

# LIONTRUST SUSTAINABLE FUTURE ICVC

Annual Report &  
Financial Statements

For the year:

**1 February 2018**

to

**31 January 2019**

Managed in accordance with  
**The Liontrust Sustainable Future Process**

LIONTRUST FUND PARTNERS LLP

**LIONTRUST** 



### Contents

Management and Administration*	3
Statement of the Authorised Corporate Director's ("ACD") Responsibilities	7
Report of the ACD to the Shareholders*	7
Statement of the Depositary's Responsibilities and Report of the Depositary	9
Independent Auditor's Report to the Shareholders	10
Notes applicable to the financial statements of all Sub-funds	13
Liontrust Sustainable Future Absolute Growth Fund	16
Liontrust Sustainable Future Cautious Managed Fund	41
Liontrust Sustainable Future Corporate Bond Fund	71
Liontrust Sustainable Future Defensive Managed Fund	102
Liontrust Sustainable Future European Growth Fund	133
Liontrust Sustainable Future Global Growth Fund	159
Liontrust Sustainable Future Managed Fund	185
Liontrust Sustainable Future UK Growth Fund	215
Liontrust UK Ethical Fund	240
Additional information	264

\* The Authorised Corporate Director's Report in accordance with the Investment Management Association (IMA) SORP (2014) and the Collective Investment Schemes Sourcebook comprises those items denoted above along with the Investment objective and policy, Investment review, Portfolio Statement and Material portfolio changes of each sub-fund.

# Management and Administration

### Management and Administration

The Authorised Corporate Director ("ACD") of Liontrust Sustainable Future ICVC (the "Company") is:

#### **Liontrust Fund Partners LLP\***

The registered office of the ACD and the Company is 2 Savoy Court, London, WC2R 0EZ.

The ACD is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the Investment Association.

The ultimate holding company of the ACD is Liontrust Asset Management PLC ("LAM", "Liontrust" or the "Group") which is incorporated in England.

#### **Depository\***

The Bank of New York Mellon (International) Limited  
1 Canada Square  
London E14 5AL

(Authorised by Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA).

#### **Auditor**

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

#### **Administrator and Registrar**

The Bank of New York Mellon (International) Limited  
1 Canada Square  
London E14 5AL

(Authorised by PRA and regulated by the FCA and the PRA).

\* Please refer to page 6 for changes to the Company.

## Management and Administration (continued)

### Company Information

The Company is an investment company with variable capital under regulation 12 of the Open-Ended Investment Company Regulations 2001, incorporated in England and Wales under registered number IC 89 and authorised by the Financial Conduct Authority on 29 January 2001. At the year end the Company offered nine Sub-funds, the Liontrust Sustainable Future Absolute Growth Fund, the Liontrust Sustainable Future Cautious Managed Fund, the Liontrust Sustainable Future Corporate Bond Fund, the Liontrust Sustainable Future Defensive Managed Fund, the Liontrust Sustainable Future European Growth Fund, the Liontrust Sustainable Future Global Growth Fund, the Liontrust Sustainable Future Managed Fund, the Liontrust Sustainable Future UK Growth Fund and the Liontrust UK Ethical Fund\* (the "Sub-funds").

The Company is a UCITS scheme which complies with the FCA's Collective Investment Schemes Sourcebook ("COLL") and is structured as an umbrella company so that different Sub-funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary.

The assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Each share class has the same rights on a winding up of the Company. Investment of the assets of each of the Sub-funds must comply with the FCA's COLL and the investment objective and policy of the relevant Sub-fund.

### Remuneration policy

Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UCITS Managers are required to comply with the UCITS V Remuneration Code from the start of their next accounting year. Under the UCITS V Directive (2014/91/EU), the ACD is required to disclose information relating to the remuneration paid to its staff for the financial year.

The table below provides an overview of the following:

- Aggregate total remuneration paid by the ACD to its staff (employees and members)
- Aggregate total remuneration paid by to all relevant UCITS code staff

	Headcount	Total Remuneration (£'000)
ACD UK Staff <sup>1</sup>	49	7,967
of which		
Fixed remuneration	49	3,915
Variable remuneration	49	4,052
UCITS Aggregate Remuneration Code Staff <sup>1,2</sup>	12	2,746
of which		
Senior Management	2	940
Other control functions:		
Other code staff/risk takers	10	1,806

<sup>1</sup> The ACD's UK staff costs have been incurred by another Group entity and allocated to the ACD. The most appropriate measure of staff costs are those staff who are members of Liontrust Investment Partners LLP or Group staff who are employed by LAM but have their costs apportioned to the LLP. The information has been disclosed on an annualized basis.

<sup>2</sup> UCITS Aggregate Remuneration Code Staff applies only in respect of the provision of services to UCITS funds rather than their total remuneration in the year. For senior management and control function staff, remuneration is apportioned on the basis of assets under management for UCITS funds versus the total Group assets under management. For portfolio management staff remuneration is apportioned directly to the Sub-funds.

\* Please refer to page 6.

## Management and Administration (continued)

### Remuneration policy (continued)

Remuneration is made up of fixed pay (i.e. salary and benefits such as pension contributions) and variable pay (annual performance based or linked directly to investment management revenues). Annual incentives are designed to reward performance in line with the business strategy, objectives, values and long term interests of the ACD and LAM PLC Group. The annual incentive earned by an individual is dependent on the achievement of financial and non-financial objectives, including adherence to effective risk management practices. The ACD provides long-term incentives which are designed to link reward with long-term success and recognise the responsibility participants have in driving future success and delivering value. Long-term incentive awards are conditional on the satisfaction of corporate performance measures. The structure of remuneration packages is such that the fixed element is sufficiently large to enable a flexible incentive policy to be operated.

Staff are eligible for an annual incentive based on their individual performance, and depending on their role, the performance of their business unit and/or the group. These incentives are managed within a strict risk framework, and the Directors of LAM retain ultimate discretion to reduce annual incentive outcomes where appropriate.

The ACD actively manages risks associated with delivering and measuring performance. All our activities are carefully managed within our risk appetite, and individual incentive outcomes are reviewed and may be reduced in light of any associated risk management issues.

The Liontrust Group operates a Remuneration Committee (the "Committee"). The Committee reports to the Board. The Committee reviews risk and compliance issues in relation to the vesting of deferred awards for all employees and members. Compliance is monitored throughout the vesting period by the Committee.

These remuneration policies apply also to other entities in the Liontrust group to which investment management of Sub-funds has been delegated, and those delegates are subject to contractual arrangements to ensure that policies which are regarded as equivalent are applied.

The Board adopts, and reviews annually, the general principles of the applicable remuneration policies, and the implementation of the remuneration policies is, at least annually, subject to central and independent internal review by the Committee for compliance with policies and procedures.

### Scope of the policy

#### By entity

The ACD is subject to the requirements of the UCITS Remuneration Code as set out in SYSC 19E of the FCA Handbook (the "Code").

The Committee has determined that it is appropriate for it to disapply the rules on retention (SYSC 19E.2.18R), deferral (SYSC 19E.2.20R) and performance adjustment (SYSC 19E.2.22R) of the Code, in view of the size, internal organisation and the nature, scope and complexity of activities of the ACD.

However, the ACD chooses to comply with certain of the above 'payout process rules' on a voluntary basis.

#### By individual

The requirements of the Code are applicable to the remuneration arrangements of individuals who fall within the definition of Code Staff under the Code and this policy sets out the basis on which the rules contained within the Code will be applied to Code Staff. The Committee itself sets the remuneration and has oversight of remuneration arrangements for all other Code Staff together with such other senior employees as the Committee may determine from time to time.

The Committee also reviews the remuneration arrangements of other employees and the operation of the incentive plans to ensure that remuneration arrangements have regard to pay and employment conditions. However decisions on individual remuneration arrangements are made by management in the area, with oversight by the Human Resources Director.

No hedging or other mitigation arrangements may be entered into by employees as that would undermine risk alignment effects.



## Management and Administration (continued)

### Approach to the remuneration

The Committee seeks to balance the components of remuneration, namely:

- Base salary,
- Benefits and allowances,
- Annual bonus (both paid immediately in cash and deferrals) and
- Longer-term incentives

in order to ensure proper alignment of the interests with shareholders and investors in the Sub-funds within a framework which discourages excessive risk-taking and ensures that the policy is in line with the business strategy, objectives, values and interests of Liontrust, the Sub-funds and their investors.

The Committee has regard to the LAM Risk Appetite statement and the investment objectives of the Sub-funds (as outlined in the Prospectus) in its determination of the appropriate risk/reward balance.

### Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets.

During the year to 31 January 2019 and at the balance sheet date, the Company did not use SFTs or total return swaps, as such no disclosure is required.

### Changes to the Prospectus during the year

During the year to 31 January 2019, changes were made to the Company and therefore the following changes were reflected in the Prospectus and/or Instrument of Incorporation of the Company.

### Changes to the Company

From 1 September 2018 the following changes took effect:

- Change of ACD - the ACD of the Company changed from Liontrust Investments Limited to another entity in the Liontrust Group: Liontrust Fund Partners LLP. Liontrust Fund Partners LLP is authorised and regulated by the FCA and currently acts as ACD or as Authorised Fund Manager for the rest of Liontrust's UK funds. It is for this reason that a Member of Liontrust Fund Partners LLP has signed off the accounts below rather than a director of Liontrust Investments Limited.
- Change of Depositary - The Depositary changed from National Westminster Bank Plc to the Bank of New York Mellon (International) Ltd (part of the Bank of New York Mellon Corporation).
- Change to Sub-fund charges and costs - The ACD moved from variable to fixed Administration Fees for all of our Sub-funds. The Operating Expenses are paid directly by Liontrust and will be reimbursed by each Sub-fund at a flat rate per year out of their respective net asset values. The ongoing charges figure will be made up of the asset management charge plus the fixed Administration Fees.
- The Sub-funds of this ICVC are now in line with our other Liontrust fund ranges in terms of the circumstances in which a dilution adjustment is automatically used, which are set out in the Liontrust Dilution Adjustment Policy. The main change is that the Sub-funds will automatically implement a dilution adjustment when 3% of the Sub-fund is being subscribed or redeemed rather than the 1% trigger that was previously applied. For more details please contact the ACD.

### Holdings in Other Funds of the Company

As at 31 January 2019, the following Liontrust Sustainable Future ICVC Funds held shares in the Liontrust Sustainable Future Corporate Bond Fund.

Fund	Holdings	Market value (£'000)
Liontrust Sustainable Future Cautious Managed Fund	3,090,808	3,374
Liontrust Sustainable Future Defensive Managed Fund	3,446,803	3,762
Liontrust Sustainable Future Managed Fund	44,357,932	48,417

## Management and Administration (continued)

### Statement of the Authorised Corporate Director's Responsibilities

The ACD of the Company is responsible for preparing the Annual Report and the financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the FCA's Collective Investment Schemes Sourcebook ("COLL") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare financial statements for each accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law") and the Statement of Recommended Practice: Financial Statements of Authorised Funds issued by the Investment Management Association (now known as the Investment Association) ("IMA SORP") in May 2014; and
- give a true and fair view of the financial position of the Company and its Sub-funds as at the end of that period and the net revenue and the net capital gains or losses on the property of the Company and its Sub-funds for that period.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, applicable law and the IMA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the applicable IMA SORP and United Kingdom Accounting Standards and applicable law.

