 2017

These disclosures form part of the non-audited section of this annual report and accounts and should be read in conjunction with the Schroders plc Remuneration Report on pages 62 to 90 of the 2017 Annual Report & Accounts (available on the Group's website – www.schroders.com/ir), which provides more information on the activities of our Remuneration Committee and our remuneration principles and policies.

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

The Remuneration Committee of Schroders plc has established a remuneration policy to ensure the requirements of the UCITS Directive are met for all UCITS MRTs. The Remuneration Committee and the Board of Schroders plc review remuneration strategy at least annually. The directors of SUTL are responsible for the adoption of the remuneration policy, for reviewing its general principles at least annually, for overseeing its implementation and for ensuring compliance with relevant local legislation and regulation. During 2017 the Remuneration Policy was reviewed and changes were made to ensure compliance with the UCITS/AIFMD remuneration requirements.

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

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

The remuneration data that follows reflects amounts paid in respect of performance during 2017.

- The total amount of remuneration paid by SUTL to its staff was nil as SUTL has no employees. SUTL has an independent Non Executive Director who receives fees in respect of his role on the Board of SUTL¹. Employees of other Schroders Group entities who serve as Directors of SUTL receive no additional fees in respect of their role on the Board of SUTL.
- The following disclosures relate to UCITS MRTs of SUTL. Most of those UCITS MRTs were employed by and provided services to other Schroders group companies and clients. As a result, only a portion of remuneration for those individuals is included in the aggregate remuneration figures that follow, based on an objective apportionment to reflect the balance of each role using relevant regulated AUM as a proportion of the total AUM within the scope of each role. The aggregate total remuneration paid to the 135 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2017, and attributed to SUTL or the UCITS funds that it manages, is £11.8 million, of which £1.8 million was paid to senior management, £8.9 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and £1.1 million was paid to other UCITS MRTs.

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

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

Distribution Table

**Interim distribution
for the six
months ended
30 June 2018**

Group 1 Units purchased prior to 1 January 2018

Group 2 Units purchased on or after 1 January 2018

	Net revenue 2018 p per unit	Equalisation 2018 p per unit	Distribution paid 31.8.18 p per unit	<i>Distribution paid 31.8.17 p per unit</i>
A Income units				
Group 1	0.3103	–	0.3103	0.3627
Group 2	0.1464	0.1639	0.3103	0.3627
A Accumulation units				
Group 1	0.7455	–	0.7455	0.8629
Group 2	0.4174	0.3281	0.7455	0.8629
L Income units				
Group 1	0.3703	–	0.3703	0.4342
Group 2	0.2085	0.1618	0.3703	0.4342
L Accumulation units				
Group 1	0.3879	–	0.3879	0.4475
Group 2	0.2217	0.1662	0.3879	0.4475
X Income units				
Group 1	0.3848	–	0.3848	0.4426
Group 2	0.3848	0.0000	0.3848	0.4426
Z Income units				
Group 1	0.3618	–	0.3618	0.4221
Group 2	0.1540	0.2078	0.3618	0.4221
Z Accumulation units				
Group 1	0.3992	–	0.3992	0.4637
Group 2	0.2769	0.1223	0.3992	0.4637

Distribution Table (continued)

**Final distribution
for the six
months ended
31 December 2018**

Group 1 Units purchased prior to 1 July 2018
Group 2 Units purchased on or after 1 July 2018

	Net revenue 2018 p per unit	Equalisation 2018 p per unit	Distribution payable 28.2.19 p per unit	Distribution paid 28.2.18 p per unit
A Income units				
Group 1	0.3990	–	0.3990	0.1137
Group 2	0.2131	0.1859	0.3990	0.1137
A Accumulation units				
Group 1	0.9676	–	0.9676	0.2727
Group 2	0.4517	0.5159	0.9676	0.2727
L Income units				
Group 1	0.4780	–	0.4780	0.1355
Group 2	0.2781	0.1999	0.4780	0.1355
L Accumulation units				
Group 1	0.5058	–	0.5058	0.1419
Group 2	0.1647	0.3411	0.5058	0.1419
X Income units				
Group 1	0.4916	–	0.4916	0.1563
Group 2	0.4916	0.0000	0.4916	0.1563
Z Income units				
Group 1	0.4665	–	0.4665	0.1326
Group 2	0.2624	0.2041	0.4665	0.1326
Z Accumulation units				
Group 1	0.5234	–	0.5234	0.1468
Group 2	0.1506	0.3728	0.5234	0.1468