The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with COLL 4.5.8R, the Annual Report and the audited financial statements were approved by the Members of the ACD of the Company and authorised for issue on 31 May 2019.

### Report of the ACD to the Shareholders

The ACD, as sole director, presents its report and the audited financial statements of the Company for the year from 1 February 2018 to 31 January 2019.

The Company is a UCITS scheme which complies with the FCA's Collective Investment Schemes sourcebook. The shareholders are not liable for the debts of the Company.

The investment objectives and policies of each Sub-fund of the Company are covered in the section for each Sub-fund. The names and addresses of the ACD, the Depositary and the Auditor are detailed on page 3.

In the future there may be other Sub-funds of the Company.

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Sub-funds consist predominantly of securities that are readily realisable and, accordingly, the Sub-funds have adequate financial resources to continue in operational existence for the foreseeable future.

## Management and Administration (continued)

### Member's Statement

In accordance with COLL 4.5.8BR, we hereby certify the Annual report and the financial statements were approved by the management committee of members of the ACD and authorised for issue on 31 May 2019.



**Antony Morrison**

Member

31 May 2019



## Statement of the Depositary's Responsibilities and Report of the Depositary

### To the Shareholders of Liontrust Sustainable Future ICVC ("the Company") for the year ended 31 January 2019.

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

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

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

The Depositary must ensure that:

- the Company's cash flows are properly monitored<sup>1</sup> and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Corporate Director ("the ACD") are carried out (unless they conflict with the Regulations).

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

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

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

**For and on behalf of The Bank of New York Mellon (International) Limited**

31 May 2019

<sup>1</sup>This requirement on the Depositary applied from 18 March 2016.

# Independent Auditors' Report to the Shareholders of Liontrust Sustainable Future ICVC

### Report on the audit of the financial statements

#### Opinion

In our opinion, Liontrust Sustainable Future ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the Sub-funds as at 31 January 2019 and of the net revenue and the net capital gains/(losses) on the scheme property of the Company and each of the Sub-funds 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 Instrument of Incorporation.

Liontrust Sustainable Future ICVC (the "Company") is an Open Ended Investment Company ("OEIC") with nine Sub-funds. The financial statements of the Company comprise the financial statements of each of the Sub-funds. We have audited the financial statements, included within the Annual Report & Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 31 January 2019; the statements of total return and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies (within the Notes applicable to the financial statements of all Sub-funds section) and the notes to the financial statements.

#### 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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

- the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's or any of the Sub-funds' 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 Company's or any of the Sub-funds' ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's or any of the Sub-funds' business and the wider economy.

# Independent Auditors' Report to the Shareholders of Liontrust Sustainable Future ICVC (continued)

## Report on the audit of the financial statements (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 Authorised Corporate Director 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.

### Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report to the shareholders 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 Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities set out on page 7, the Authorised Corporate Director 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 Authorised Corporate Director 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 Authorised Corporate Director is responsible for assessing the Company's and each of the Sub-funds' 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 Authorised Corporate Director either intends to wind up or terminate the company or individual Sub-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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

# Independent Auditors' Report to the Shareholders of Liontrust Sustainable Future ICVC (continued)

### Responsibilities for the financial statements and the audit (continued)

#### Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 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.

We have no exceptions to report arising from this responsibility.

#### PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
Edinburgh

31 May 2019



# Notes applicable to the financial statements of all Sub-funds

for the year ended 31 January 2019

## 1 Accounting Policies

### a) Basis of accounting

The financial statements of the Company comprise the financial statements of each of the Sub-funds and have been prepared on a going concern basis in accordance with UK Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Statements of UK Authorised Funds" issued by the IMA (now known as the Investment Association) in May 2014 (the "SORP").

### b) Valuation of investments

The valuation of the Sub-funds' listed investments is based on the bid-market prices, excluding any accrued interest in the case of debt securities, at the close of business on the last day of the accounting year on 31 January 2019, in accordance with the provisions of the Prospectus. Unquoted securities are valued by the ACD on a fair value basis taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

For Collective Investment Schemes managed by other management groups, investments are valued at the bid price for dual priced Funds and at the single price for single priced Funds. Valuations should take into account any agreed rate of redemption charge.

### c) Revenue

Dividends on quoted ordinary shares, collective investment schemes and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared.

Interest on bank balances and deposits is recognised on an accruals basis.

Revenue arising on debt securities is accreted or amortised over the life of such securities and recognised at a consistent rate over the life of the instrument (effective yield basis). Future cash flow on all debt securities are considered when calculating revenue on an effective yield basis and where purchase costs are considered to reflect incurred credit losses, such losses are taken into account so that interest is recognised at a reasonably expected commercial rate.

Accrued interest purchased and sold on debt securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Sub-fund.

All revenue is recognised at a gross amount that includes any withholding taxes but excludes any other taxes, such as attributable tax credits.

Returns from derivative securities are taken to capital and/or revenue depending on the motive and circumstances surrounding the particular transaction. The net revenue/expense on derivative positions are recognised as revenue and form part of the Sub-funds' distribution.

## Notes applicable to the financial statements of all Sub-funds (continued)

for the year ended 31 January 2019

### 1 Accounting Policies (continued)

#### d) Rebates of ACD fees

Rebates of ACD fees are recognised on an accrual basis. These rebates are treated as revenue or capital based on the underlying fund's treatment of the ACD fees.

#### e) Expenses

Expenses are recognised on an accruals basis. The Operating Expenses are paid directly by Liontrust and will be reimbursed by each Sub-fund at a flat rate per year out of their respective net asset values.

#### f) Allocation of income and expenses to multiple share classes

The allocation of income and expenses to each share class is based on the proportion of the Sub-funds' assets attributable to each share class on the day the income is earned or the expense is incurred. The ACD's periodic charge is allocated at a fixed rate based on the net asset value of the respective Sub-funds.

#### g) Taxation

Corporation tax is charged at 20% of the income liable to corporation tax, less expenses. Deferred tax is provided for at the rate at which taxation is likely to become payable in respect of all timing differences between the accounting and taxation treatment of items.

#### h) Exchange rates

Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling on the date of the transaction. Investments and other assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rates applicable at the end of the accounting period.

#### i) Financial instruments

Where appropriate, certain permitted financial instruments such as derivative contracts or forward exchange contracts are used for the purpose of efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived there from are included in "Revenue" or "Expenses" in the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the returns derived there from are included in "Net capital gains/(losses) on investments" in the Statement of Total Return. Any positions in respect of such instruments open at the year end are reflected in the portfolio statement at their market value. Where positions generate total returns, such returns are apportioned between capital and revenue to properly reflect the nature of the transaction. The amounts held at futures clearing houses in respect of these financial instruments are included in the cash and bank balances and detailed in the Notes to the Financial Statements. Transaction costs associated with derivatives are charged to revenue when incurred. All forward contracts outstanding at financial reporting dates are marked to market. Some of the Sub-funds may enter into permitted transactions such as derivative contracts or forward currency transactions as outlined in the relevant Investment Objective and Policy of the Sub-fund.

Derivative financial instruments are initially recorded at transaction value on the date on which the derivative contract is entered into. All contracts outstanding at the financial reporting date are carried at a value provided by independent pricing providers.

## Notes applicable to the financial statements of all Sub-funds (continued)

for the year ended 31 January 2019

### 1.1 Distribution policies

#### j) Basis of distribution

The net revenue available for distribution at the end of each distribution period will be paid as a dividend or interest distribution. Should the expenses of a Sub-fund (including taxation) exceed the revenue of a Sub-fund, there will be no distribution and the shortfall will be set against the capital of a Sub-fund.

Any revenue attributable to accumulation shareholders is retained within a Sub-fund at the end of the distribution period and represents a reinvestment of income on behalf of the accumulation shareholders.

The Sustainable Future Corporate Bond Fund distributes on a coupon basis. The revenue within the financial statements is calculated on an effective yield basis.

The ACD's fees and expenses are charged against income in respect of all the Sub-funds except for Liontrust Sustainable Future Cautious Managed Fund and Liontrust Sustainable Future Defensive Managed Fund where the ACD's fees and expenses are charged against capital.

If a Class's expenses in any period exceed the income attributable to it, the ACD may take that excess from the capital property attributable to that Class.

#### k) Equalisation

Equalisation on distribution from collective investment scheme is deducted from cost of investment and does not form part of the Sub-fund's distribution.

#### l) Stock dividends

The ordinary element of a stock dividend is recognised as revenue to the extent that its market value is equivalent to the market value of the underlying shares on the date the shares are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash value of the dividend will be taken to the capital of a Sub-fund. The ordinary element of the stock dividend is treated as revenue and forms part of the distribution.

#### m) Special dividends and share buy backs

Special dividends and share buy backs are treated as repayments of capital except where there is sufficient evidence to indicate that they should be treated, in whole or in part, as revenue. Amounts recognised as revenue will form part of the distribution. The tax treatment will follow the accounting treatment of the receipt.

### 2 Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (prior year: £nil).

# Sustainable Future Absolute Growth Fund

Report for the year from 1 February 2018 to 31 January 2019

## Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation through selective investment, principally in global equities based on price and prospects of above average earnings growth.

Investment may on occasions be limited to a single country. Limited investment in global bond markets may be made from time to time. Allocations to bonds, equities and cash will vary over time depending on market circumstances. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Note: Typically, at least 70% of the Net Asset Value of the Sub-fund will be invested in global equities with up to 30% of the Net Asset Value of the Sub-fund being invested in bonds and cash.



## Sustainable Future Absolute Growth Fund (continued)

### Investment review

#### Fund review

The Sustainable Future Absolute Growth fund returned 5.1% over the 12 months under review, outperforming the IA Flexible Investment sector average of -4.0% (Source: Financial Express, primary share class, total return, net of fees and income reinvested, 31.01.18 to 31.01.19).

In terms of asset allocation, we started 2018 with 12% in cash, having increased the level in December following strong performance in 2017. We reduced cash back to 5% in the last week of March, as equity markets had fallen considerably and we felt it was a good opportunity to add to exposure. This continued to tick down until we raised cash back up to just under 5% in September and then to 5% in December, anticipating a tougher environment ahead.

Our process targets businesses that can grow structurally, driven by the shift towards a global economy that is more efficient, provides a higher quality of life and is more resilient.

Stronger holdings included Eli Lilly, which remains the highest growth large pharma company in the industry, achieving this through new innovation in areas such as diabetes and inflammation. During the fourth quarter, the company held an analyst day, providing better than expected 2019 and 2020 sales guidance.

Ecolab also featured among the top contributors, a global leader in products that look to cut use of important resources, particularly water, for clients across the world. By cutting water and energy use, it also reduces costs for customers and has a reputation for great service and product innovation. Ecolab is a strong fit for our *Improving the management of water* theme: it has a very defensive business model and was one of the few companies able to grow earnings over the downturn in 2009.

American Tower has been another strong name, particularly amid the tough fourth quarter, continuing to see demand for wireless telecommunication capacity in the US, as well as Brazil and India. In the modern digital economy, customers demand greater and greater connectivity on mobile devices. American Tower is a beneficiary of our theme of *Connecting people*: this demand is secular, not cyclical, and it has therefore performed well in difficult market conditions.

Elsewhere, Intuit and IQVIA also registered a strong year, with both also highlighted in our six-month review back in August.

US technology firm Intuit – part of our *Increasing financial resilience* theme – continues to be driven by its two market-leading products. Quickbooks is undergoing a transformation as the offering moves from a subscription to a cloud-based model, ensuring the addressable market within small and medium businesses is expanding. The firm's turbo tax product is also experiencing super-normal growth, as it provides small businesses and individuals with software to help navigate the dreaded annual tax return. Both are simple, cost-effective products for small businesses and individuals.

IQVIA is another healthcare name and the company is the result of two leading healthcare businesses merging back in 2016: Quintiles was the global market leader in the Contract Research Organisation (CRO) business, essentially the outsourcing of clinical trials by pharmaceutical and biotechnology companies, while IMS was the leader in purchasing script information from drug companies, then collating this data and selling it back to drug manufacturers.

IQVIA is bringing digital technology and scale to an area of the global healthcare system that is inefficient, currently wasting both time and money. Its new product offerings have the potential to change the competitive landscape, which can benefit patients, manufacturers and shareholders alike.

Moving to the weaker names, Prudential has been a poor performer throughout the year and we suspect the shares have been dragged down due to concerns over a slowdown in China, likely exacerbated by the ongoing trade war with the US. The underlying business, however, continues to perform well and one of the key attractions for us is that Prudential is providing insurance to people who have never had it in countries where there is less state support.

Over the coming years, we expect the increase in book value to more than compensate for the more recent fall in multiple and also believe there is considerable re-rating opportunity should macro concerns in Asia dissipate.

## Sustainable Future Absolute Growth Fund (continued)

### Investment review (continued)

#### Fund review (continued)

Banca Generali also detracted from performance, reflecting a volatile political period in Italy. None of the news was specific to the company's fundamentals or competitive positioning however and we continue to believe in our thesis of excellent customer service resulting in high retention rates and strong asset inflows. We also remain confident in the strength of the balance sheet.

Slowing economic growth and concerns about trade wars meant a challenging year for several holdings within our *Increasing auto safety* theme, including Valeo and Hella. While we remain confident in the trend towards safer cars, Valeo in particular is struggling to convert this into profitable growth and we therefore decided to exit the stock. We note the company has continued to underperform significantly after our exit.

With Hella, we remain confident in the prospects for this lighting technology, electronics components and computer systems producer over the longer term. While a cyclical slowdown will affect demand in 2019, the structural trend will drive sales beyond this and as long-term investors, we see the stock as among the best in class in the sector and were encouraged to see it back among positive contributors in January.

Finally, Prysmian also featured among the weaker holdings over the year. We like the company for its leadership position in connectivity, which includes highly technical deep sea projects, but problems at one of these projects in the UK, the Western Link project, resurfaced and drove a profit warning in June.

In the past, Prysmian's management has been able to contain and resolve project issues after initial mistakes so we are confident it can do so again – but these can be costly, prolonged problems so we are watching the situation closely. Later in the year, the company also reported a slowdown in its submarine business, which includes offshore wind, in the first half of 2018 due to the postponement of some large projects until the end of the year and into 2019.

#### Market review

We saw two sizeable corrections during the year – in early February and then Red October (and much of the period afterwards) – and investors are clearly starting to consider their position in anticipation of more challenging times ahead, particularly as many central banks move to 'normalise' policy.

Q4 in particular saw a risk-off tone grip global markets as volatility returned to the fore, driven by fears over slowing growth plus the well-worn trio of trade, Brexit and tightening monetary policy. January saw something of a recovery in most markets – although a variety of economic questions remain unresolved. The three-month trade ceasefire between the US and China is now over and we wait to see if the countries can come to an agreement before tariffs are due to rise in March. Meanwhile a pledge from the Federal Reserve to be patient on rate rises over 2019 was positive for risk assets as the month ended.

A US/Chinese trade war remains an important risk. Free trade tends to benefit all those involved, and given it involves the world's two largest economies, global momentum is sure to slow. Tariffs tend to be both economically contractionary and inflationary, a toxic combination when the latter is again becoming an issue for central banks.

The Federal Reserve is therefore in a tricky place. Wage growth is healthy and accelerating, unemployment is below 4%, and inflation is rising. This is a prudent time to normalise interest rates. A trade war accelerates inflationary pressure, while increasing the risk of an abrupt economic slowdown and it is this risk markets reacted to so abruptly.

Despite the political uncertainty highlighted, tightening monetary policy proved to be a major theme across developed markets in 2018, with the Bank of Japan a notable exception.

The US Federal Reserve led the way, raising interest rates four times across the year as positive economic momentum proved robust against the challenging backdrop. Despite predictions of a further two hikes in 2019 however, an apparent U-turn in January saw Fed Chair Jerome Powell say the Bank has "the luxury of patience" in deciding whether to raise again.

## Sustainable Future Absolute Growth Fund (continued)

### Investment review (continued)

#### Market review (continued)

In the UK, meanwhile, the Bank of England finally announced a long-awaited interest rate rise at the start of August. With so much focus on the rise that never was back in May, the significance of this actual hike perhaps went under the radar a little. After all, it was only the second rise in a decade and takes the level back to the highest since March 2009. Although following this rates remained on hold for the remainder of the year amidst mixed data and pending further Brexit developments.

Not to be left out, the European Central Bank confirmed the end of its quantitative easing programme in December, as promised. However, with data indicating a widespread slowdown in growth, they also reiterated previous guidance that interest rates will remain on hold until at least the summer of 2019. The slowing growth picture has been felt particularly in exports, where there are growing signs of Asian demand cooling.

We continue to stress that while these issues dominate the news, underlying business fundamentals for the areas of the global market in which we invest remain strong. Important structural dynamics, such as the shift to a digital economy, the drive to improve efficiency and the importance of improving quality of life, also continue to drive earnings.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

#### Material portfolio changes by value

##### Purchases

Autodesk  
Ecolab  
PayPal  
Compass  
RELX  
Ringkjoebing Landbobank  
Tesla Motors  
TechnoPro  
InterXion  
Abcam

##### Sales

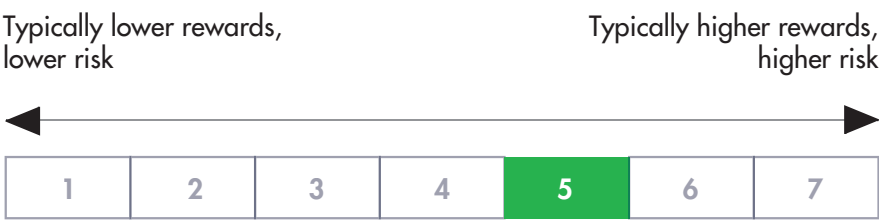
Accenture  
Unilever  
Western Alliance  
Tencent  
Adobe Systems  
Worldpay  
Intuit  
Tesla Motors  
ASML  
Kyudenko

## Sustainable Future Absolute Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund’s ranking on the risk and reward indicator.



The Sub-fund is ranked at 5 because Sub-funds of this type have experienced medium to high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG<sup>†</sup> grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

<sup>†</sup> Environmental, Social and Governance ("ESG")



## Sustainable Future Absolute Growth Fund (continued)

## Portfolio Statement

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>AUSTRALIA (1.70%)</b>	<b>3,532</b>	<b>1.92</b>
32,729	CSL	3,532	1.92
	<b>CANADA (1.23%)</b>	<b>3,460</b>	<b>1.88</b>
54,500	Waste Connections	3,460	1.88
	<b>CAYMAN ISLANDS (1.77%)</b>		
	<b>DENMARK (1.30%)</b>	<b>2,676</b>	<b>1.46</b>
65,634	Ringkjoebing Landbobank	2,676	1.46
	<b>FRANCE (1.50%)</b>		
	<b>GERMANY (4.79%)</b>	<b>8,444</b>	<b>4.60</b>
71,191	Hella	2,452	1.33
35,677	Henkel non-voting preference shares	2,637	1.44
198,228	Infineon Technologies	3,355	1.83
	<b>HONG KONG (1.54%)</b>	<b>2,281</b>	<b>1.24</b>
2,991,851	China Everbright International	2,281	1.24
	<b>IRELAND; REPUBLIC OF (4.29%)</b>	<b>6,500</b>	<b>3.54</b>
35,945	Kerry class 'A' shares	2,814	1.53
117,757	Kingspan	3,686	2.01
	<b>ITALY (3.18%)</b>	<b>2,216</b>	<b>1.21</b>
123,420	Banca Generali	2,216	1.21
	<b>JAPAN (7.97%)</b>	<b>10,753</b>	<b>5.86</b>
34,700	Daikin	2,850	1.55
7,300	Keyence	2,842	1.55
19,868	Shimano	2,109	1.15
74,400	TechnoPro	2,952	1.61

# Sustainable Future Absolute Growth Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>NETHERLANDS (2.80%)</b>	<b>5,472</b>	<b>2.98</b>
21,624	ASML	2,890	1.57
56,600	InterXion	2,582	1.41
	<b>NORWAY (2.90%)</b>	<b>4,863</b>	<b>2.65</b>
187,167	DNB	2,521	1.37
667,376	Norsk Hydro	2,342	1.28
	<b>SPAIN (1.45%)</b>	<b>3,482</b>	<b>1.90</b>
162,420	Cellnex Telecom	3,482	1.90
	<b>SWEDEN (0.00%)</b>	<b>1,894</b>	<b>1.03</b>
229,575	Svenska Handelsbanken series 'A' shares	1,894	1.03
	<b>SWITZERLAND (1.68%)</b>	<b>4,182</b>	<b>2.28</b>
20,679	Roche	4,182	2.28
	<b>UNITED KINGDOM (4.33%)</b>	<b>13,275</b>	<b>7.23</b>
165,078	Abcam	2,182	1.19
197,824	Compass	3,225	1.76
218,458	Prudential	3,244	1.77
189,135	RELX	3,187	1.73
153,187	St. James's Place Capital	1,437	0.78
	<b>UNITED STATES OF AMERICA (45.64%)</b>	<b>87,166</b>	<b>47.47</b>
17,500	Adobe Systems	3,297	1.80
29,900	Alexion Pharmaceuticals	2,795	1.52
5,400	Alphabet class 'A' shares	4,623	2.52
30,000	American Tower class 'A' shares	3,948	2.15
35,800	Autodesk	4,006	2.18
64,900	Cadence Design Systems	2,370	1.29
110,206	Charles Schwab	3,917	2.13
46,155	Ecolab	5,553	3.02

## Sustainable Future Absolute Growth Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED STATES OF AMERICA (continued)</b>			
57,600	Eli Lilly	5,247	2.86
7,220	Equinix	2,162	1.18
51,703	First Republic Bank	3,798	2.07
14,900	Intuit	2,444	1.33
48,800	IQVIA	4,783	2.61
29,836	Nasdaq	1,997	1.09
45,000	Nike class 'B' shares	2,800	1.52
15,200	Palo Alto Networks	2,482	1.35
54,700	PayPal	3,690	2.01
45,717	PerkinElmer	3,144	1.71
17,300	Rockwell Automation	2,228	1.21
16,700	Roper Industries	3,594	1.96
20,472	Salesforce.com	2,364	1.29
22,400	Splunk	2,124	1.16
79,332	SS&C Technologies	3,104	1.69
21,070	Thermo Fisher Scientific	3,934	2.14
108,000	Trimble Navigation	3,089	1.68
35,800	Visa	3,673	2.00
<b>Portfolio of investments</b>		<b>160,196</b>	<b>87.25</b>
<b>Net other assets</b>		<b>23,406</b>	<b>12.75</b>
<b>Total net assets</b>		<b>183,602</b>	<b>100.00</b>

All investments are approved securities being either officially listed in a member state or under the rules of an eligible market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2018.