Equalisation

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

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

General Information

Manager¹

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

Authorised and regulated by the Financial Conduct Authority

Investment Adviser¹

Schroder 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

Registrar¹

Schroder Unit Trusts Limited
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Authorised and regulated by the Financial Conduct Authority

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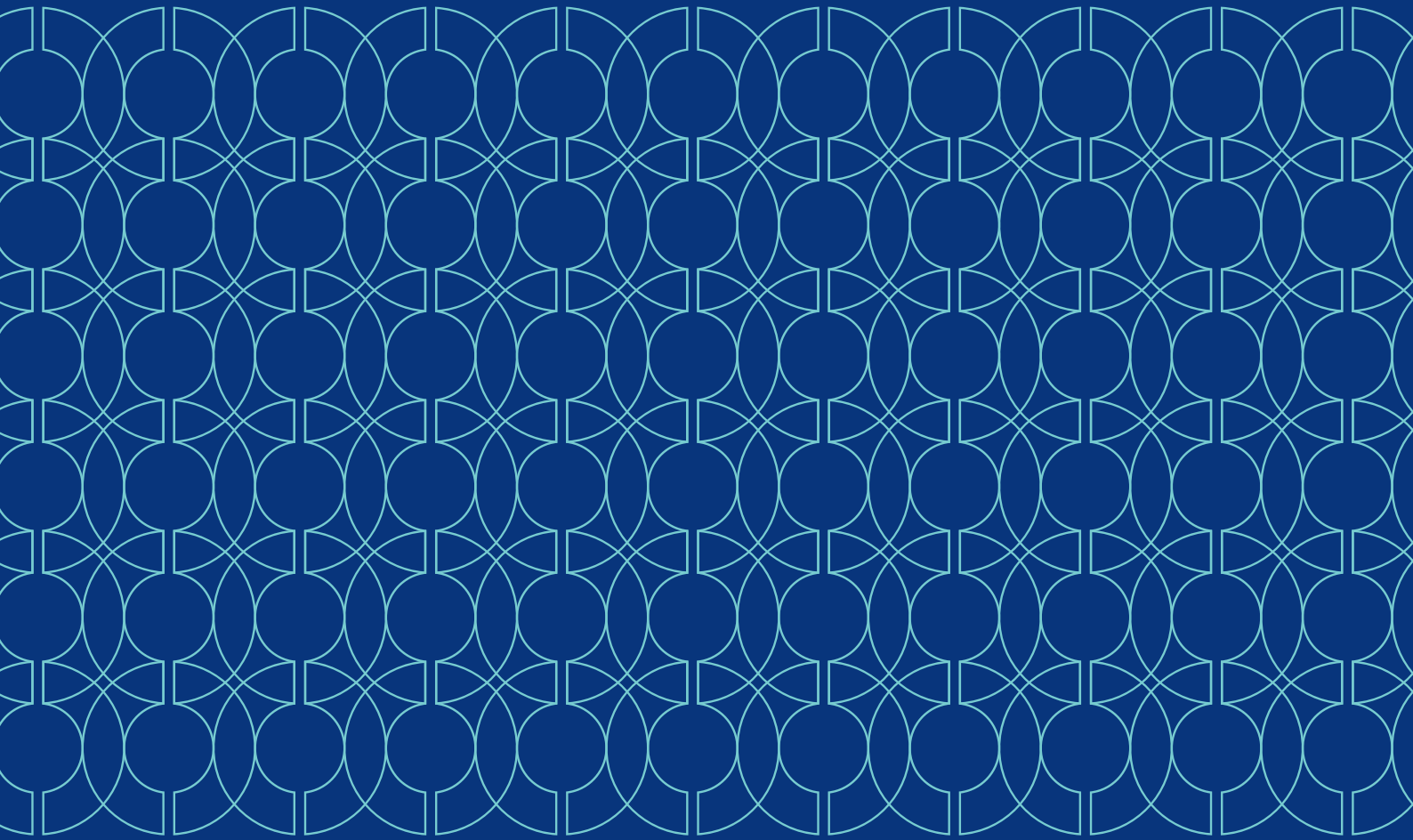
1 With effect from 4 September 2018, Schroder Unit Trusts Limited and Schroder Investment Management Limited changed address, previously it was 31 Gresham Street, London EC2V 7QA.

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.



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

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