## Sustainable Future Absolute Growth Fund (continued)

### Comparative tables

for the year ended 31 January 2019

Class 2 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	159.02	135.63	112.53
Return before operating charges*	10.07	24.67	24.16
Operating charges	(1.48)	(1.28)	(1.06)
Return after operating charges	8.59	23.39	23.10
Distributions	(0.55)	(0.63)	(0.48)
Retained distributions on accumulation shares	0.55	0.63	0.48
<b>Closing net asset value per share</b>	<b>167.61</b>	<b>159.02</b>	<b>135.63</b>
After transaction costs of	(0.11)	(0.16)	(0.16)
<b>Performance</b>			
Return after charges	5.40%	17.25%	20.53%
<b>Other information</b>			
Closing net asset value (£'000)	60,070	41,415	27,296
Closing number of shares	35,839,454	26,042,986	20,125,634
Operating charges**	0.89%	0.85%	0.85%
Direct transaction costs	0.07%	0.11%	0.13%
<b>Prices</b>			
Highest share price	179.1	163.5	140.0
Lowest share price	151.3	135.1	103.5

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.



## Sustainable Future Absolute Growth Fund (continued)

## Comparative tables (continued)

for the year ended 31 January 2019

Class 3 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	224.63	190.80	157.66
Return before operating charges*	14.17	34.74	33.89
Operating charges	(1.01)	(0.91)	(0.75)
Return after operating charges	13.16	33.83	33.14
Distributions	(1.60)	(1.58)	(1.33)
Retained distributions on accumulation shares	1.60	1.58	1.33
<b>Closing net asset value per share</b>	<b>237.79</b>	<b>224.63</b>	<b>190.80</b>
After transaction costs of	(0.16)	(0.23)	(0.22)
<b>Performance</b>			
Return after charges	5.86%	17.73%	21.02%
<b>Other information</b>			
Closing net asset value (£'000)	123,532	115,707	98,414
Closing number of shares	51,949,363	51,511,180	51,580,931
Operating charges**	0.43%	0.43%	0.43%
Direct transaction costs	0.07%	0.11%	0.13%
<b>Prices</b>			
Highest share price	253.6	230.9	196.9
Lowest share price	213.8	190.1	145.0

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Absolute Growth Fund (continued)

## Statement of Total Return

for the year ended 31 January 2019

	Notes	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
Income					
Net capital gains	2		8,132		21,724
Revenue	3	2,030		1,807	
Expenses	4	(962)		(749)	
Interest payable and similar charges	6	(3)		—	
Net revenue before taxation		1,065		1,058	
Taxation	5	(136)		(148)	
Net revenue after taxation			929		910
<b>Total return before distributions</b>			<b>9,061</b>		<b>22,634</b>
Distributions	7		(981)		(945)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>8,080</b>		<b>21,689</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 January 2019

	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Opening net assets attributable to shareholders</b>		<b>157,122</b>		<b>125,710</b>
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	28,706		17,074	
Amounts paid on cancellation of shares	(11,294)		(8,313)	
		17,412		8,761
Dilution adjustment		4		—
Change in net assets attributable to shareholders from investment activities		8,080		21,689
Retained distribution on accumulation shares		984		962
<b>Closing net assets attributable to shareholders</b>		<b>183,602</b>		<b>157,122</b>

## Sustainable Future Absolute Growth Fund (continued)

## Balance Sheet

as at 31 January 2019

	Notes	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Assets</b>			
<b>Fixed Assets</b>			
Investments		160,196	138,381
<b>Current assets:</b>			
Debtors	8	1,913	473
Cash and bank balances	9	23,853	18,352
<b>Total other assets</b>		<b>25,766</b>	<b>18,825</b>
<b>Total assets</b>		<b>185,962</b>	<b>157,206</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Other creditors	10	(2,360)	(84)
<b>Total liabilities</b>		<b>(2,360)</b>	<b>(84)</b>
<b>Net assets attributable to shareholders</b>		<b>183,602</b>	<b>157,122</b>

The notes on pages 28 to 39 form an integral part of these financial statements. The distribution per share is set out in the table on page 40.

## Sustainable Future Absolute Growth Fund (continued)

### Notes to the financial statements

for the year ended 31 January 2019

#### 1 Accounting policies

The accounting policies for the Sub-fund are set out on pages 13 to 14.

#### 2 Net capital gains

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Non-derivative securities	8,400	21,931
Foreign currency losses	(267)	(201)
Transaction costs	(2)	(8)
Rebate of expenses*	1	2
<b>Net capital gains</b>	<b>8,132</b>	<b>21,724</b>

#### 3 Revenue

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Bank interest	4	—
Non-taxable overseas dividends	1,662	1,510
UK dividends	231	202
US REIT dividends	133	95
<b>Total revenue</b>	<b>2,030</b>	<b>1,807</b>

\* Rebate of expenses represent the cap applied to the operating charge figure.

## Sustainable Future Absolute Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 4 Expenses\*

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's fees	854	690
Fixed rate administration fees	68	—
Registration fee	26	34
	<b>948</b>	<b>724</b>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary fee	10	15
Safe custody fee	3	5
	<b>13</b>	<b>20</b>
<b>Other expenses</b>		
Audit fees**	5	9
Accounts printing and postage	(1)	1
Rebate of expenses***	(5)	(7)
Other expenses/Sundry expenses	2	2
	<b>1</b>	<b>5</b>
<b>Total expenses</b>	<b>962</b>	<b>749</b>

\* Please refer to page 6 for details of the new fee structure.

\*\* The audit fee for the year, excluding VAT, was £7,700 (2018: £7,500).

\*\*\*Rebate of expenses represent the cap applied to the operating charge figure.

## Sustainable Future Absolute Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 5 Taxation

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>a) Analysis of charge in year</b>		
Overseas tax	136	148
<b>Total tax charge for the year (see note 5(b))</b>	<b>136</b>	<b>148</b>

**b) Factors affecting tax charge for the year**

The taxation assessed for the year is lower (2018 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Net revenue before taxation	1,065	1,058
Corporation tax at 20% (2018 – 20%)	213	212
<b>Effects of:</b>		
Movement in excess management expenses	173	136
Overseas tax	136	148
Prior year adjustment in excess management expenses	(3)	(5)
Relief on overseas tax expensed	(4)	—
Revenue not subject to tax	(379)	(343)
<b>Total tax charge for year (see note 5(a))</b>	<b>136</b>	<b>148</b>

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

**c) Deferred tax asset**

At 31 January 2019 the Sub-fund had surplus management expenses of £4,225,000 (prior year: £3,360,000). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore, a deferred tax asset of £845,000 (prior year: £672,000) has not been recognised.

## 6 Interest payable and similar charges

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interest	3	—
<b>Total interest payable and similar charges</b>	<b>3</b>	<b>—</b>



## Sustainable Future Absolute Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 7 Distributions

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interim distribution	804	823
Final distribution	180	139
	<b>984</b>	<b>962</b>
Amounts received on issue of shares	(29)	(33)
Amounts deducted on cancellation of shares	26	16
<b>Net distribution</b>	<b>981</b>	<b>945</b>
<b>The distribution amount has been calculated as follows:</b>		
Net revenue after taxation for the year	929	910
Shortfall of income/Deficit of share classes taken to capital	52	35
<b>Net distribution</b>	<b>981</b>	<b>945</b>

The distribution per share is set out in the table on page 40.

## 8 Debtors

	31.1.2019 (£'000)	31.1.2018 (£'000)
Accrued revenue	68	17
Amounts receivable on issue of shares	409	307
Currency contracts receivable	1,129	—
Overseas withholding tax	292	140
Rebate of expenses	15	9
<b>Total debtors</b>	<b>1,913</b>	<b>473</b>

## Sustainable Future Absolute Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 9 Cash and bank balances

	31.1.2019 (£'000)	31.1.2018 (£'000)
Cash and bank balances	23,853	18,352
<b>Total cash and bank balances</b>	<b>23,853</b>	<b>18,352</b>

## 10 Creditors

	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Other creditors</b>		
Accrued expenses	98	79
Amounts payable on cancellation of shares	—	5
Currency contracts payable	1,133	—
Purchases awaiting settlement	1,129	—
<b>Total creditors</b>	<b>2,360</b>	<b>84</b>

## 11 Related party transactions

Liontrust Asset Management Plc is regarded as a controlling party by virtue of being the ultimate parent company of the ACD\*, Liontrust Fund Partners LLP, giving the ability to act in concert in respect of the operations of the Company.

The ACD's periodic charge and registration fees paid to Liontrust Fund Partners LLP and its associates are shown in note 4, and details of shares issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Net Assets Attributable to Shareholders.

The balance due to/from the ACD at the year end are included within Notes 8 and 10.

The balance due to Liontrust Fund Partners LLP and its associates at the year end was £92,000 (prior year: £68,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £948,000 (prior year: £725,000).

The total rebate of expenses paid by Liontrust Fund Partners LLP and its associates for the year was £6,000 (prior year: £9,000).

\*Please refer to page 6 for changes to the ACD. Figures disclosed relate to both Liontrust Fund Partners LLP and Liontrust Investments Limited

## Sustainable Future Absolute Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments

The risks inherent in the Sub-fund's investment portfolio are as follows:

In pursuing its investment objective and investment policy, the Sub-fund holds a number of financial instruments. These may comprise:

- Equity shares, equity related shares, non-equity shares and debt securities. These are held in accordance with the Sub-fund's investment policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operation;
- Shareholders' funds, which represent investors' monies that are invested on their behalf;
- Derivative transactions which the Sub-fund may enter into, the purpose of which is to manage certain aspects of the risks arising from the Sub-fund's investment activities and generate additional capital and revenue;
- Short-term borrowings used to finance operational cash flows;
- Derivatives are also used for investment purposes not just to manage risk/exposures.

The main risks arising from the financial instruments are market price (including "emerging markets price risk"), foreign currency, interest rate, liquidity and counterparty credit risk. The ACD reviews the policies for managing each of these risks and they are summarised below.

These policies have remained unchanged since the beginning of the period to which these financial statements relate.

It should be noted that the ACD has a detailed risk management policy which is reviewed and updated, if necessary, periodically. An independent risk function is also present which monitors all relevant risks appropriately.

#### Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

As at 31 January 2019 and 31 January 2018 the overall market exposure for the Sub-fund was as shown in the Portfolio Statement, other than for derivatives and short positions where the exposure could be greater. The Sub-fund is exposed to market price risk as the assets and liabilities of the fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Sub-fund to market price risk is estimated below which shows the expected change in the market value of the Sub-fund when a representative market index changes by 15%. These percentage movements are based on the Investment Adviser's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Sub-fund has previously changed when that corresponding market index has moved taking into account the Sub-fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 January 2019, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 13.1%.

As at 31 January 2018, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 14.0%.

## Sustainable Future Absolute Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Market price risk (continued)

Some limitations of sensitivity analysis are;

- markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

The Sub-fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR). The Sub-fund's global exposure to derivatives at the year-end has been calculated using the Commitment approach.

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statements for the notional values of the forwards and futures contracts.

VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

The Sub-fund did not use derivatives in the year and level of leverage employed by the Sub-fund during the year is not considered to be significant.

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Sub-fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Sub-fund's investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the company's functional and reporting currency.

The ACD has identified three principal areas where foreign currency risk could impact the Sub-fund:

- Movements in exchange rates affecting the value of investments;
- Movements in exchange rates affecting short-term timing differences; and
- Movements in exchange rates affecting the income received.

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific currency risk being identified.

The Sub-fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

## Sustainable Future Absolute Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Currency risk (continued)

The Sub-fund may receive income in currencies other than sterling, and the sterling values of this income can be affected by movements in exchange rates.

At 31 January 2019 the Sub-fund's currency exposure was as shown in the table below:

Currency	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Australian Dollar	—	3,533	3,533
Danish Krone	—	2,710	2,710
Euro	26	23,574	23,600
Hong Kong Dollar	—	2,281	2,281
Japanese Yen	—	10,766	10,766
Norwegian Krone	—	4,949	4,949
Swedish Krona	—	1,894	1,894
Swiss Franc	—	4,236	4,236
US Dollar	—	93,288	93,288
	<b>26</b>	<b>147,231</b>	<b>147,257</b>

At 31 January 2018 the Sub-fund's currency exposure was as shown in the table below:

Currency	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Australian Dollar	—	2,668	2,668
Danish Krone	—	2,072	2,072
Euro	—	28,321	28,321
Hong Kong Dollar	—	5,202	5,202
Japanese Yen	—	12,527	12,527
Norwegian Krone	—	4,605	4,605
Swiss Franc	—	2,679	2,679
US Dollar	126	73,656	73,782
	<b>126</b>	<b>131,730</b>	<b>131,856</b>

If the exchange rate at 31 January 2019 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Sub-fund by approximately £16,362,000/£(13,387,000) respectively.

If the exchange rate at 31 January 2018 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Fund by approximately £14,651,000/£(11,987,000) respectively.

## Sustainable Future Absolute Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates.

The majority of the Sub-fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate linked to LIBOR.

As a result, the fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. Therefore, no interest rate sensitivity analysis has been prepared for these.

##### Liquidity risk

Liquidity risk is the risk that the Sub-fund will not be able to meet its obligations as they fall due. The Sub-fund's assets comprise wholly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Sub-fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the prospectus. Where investments cannot be realised in time to meet any potential liability, the Sub-fund may borrow up to 10% of its value to ensure settlement.

In accordance with the ACD's policy, the Investment Adviser monitors the Sub-funds' liquidity on a daily basis.

##### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Sub-fund are downgraded.

The Sub-fund may enter into transactions in financial instruments (including derivatives) which exposes it to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Sub-fund will only buy and sell financial instruments through parties that have been approved as acceptable by the ACD. This list is reviewed at least annually.

The Sub-fund may enter into stock lending activities which exposes it to the risk that the counterparty will not deliver the stock or cash after the Sub-fund has fulfilled its obligations. The Sub-fund will only enter into stock lending activities with parties that have been approved as acceptable by the ACD and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

At the balance sheet date, there were no counterparties to open derivative contracts. At the year end collateral of Nil (prior year: Nil) was received; collateral pledged was Nil (prior year: Nil) and none (prior year: none) of the Sub-funds' financial assets were past due or impaired.

The Depositary is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Depositary and Custodian, The Bank of New York Mellon Corporation, as at 31 January 2019 was A (Standard & Poor's rating).



## Sustainable Future Absolute Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Counterparty credit risk (continued)

BNYMSA, in the discharge of its delegated Depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of BNYMSA and (ii) all financial instruments that can be physically delivered to BNYMSA. BNYMSA ensures all financial instruments (held in a financial instruments account on the books of BNYMSA) are held in segregated accounts in the name of the Sub-fund, clearly identifiable as belonging to the Sub-fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the Sub-fund on deposit. Such cash is held on the balance sheet of BNYMSA. In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Sub-fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

Insolvency of BNYM and or one of its agents or affiliates may cause the Sub-fund's rights with respect to its assets to be delayed or may result in the Sub-fund not receiving the full value of its assets.

##### 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 as shown in the table below.

##### Valuation of financial investments

	Assets (£'000)	Liabilities (£'000)
<b>31.1.2019</b>		
Quoted prices for identical instruments in active markets	160,196	—
	<b>160,196</b>	<b>—</b>
	Assets (£'000)	Liabilities (£'000)
<b>31.1.2018</b>		
Quoted prices for identical instruments in active markets	138,381	—
	<b>138,381</b>	<b>—</b>

#### 13 Share movement

For the year ending 31 January 2019

	Opening shares	Shares issued	Shares redeemed	Shares converted	Closing shares
Class 2 Net Accumulation	26,042,986	12,387,429	(2,590,961)	—	35,839,454
Class 3 Net Accumulation	51,511,180	3,438,528	(3,000,345)	—	51,949,363

## Sustainable Future Absolute Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs

For the year ending 31 January 2019

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	75,776	29	0.04	60	0.08
<b>Total purchases</b>	<b>75,776</b>	<b>29</b>		<b>60</b>	
<b>Total purchases including transaction costs</b>	<b>75,865</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	62,478	23	0.04	3	0.00
<b>Total sales</b>	<b>62,478</b>	<b>23</b>		<b>3</b>	
<b>Total sales net of transaction costs</b>	<b>62,452</b>				
<b>Total transaction costs</b>		<b>52</b>		<b>63</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.04%</b>	

## Sustainable Future Absolute Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs (continued)

For the year ending 31 January 2018

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	55,384	52	0.09	43	0.08
<b>Total purchases</b>	<b>55,384</b>	<b>52</b>		<b>43</b>	
<b>Total purchases including transaction costs</b>	<b>55,479</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	60,478	56	0.09	4	0.01
<b>Total sales</b>	<b>60,478</b>	<b>56</b>		<b>4</b>	
<b>Total sales net of transaction costs</b>	<b>60,418</b>				
<b>Total transaction costs</b>		<b>108</b>		<b>47</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.08%</b>		<b>0.03%</b>	

The above analysis covers any direct transaction costs suffered by the Sub-fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the Sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Sub-fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Sub-fund's daily liquidity position are excluded from the analysis.

Dealing spread costs suffered by the Sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.06% (2018: 0.06%).

## Sustainable Future Absolute Growth Fund (continued)

### Distribution tables

for the year ended 31 January 2019

#### Final distribution payable in pence per share

Group 1 - Shares purchased prior to 1 August 2018

Group 2 - Shares purchased 1 August 2018 to 31 January 2019

Accumulation shares	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Payable 31.3.2019	Distribution Paid 31.3.2018
Class 2 - Group 1	0.0000	—	0.0000	0.0000
Class 2 - Group 2	0.0000	0.0000	0.0000	0.0000
Class 3 - Group 1	0.3468	—	0.3468	0.2695
Class 3 - Group 2	0.1255	0.2213	0.3468	0.2695

#### Interim distribution payable in pence per share

Group 1 - Shares purchased prior to 1 February 2018

Group 2 - Shares purchased 1 February 2018 to 31 July 2018

Accumulation shares	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Paid 30.9.2018	Distribution Paid 30.9.2017
Class 2 - Group 1	0.5504	—	0.5504	0.6345
Class 2 - Group 2	0.2075	0.3429	0.5504	0.6345
Class 3 - Group 1	1.2506	—	1.2506	1.3096
Class 3 - Group 2	0.6748	0.5758	1.2506	1.3096

\* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# Sustainable Future Cautious Managed Fund

Report for the year from 1 February 2018 to 31 January 2019

## Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation and income through diversified investment within and across global securities markets.

Allocations to bonds, equities and cash will vary over time depending on market circumstances. Equity selections will be based on price and long term total return prospects.

All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may also invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Note: Typically, 60% of the Net Asset Value of the Sub-fund will be invested in global equities and 40% in bonds and cash.

## Sustainable Future Cautious Managed Fund (continued)

### Investment review

#### Fund review

The Sustainable Future Cautious Managed fund delivered 1.1% over the 12 months under review, outperforming the IA Mixed Investment 40-85% Shares sector average of -3.1% (Source: Financial Express, primary share class, total return, net of fees and income & interest reinvested, 31.01.18 to 31.01.19).

In terms of asset allocation over the period, we started 2018 overweight credit and underweight Gilts, with neutral positions in equities and cash after reducing our overweight equity position in December 2017.

Over the first quarter, we twice added to equities from cash and finished March overweight equities and credit and underweight cash and Gilts. Asset Allocation was marginally negative over the period as Gilts were the best-performing asset class and risk assets performed poorly overall in a weak market.

Moving through the year, we cut the equity overweight back in Q3 and used the proceeds to increase our overweight in credit, seeing risks building over the following six to 12 months.

Asset allocation was flat over the final part of 2018, with our underweight government position a negative contributor as yields fell amid a general flight to safety, but this was offset by our overweight cash position. We remain neutrally weighted on equities and overweight corporate bonds.

Stronger holdings included Eli Lilly, which remains the highest growth large pharma company in the industry, achieving this through new innovation in areas such as diabetes and inflammation. During the fourth quarter, the company held an analyst day, providing better than expected 2019 and 2020 sales guidance.

Ecolab also featured among the top contributors, a global leader in products that look to cut use of important resources, particularly water, for clients across the world. By cutting water and energy use, it also reduces costs for customers and has a reputation for great service and product innovation. Ecolab is a strong fit for our *Improving the management of water* theme: it has a very defensive business model and was one of the few companies able to grow earnings over the downturn in 2009.

American Tower has been another strong name, particularly amid the tough fourth quarter, continuing to see demand for wireless telecommunication capacity in the US, as well as Brazil and India. In the modern digital economy, customers demand greater and greater connectivity on mobile devices. American Tower is a beneficiary of our theme of *Connecting people*: this demand is secular, not cyclical, and it has therefore performed well in difficult market conditions.

Elsewhere, Intuit and IQVIA also registered a strong year, with both also highlighted in our six-month review back in August.

US technology firm Intuit – part of our *Increasing financial resilience* theme – continues to be driven by its two market-leading products. Quickbooks is undergoing a transformation as the offering moves from a subscription to a cloud-based model, ensuring the addressable market within small and medium businesses is expanding. The firm's turbo tax product is also experiencing super-normal growth, as it provides small businesses and individuals with software to help navigate the dreaded annual tax return. Both are simple, cost-effective products for small businesses and individuals.

IQVIA is another healthcare name and the company is the result of two leading healthcare businesses merging back in 2016: Quintiles was the global market leader in the Contract Research Organisation (CRO) business, essentially the outsourcing of clinical trials by pharmaceutical and biotechnology companies, while IMS was the leader in purchasing script information from drug companies, then collating this data and selling it back to drug manufacturers.

IQVIA is bringing digital technology and scale to an area of the global healthcare system that is inefficient, currently wasting both time and money. Its new product offerings have the potential to change the competitive landscape, which can benefit patients, manufacturers and shareholders alike.

## Sustainable Future Cautious Managed Fund (continued)

### Investment review (continued)

#### Fund review (continued)

Moving to the weaker names, Prudential has been a poor performer throughout the year and we suspect the shares have been dragged down due to concerns over a slowdown in China, likely exacerbated by the ongoing trade war with the US. The underlying business, however, continues to perform well and one of the key attractions for us is that Prudential is providing insurance to people who have never had it in countries where there is less state support.

Over the coming years, we expect the increase in book value to more than compensate for the more recent fall in multiple and also believe there is considerable re-rating opportunity should macro concerns in Asia dissipate.

Banca Generali also detracted from performance, reflecting a volatile political period in Italy. None of the news was specific to the company's fundamentals or competitive positioning however and we continue to believe in our thesis of excellent customer service resulting in high retention rates and strong asset inflows. We also remain confident in the strength of the balance sheet.

Slowing economic growth and concerns about trade wars meant a challenging year for several holdings within our *Increasing auto safety* theme, including Valeo and Hella. While we remain confident in the trend towards safer cars, Valeo in particular is struggling to convert this into profitable growth and we therefore decided to exit the stock. We note the company has continued to underperform significantly after our exit.

With Hella, we remain confident in the prospects for this lighting technology, electronics components and computer systems producer over the longer term. While a cyclical slowdown will affect demand in 2019, the structural trend will drive sales beyond this and as long-term investors, we see the stock as among the best in class in the sector and were encouraged to see it back among positive contributors in January.

Finally, Prysmian also featured among the weaker holdings over the year. We like the company for its leadership position in connectivity, which includes highly technical deep sea projects, but problems at one of these projects in the UK, the Western Link project, resurfaced and drove a profit warning in June.

In the past, Prysmian's management has been able to contain and resolve project issues after initial mistakes so we are confident it can do so again – but these can be costly, prolonged problems so we are watching the situation closely. Later in the year, the company also reported a slowdown in its submarine business, which includes offshore wind, in the first half of 2018 due to the postponement of some large projects until the end of the year and into 2019.

#### Market review

We saw two sizeable corrections during the year – in early February and then Red October (and much of the period afterwards) – and investors are clearly starting to consider their position in anticipation of more challenging times ahead, particularly as many central banks move to 'normalise' policy.

Q4 in particular saw a risk-off tone grip global markets as volatility returned to the fore, driven by fears over slowing growth plus the well-worn trio of trade, Brexit and tightening monetary policy. January saw something of a recovery in most markets – although a variety of economic questions remain unresolved. The three-month trade ceasefire between the US and China is now over and we wait to see if the countries can come to an agreement before tariffs are due to rise in March. Meanwhile a pledge from the Federal Reserve to be patient on rate rises over 2019 was positive for risk assets as the month ended.

A US/Chinese trade war remains an important risk. Free trade tends to benefit all those involved, and given it involves the world's two largest economies, global momentum is sure to slow. Tariffs tend to be both economically contractionary and inflationary, a toxic combination when the latter is again becoming an issue for central banks.



## Sustainable Future Cautious Managed Fund (continued)

### Investment review (continued)

#### Market review (continued)

The Federal Reserve is therefore in a tricky place. Wage growth is healthy and accelerating, unemployment is below 4%, and inflation is rising. This is a prudent time to normalise interest rates. A trade war accelerates inflationary pressure, while increasing the risk of an abrupt economic slowdown and it is this risk markets reacted to so abruptly.

Despite the political uncertainty highlighted, tightening monetary policy proved to be a major theme across developed markets in 2018, with the Bank of Japan a notable exception.

The US Federal Reserve led the way, raising interest rates four times across the year as positive economic momentum proved robust against the challenging backdrop. Despite predictions of a further two hikes in 2019 however, an apparent U-turn in January saw Fed Chair Jerome Powell says the Bank has "the luxury of patience" in deciding whether to raise again.

In the UK, meanwhile, the Bank of England finally announced a long-awaited interest rate rise at the start of August. With so much focus on the rise that never was back in May, the significance of this actual hike perhaps went under the radar a little. After all, it was only the second rise in a decade and takes the level back to the highest since March 2009. Although following this rates remained on hold for the remainder of the year amidst mixed data and pending further Brexit developments.

Not to be left out, the European Central Bank confirmed the end of its quantitative easing programme in December, as promised. However, with data indicating a widespread slowdown in growth, they also reiterated previous guidance that interest rates will remain on hold until at least the summer of 2019. The slowing growth picture has been felt particularly in exports, where there are growing signs of Asian demand cooling.

We continue to stress that while these issues dominate the news, underlying business fundamentals for the areas of the global market in which we invest remain strong. Important structural dynamics, such as the shift to a digital economy, the drive to improve efficiency and the importance of improving quality of life, also continue to drive earnings.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

#### Material portfolio changes by value

##### Purchases

Rabobank 4.625% Subordinated European  
Medium Term Notes 23/5/2029  
Standard Chartered 5.125% Subordinated European  
Medium Term Notes 6/6/2034  
RELX  
Treasury 3.75% Gilts 7/9/2019  
John Laing Environmental Assets  
Direct Line Insurance 4.75% Perpetual Bonds  
GlaxoSmithKline  
Hargreaves Lansdown  
Kingspan  
Ecolab

##### Sales

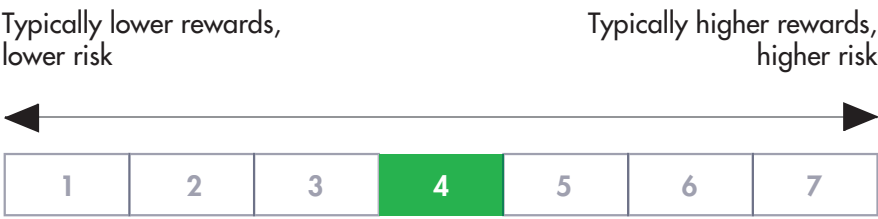
Standard Life 6.75% Guaranteed Perpetual Bonds  
Kerry Class 'A' shares  
Jardine Lloyd Thompson  
Close Brothers 4.25% Floating Rate Notes 24/1/2027  
Compass  
Prudential 7.75% Perpetual European Medium Term Notes  
Kyudenko  
Treasury 3.75% Gilts 7/9/2019  
Yorkshire Building Society 3.375% Senior Notes 13/9/2028  
BTG

Sustainable Future Cautious Managed Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund’s ranking on the risk and reward indicator.



The Sub-fund is ranked at 4 because Sub-funds of this type have experienced average rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- The Sub-fund has holdings which are denominated in currencies other than Sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Investments in emerging markets may involve a higher element of risk due to less well regulated markets and political and economic instability.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG<sup>†</sup> grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

<sup>†</sup> Environmental, Social and Governance ("ESG")

# Sustainable Future Cautious Managed Fund (continued)

## Portfolio Statement

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>AUSTRALIA (0.77%)</b>	<b>488</b>	<b>0.89</b>
4,522	CSL	488	0.89
	<b>CAYMAN ISLANDS (0.56%)</b>		
	<b>CHANNEL ISLANDS; GUERNSEY (0.52%)</b>	<b>513</b>	<b>0.93</b>
434,430	Renewables Infrastructure	513	0.93
	<b>DENMARK (0.52%)</b>	<b>328</b>	<b>0.59</b>
8,035	Ringkjoebing Landbobank	328	0.59
	<b>FRANCE (0.44%)</b>		
	<b>GERMANY (2.12%)</b>	<b>1,103</b>	<b>2.00</b>
8,006	Hella	276	0.50
6,816	Henkel non-voting preference shares	504	0.91
19,118	Infineon Technologies	323	0.59
	<b>HONG KONG (0.64%)</b>	<b>314</b>	<b>0.57</b>
412,346	China Everbright International	314	0.57
	<b>IRELAND; REPUBLIC OF (2.93%)</b>	<b>1,469</b>	<b>2.66</b>
3,510	Kerry Class 'A' shares	275	0.50
25,316	Kingspan	792	1.43
18,280	Smurfit Kappa	402	0.73
	<b>ITALY (0.92%)</b>	<b>277</b>	<b>0.50</b>
15,405	Banca Generali	277	0.50
	<b>JAPAN (2.95%)</b>	<b>1,464</b>	<b>2.66</b>
622	Canadian Solar Infrastructure Fund	418	0.76
4,400	Daikin	361	0.66
600	Keyence	234	0.42
1,965	Shimano	209	0.38
6,100	TechnoPro	242	0.44

## Sustainable Future Cautious Managed Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>NETHERLANDS (0.51%)</b>	<b>506</b>	<b>0.92</b>
2,147	ASML	287	0.52
4,800	InterXion	219	0.40
	<b>NORWAY (0.99%)</b>	<b>502</b>	<b>0.91</b>
23,621	DNB	318	0.58
52,435	Norsk Hydro	184	0.33
	<b>SPAIN (0.57%)</b>	<b>525</b>	<b>0.95</b>
24,491	Cellnex Telecom	525	0.95
	<b>SWEDEN (0.00%)</b>	<b>304</b>	<b>0.55</b>
36,859	Svenska Handelsbanken series 'A' shares	304	0.55
	<b>SWITZERLAND (0.49%)</b>	<b>415</b>	<b>0.75</b>
2,052	Roche	415	0.75
	<b>UNITED KINGDOM (51.46%)</b>	<b>30,532</b>	<b>55.38</b>
49,108	3i	417	0.76
52,620	Abcam	696	1.26
£310,000	Annington Funding 3.184% European Medium Term Notes 12/7/2029	307	0.56
£200,000	AT&T 7% Guaranteed Senior European Medium Term Bonds 30/4/2040	286	0.52
£450,000	Aviva 6.125% Floating Rate Bonds 14/11/2036	500	0.91
£150,000	AXA 5.453% Subordinated Perpetual Floating Rate Notes	156	0.28
£226,000	AXA 6.6862% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds	253	0.46
£179,000	British Telecommunications 3.125% European Medium Term Notes 21/11/2031	175	0.32
£300,000	Bunzl Finance 2.25% Bonds 11/6/2025	293	0.53
37,091	Compass	605	1.10
£300,000	Compass 2% European Medium Term Notes 5/9/2025	302	0.55
£300,000	CPUK Finance 3.69% European Medium Term Notes 28/8/2028	303	0.55
112,531	Crest Nicholson	425	0.77
9,733	Croda International	469	0.85
34,336	CVS	138	0.25
£200,000	Deutsche Telekom International Finance 8.875% Guaranteed Bonds 27/11/2028	302	0.55
63,553	DFS Furniture	147	0.27

# Sustainable Future Cautious Managed Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED KINGDOM (continued)</b>			
£260,000	Direct Line Insurance 4.75% Perpetual Bonds	211	0.38
£350,000	Dwr Cymru Financing 2.5% European Medium Term Notes 31/3/2036	346	0.63
297,904	GCP Infrastructure Investments Fund	375	0.68
58,240	GlaxoSmithKline	860	1.56
£250,000	GlaxoSmithKline Capital 5.25% Guaranteed European Medium Term Bonds 19/12/2033	330	0.60
355,480	Greencoat UK Wind	476	0.86
3,520	GW Pharmaceuticals ADR	382	0.69
37,756	Hargreaves Lansdown	617	1.12
£300,000	HSBC 7% Guaranteed Subordinated European Medium Term Bonds 7/4/2038	418	0.76
70,104	Informa	474	0.86
8,357	Intertek	410	0.74
388,673	IP	412	0.75
458,023	John Laing Environmental Assets	499	0.90
9,773	Keller	51	0.09
232,664	Legal & General	603	1.09
£500,000	Legal & General 5.125% Bonds 14/11/2048	518	0.94
£323,000	Liberty Living Finance 3.375% Bonds 28/11/2029	317	0.57
3,090,808	Liontrust Sustainable Future Corporate Bond Fund*	3,374	6.12
15,159	London Stock Exchange	694	1.26
321,558	NextEnergy Solar Fund	367	0.67
£300,000	NGG Finance 5.625% Floating Rate Notes 18/6/2073	321	0.58
£400,000	Notting Hill Genesis 2.875% Bonds 31/1/2029	400	0.73
£300,000	Orange 8.125% Guaranteed Senior European Medium Term Bonds 20/11/2028	437	0.79
72,792	Paragon	302	0.55
15,850	Pennon	121	0.22
66,663	Porvair	303	0.55
369,719	PRS REIT†	359	0.65
41,969	Prudential	623	1.13
£400,000	Prudential 5.625% Bonds 20/10/2051	418	0.76
£700,000	Rabobank 4.625% Subordinated European Medium Term Notes 23/5/2029	772	1.40
32,094	RELX	541	0.98
118,883	Rightmove	561	1.02
25,602	Sage	160	0.29
£400,000	Santander 7.375% Perpetual Bonds	412	0.75
276,661	SDCL Energy Efficiency Income Trust	276	0.50
£250,000	Severn Trent Water Utilities 6.25% Guaranteed Bonds 7/6/2029	329	0.60

## Sustainable Future Cautious Managed Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED KINGDOM (continued)</b>			
19,491	Softcat	135	0.24
119,236	Sophos	402	0.73
18,761	St. James's Place Capital	176	0.32
29,250	Standard Chartered	179	0.32
£650,000	Standard Chartered 5.125% Subordinated European Medium Term Notes 6/6/2034	737	1.34
£98,000	Treasury 2.5% Gilts 22/7/2065	126	0.23
£495,000	Treasury 3.75% Gilts 7/9/2019	503	0.91
£458,000	Treasury 3.75% Gilts 7/9/2021	493	0.89
£299,000	Treasury 4.25% Gilts 7/12/2055	513	0.93
£142,000	Treasury 4.25% Gilts 7/6/2032	190	0.34
£363,000	Treasury 4.5% Gilts 7/12/2042	562	1.02
£208,000	Treasury 4.75% Gilts 7/12/2030	286	0.52
£376,000	Treasury 5% Gilts 7/3/2025	466	0.85
£184,000	Treasury 6% Gilts 7/12/2028	266	0.48
10,188	Unilever	406	0.74
£250,000	Verizon Communications 3.375% Bonds 27/10/2036	254	0.46
£100,000	Virgin Media Secured Finance 6.25% Guaranteed Senior Notes 28/3/2029	103	0.19
£300,000	Vodafone 4.875% Bonds 3/10/2078	288	0.52
£275,000	Western Power Distribution 3.5% Bonds 16/10/2026	278	0.50
£280,000	WM Morrison Supermarkets 4.75% European Medium Term Notes 4/7/2029	320	0.58
35,089	Xeros Technology	6	0.01
<b>UNITED STATES OF AMERICA (20.20%)</b>		<b>11,897</b>	<b>21.58</b>
1,700	Adobe Systems	320	0.58
2,200	Alexion Pharmaceuticals	206	0.37
\$400,000	Allianz 5.5% Perpetual	296	0.54
300	Alphabet Class 'A' shares	257	0.47
100	Alphabet Class 'C' shares	85	0.15
4,400	American Tower	579	1.05
3,100	Autodesk	347	0.63
\$500,000	BNP Paribas 7% Perpetual Bonds	378	0.69
10,500	Cadence Design Systems	383	0.69
9,406	Charles Schwab	334	0.61
5,800	Ecolab	698	1.27
6,100	Eli Lilly	556	1.01
1,428	Equinix	428	0.78
5,649	First Republic Bank	415	0.75

## Sustainable Future Cautious Managed Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED STATES OF AMERICA (continued)</b>			
\$800,000	HSBC Bank 3.12563% Perpetual Floating Rate Notes	432	0.78
1,900	Intuit	312	0.57
5,100	IQVIA	500	0.91
\$200,000	Lloyds Bank 12% Perpetual Bonds	184	0.33
5,200	Nasdaq	348	0.63
4,900	Nike Class 'B' shares	305	0.55
1,300	Palo Alto Networks	212	0.38
4,600	PayPal	310	0.56
5,300	PerkinElmer	365	0.66
\$250,000	Prudential 5.25% Perpetual European Medium Term Notes	180	0.33
2,100	Rockwell Automation	270	0.49
1,600	Roper Industries	344	0.62
2,400	Salesforce.com	277	0.50
\$200,000	SCOR SE 5.25% Perpetual Bonds	127	0.23
2,500	Splunk	237	0.43
7,516	SS&C Technologies	294	0.53
\$200,000	Standard Chartered 7.75% Perpetual Bonds	159	0.29
2,675	Thermo Fisher Scientific	499	0.91
12,100	Trimble Navigation	346	0.63
4,400	Visa	451	0.82
7,300	Waste Connections	463	0.84
<b>Portfolio of investments</b>		<b>50,637</b>	<b>91.84</b>
<b>Net other assets</b>		<b>4,499</b>	<b>8.16</b>
<b>Total net assets</b>		<b>55,136</b>	<b>100.00</b>

All investments are approved securities being either officially listed in a member state or under the rules of an eligible market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

The asset class breakdown of the above portfolio of investments is: Equities 59.84%, Debt Securities 30.11% and Collective Investment Schemes 10.05%.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2018.

Stocks shown as ADRs represent American Depositary Receipts.

\* Related party investment.

† Real Estate Investment Trust (REIT).



## Sustainable Future Cautious Managed Fund (continued)

## Credit Quality

as at 31 January 2019

## Summary of Credit ratings

	31.1.2019 (£'000)	31.1.2018 (£'000)
Investment grade	13,858	4,093
Below Investment grade	1,069	1,141
Not Rated	320	2,785
<b>Total</b>	<b>15,247</b>	<b>8,019</b>

## Sustainable Future Cautious Managed Fund (continued)

### Comparative tables

for the year ended 31 January 2019

Class 2 Net Income Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	128.32	116.49	105.16
Return before operating charges*	2.80	15.67	14.88
Operating charges	(1.19)	(1.21)	(1.14)
Return after operating charges	1.61	14.46	13.74
Distributions	(2.90)	(2.63)	(2.41)
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>127.03</b>	<b>128.32</b>	<b>116.49</b>
After transaction costs of	(0.27)	(0.20)	(0.15)
<b>Performance</b>			
Return after charges	1.25%	12.41%	13.07%
<b>Other information</b>			
Closing net asset value (£'000)	46,752	18,157	5,139
Closing number of shares	36,804,399	14,150,236	4,411,253
Operating charges**	0.92%	0.96%	1.02%
Direct transaction costs	0.21%	0.16%	0.13%
<b>Prices</b>			
Highest share price	133.9	131.6	119.7
Lowest share price	123.3	116.4	99.59

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Cautious Managed Fund (continued)

## Comparative tables (continued)

for the year ended 31 January 2019

Class 3 Net Income Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	129.74	117.38	105.60
Return before operating charges*	2.73	15.67	14.85
Operating charges	(0.69)	(0.66)	(0.64)
Return after operating charges	2.04	15.01	14.21
Distributions	(2.94)	(2.65)	(2.43)
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>128.84</b>	<b>129.74</b>	<b>117.38</b>
After transaction costs of	(0.27)	(0.21)	(0.15)
<b>Performance</b>			
Return after charges	1.57%	12.79%	13.45%
<b>Other information</b>			
Closing net asset value (£'000)	8,383	3,762	1,158
Closing number of shares	6,506,361	2,899,991	986,448
Operating charges**	0.53%	0.52%	0.57%
Direct transaction costs	0.21%	0.16%	0.13%
<b>Prices</b>			
Highest share price	135.6	133.0	120.6
Lowest share price	124.8	117.3	100.0

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Cautious Managed Fund (continued)

### Comparative tables (continued)

for the year ended 31 January 2019

Class Z Net Income Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	130.83	118.11	106.01
Return before operating charges*	2.42	15.68	14.86
Operating charges	(0.22)	(0.29)	(0.32)
Return after operating charges	2.20	15.39	14.54
Distributions	(2.58)	(2.67)	(2.44)
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>130.45</b>	<b>130.83</b>	<b>118.11</b>
After transaction costs of	(0.27)	(0.21)	(0.15)
<b>Performance</b>			
Return after charges	1.68%	13.03%	13.71%
<b>Other information</b>			
Closing net asset value (£'000)	1	13,085	11,812
Closing number of shares	1,000	10,001,000	10,001,000
Operating charges**	0.17%	0.23%	0.28%
Direct transaction costs	0.21%	0.16%	0.13%
<b>Prices</b>			
Highest share price	137.1	134.2	121.3
Lowest share price	125.9	118.0	100.4

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Cautious Managed Fund (continued)

## Statement of Total Return

for the year ended 31 January 2019

	Notes	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
Income					
Net capital (losses)/gains	2		(643)		2,309
Revenue	3	906		599	
Expenses	4	(289)		(125)	
Interest payable and similar charges	6	(1)		—	
Net revenue before taxation		616		474	
Taxation	5	(52)		(56)	
Net revenue after taxation			564		418
<b>Total return before distributions</b>			<b>(79)</b>		<b>2,727</b>
Distributions	7		(798)		(518)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(877)</b>		<b>2,209</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 January 2019

	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Opening net assets attributable to shareholders</b>		<b>35,004</b>		<b>18,109</b>
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	34,880		15,451	
Amounts paid on cancellation of shares	(13,880)		(766)	
		21,000		14,685
Dilution adjustment		9		1
Change in net assets attributable to shareholders from investment activities		(877)		2,209
<b>Closing net assets attributable to shareholders</b>		<b>55,136</b>		<b>35,004</b>

## Sustainable Future Cautious Managed Fund (continued)

### Balance Sheet

as at 31 January 2019

	Notes	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Assets</b>			
<b>Fixed Assets</b>			
Investments		50,637	30,311
<b>Current assets:</b>			
Debtors	8	661	278
Cash and bank balances	9	4,753	4,805
<b>Total other assets</b>		<b>5,414</b>	<b>5,083</b>
<b>Total assets</b>		<b>56,051</b>	<b>35,394</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Distribution payable	10	(604)	(316)
Other creditors	10	(311)	(74)
<b>Total liabilities</b>		<b>(915)</b>	<b>(390)</b>
<b>Net assets attributable to shareholders</b>		<b>55,136</b>	<b>35,004</b>

The notes on pages 57 to 69 form an integral part of these financial statements. The distribution per share is set out in the table on page 70.

## Sustainable Future Cautious Managed Fund (continued)

## Notes to the financial statements

for the year ended 31 January 2019

**1 Accounting policies**

The accounting policies for the Sub-fund are set out on pages 13 to 14.

**2 Net capital (losses)/gains**

	<b>1.2.2018 to 31.1.2019 (£'000)</b>	<b>1.2.2017 to 31.1.2018 (£'000)</b>
Non derivative securities	(587)	2,332
Foreign currency losses	(51)	(14)
Transaction costs	(5)	(9)
<b>Net capital (losses)/gains</b>	<b>(643)</b>	<b>2,309</b>

**3 Revenue**

	<b>1.2.2018 to 31.1.2019 (£'000)</b>	<b>1.2.2017 to 31.1.2018 (£'000)</b>
Bank Interest	2	—
Interest from overseas fixed income securities	73	48
Interest from UK fixed income securities	252	191
Management fee rebates on CIS	10	9
Non-taxable overseas dividends	176	105
Revenue from Liontrust Sustainable Future Corporate Bond Fund	135	111
Stock dividends	3	1
Taxable non-US overseas REIT	19	—
UK dividends	223	128
UK REIT dividends	2	—
US REIT dividends	11	6
<b>Total revenue</b>	<b>906</b>	<b>599</b>

## Sustainable Future Cautious Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 4 Expenses\*

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's fees	234	87
Fixed rate administration fees	33	—
Registration fee	15	23
	<b>282</b>	<b>110</b>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary fee	2	2
Safe custody fee	—	1
	<b>2</b>	<b>3</b>
<b>Other expenses</b>		
Audit fees**	5	9
Accounts printing and postage	(2)	1
Professional service fees	1	1
Other expenses/Sundry expenses	1	1
	<b>5</b>	<b>12</b>
<b>Total expenses</b>	<b>289</b>	<b>125</b>

\* Please refer to page 6 for details of the new fee structure.

\*\* The audit fee for the year, excluding VAT, was £7,700 (2018: £7,500).



## Sustainable Future Cautious Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 5 Taxation

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>a) Analysis of charge in year</b>		
Corporation tax	42	47
Less: Double taxation relief	(4)	—
Overseas tax	13	9
<b>Tax charge</b>	<b>51</b>	<b>56</b>
Deferred tax (see Note 5c)	1	—
<b>Total tax charge for the year (see note 5(b))</b>	<b>52</b>	<b>56</b>

**b) Factors affecting tax charge for the year**

The taxation assessed for the year is lower (2018 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Net revenue before taxation	616	474
Corporation tax at 20% (2018 – 20%)	123	95
<b>Effects of:</b>		
Double taxation relief	(4)	—
Non-taxable overseas dividends	(80)	(48)
Overseas tax	13	9
<b>Total tax charge for year (see note 5(a))</b>	<b>52</b>	<b>56</b>

**c) Deferred tax**

Opening deferred tax balance	—	—
Deferred tax movement for the year (see Note 5a)	1	—
<b>Closing deferred tax</b>	<b>1</b>	<b>—</b>

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

## 6 Interest payable and similar charges

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interest	1	—
<b>Total interest payable and similar charges</b>	<b>1</b>	<b>—</b>

## Sustainable Future Cautious Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 7 Distributions

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interim distribution	363	294
Final distribution	604	316
	<b>967</b>	<b>610</b>
Amounts received on issue of shares	(237)	(97)
Amounts deducted on cancellation of shares	68	5
<b>Net distribution</b>	<b>798</b>	<b>518</b>

#### The distribution amount has been calculated as follows:

Net revenue after taxation for the year	564	418
Expenses taken to capital	289	125
Tax relief on expenses taken to capital	(55)	(25)
<b>Net distribution</b>	<b>798</b>	<b>518</b>

The distribution per share is set out in the table on page 70.

#### 8 Debtors

	31.1.2019 (£'000)	31.1.2018 (£'000)
Accrued revenue	277	141
Amounts receivable on issue of shares	274	110
Foreign currency contracts awaiting settlement	82	—
Overseas withholding tax	18	8
Sales awaiting settlement	10	19
<b>Total debtors</b>	<b>661</b>	<b>278</b>

#### 9 Cash and bank balances

	31.1.2019 (£'000)	31.1.2018 (£'000)
Cash and bank balances	4,753	4,805
<b>Total cash and bank balances</b>	<b>4,753</b>	<b>4,805</b>

## Sustainable Future Cautious Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 10 Creditors

	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Distribution Payable</b>		
Net distribution payable	604	316
	<b>604</b>	<b>316</b>
<b>Other creditors</b>		
Accrued expenses	45	27
Amounts payable on cancellation of shares	37	—
Corporation tax	38	47
Deferred taxation	1	—
Foreign currency contracts awaiting settlement	82	—
Purchases awaiting settlement	108	—
<b>Total creditors</b>	<b>311</b>	<b>74</b>

#### 11 Related party transactions

Liontrust Asset Management Plc is regarded as a controlling party by virtue of being the ultimate parent company of the ACD\*, Liontrust Fund Partners LLP, giving the ability to act in concert in respect of the operations of the Company.

The revenue received from Liontrust Sustainable Future Corporate Bond Fund is shown in note 3.

The ACD's periodic charge and registration fees paid to Liontrust Fund Partners LLP and its associates are shown in note 4, and details of shares issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Net Assets Attributable to Shareholders.

The balance due to/from the ACD at the year end are included within Notes 8 and 10.

The balance due to Liontrust Fund Partners LLP and its associates at the year end was £39,000 (prior year: £15,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £282,000 (prior year: £110,000).

As at 31 January 2019 the Sub-fund held 1.0% (3,090,808 shares with a market value of £3,374,000) of the Class 3 Gross Income shares of the Liontrust Sustainable Future Corporate Bond Sub-fund, a sub fund of the Company. (Prior year: 1.0% (3,090,808 shares with a market value of £3,561,000) of the Class 3 Gross Income shares). This investment is individually identified in the portfolio statement and the revenue is included in note 3.

#### 12 Derivatives and other financial instruments

The risks inherent in the Sub-fund's investment portfolio are as follows:

In pursuing its investment objective and investment policy, the Sub-fund holds a number of financial instruments. These may comprise:

- Investment grade corporate bonds and government bonds (both sterling and non-sterling). These are held in accordance with the Sub-fund's investment policies;
- Sub-investment grade bonds, covered bonds and preference shares;

\* Please refer to page 6 for changes to the ACD. Figures disclose relate to both Liontrust Fund Partners LLP and Liontrust Investments Limited

## Sustainable Future Cautious Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

- Cash, liquid resources and short-term debtors and creditors that arise directly from its operation;
- Shareholders' funds, which represent investors' monies that are invested on their behalf;
- Derivative transactions which the Sub-fund may enter into, the purpose of which is to manage certain aspects of the risks arising from the Sub-fund's investment activities. Currently the Sub-fund utilises interest rate swaps and bond futures to manage interest rate risk, credit default swaps to manage credit exposure and foreign exchange positions to manage currency exposure;
- Short-term borrowings used to finance operational cash flows;
- Derivatives are also used for investment purposes not just to manage risk/exposures.

The main risks arising from the financial instruments are market price (including "emerging markets price risk"), foreign currency, interest rate, liquidity and counterparty credit risk. The ACD reviews the policies for managing each of these risks and they are summarised below.

These policies have remained unchanged since the beginning of the period to which these financial statements relate.

It should be noted that the ACD has a detailed risk management policy which is reviewed and updated, if necessary, periodically. An independent risk function is also present which monitors all relevant risks appropriately.

#### Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

As at 31 January 2019 and 31 January 2018 the overall market exposure for the Sub-fund was as shown in the Portfolio Statement, other than for derivatives and short positions where the exposure could be greater. The Sub-fund is exposed to market price risk as the assets and liabilities of the fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Sub-fund to market price risk is estimated below which shows the expected change in the market value of the Sub-fund when a representative market index changes by 15%. These percentage movements are based on the Investment Adviser's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Sub-fund has previously changed when that corresponding market index has moved taking into account the Sub-fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 January 2019, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 7.4%.

As at 31 January 2018, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 7.7%.

## Sustainable Future Cautious Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Market price risk (continued)

Some limitations of sensitivity analysis are;

- markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

The Sub-fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR). The Sub-fund's global exposure to derivatives at the year-end has been calculated using the Commitment approach.

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statements for the notional values of the forwards and futures contracts.

VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

The Sub-fund did not use derivatives in the year and level of leverage employed by the Sub-fund during the year is not considered to be significant.

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Sub-fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Sub-fund's investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the company's functional and reporting currency.

The ACD has identified three principal areas where foreign currency risk could impact the Sub-fund:

- Movements in exchange rates affecting the value of investments;
- Movements in exchange rates affecting short-term timing differences; and
- Movements in exchange rates affecting the income received.

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific currency risk being identified.

The Sub-fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

The Sub-fund may receive income in currencies other than sterling, and the sterling values of this income can be affected by movements in exchange rates.

## Sustainable Future Cautious Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 12 Derivatives and other financial instruments (continued)

## Currency risk (continued)

At 31 January 2019 the Sub-fund's currency exposure was as shown in the table below:

Currency Profile	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Australian Dollar	—	488	488
Danish Krone	—	330	330
Euro	—	3,263	3,263
Hong Kong Dollar	—	314	314
Japanese Yen	—	1,479	1,479
Norwegian Krone	—	506	506
Swedish Krona	—	304	304
Swiss Franc	—	418	418
US Dollar	—	12,534	12,534
	—	19,636	19,636

At 31 January 2018 the Sub-fund's currency exposure was as shown in the table below:

Currency Profile	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Australian Dollar	—	270	270
Danish Krone	—	184	184
Euro	—	2,624	2,624
Hong Kong Dollar	—	420	420
Japanese Yen	—	1,034	1,034
Norwegian Krone	—	350	350
Swiss Franc	—	173	173
US Dollar	—	7,034	7,034
	—	12,089	12,089

If the exchange rate at 31 January 2019 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Sub-fund by approximately £2,182,000/£(1,785,000) respectively.

If the exchange rate at 31 January 2018 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Fund by approximately £1,343,000/£(1,099,000) respectively.

## Sustainable Future Cautious Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates.

Between 15% and 60% (typically 40%) of the Sub-fund's financial assets will be in interest bearing financial assets and liabilities. As a result the Sub-fund is subject to the risk of potentially adverse movements in the prevailing level of market interest rates. The Investment Adviser may from time to time enter into contracts on behalf of the Sub-fund that seeks to mitigate the effects of these movements.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate linked to LIBOR.

The interest rate risk profile of financial assets and liabilities at 31 January 2019 was as follows:

	Floating Rate Investments (£'000)	Fixed Rate Investments (£'000)	Non Interest Bearing Investments (£'000)	Total £'000)
Investment assets	1,662	13,585	35,390	50,637
Investment liabilities	—	—	—	—

The interest rate risk profile of financial assets and liabilities at 31 January 2018 was as follows:

	Floating Rate Investments (£'000)	Fixed Rate Investments (£'000)	Non Interest Bearing Investments (£'000)	Total £'000)
Investment assets	—	8,019	22,292	30,311
Investment liabilities	—	—	—	—

The Investment Adviser monitors the Sub-fund's interest rate exposure on a daily basis as an integral part of the investment process. In particular the Investment Adviser uses the effective duration of the portfolio to provide a sensitivity analysis of the Sub-fund to the fluctuation in market interest rates.

At 31 January 2019, if interest rates had strengthened/weakened by 1% with all other variables held constant this would have increased/decreased the net assets attributable to investors in the Sub-fund by approximately 6.42%.

At 31 January 2018, if interest rates had strengthened/weakened by 1% with all other variables held constant this would have increased/decreased the net assets attributable to investors in the Sub-fund by approximately 4.16%.

##### Liquidity risk

Liquidity risk is the risk that the Sub-fund will not be able to meet its obligations as they fall due. The Sub-fund's assets comprise wholly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Sub-fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the prospectus. Where investments cannot be realised in time to meet any potential liability, the Sub-fund may borrow up to 10% of its value to ensure settlement.

In accordance with the ACD's policy, the Investment Adviser monitors the Sub-funds' liquidity on a daily basis.

## Sustainable Future Cautious Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Sub-fund are downgraded.

The Sub-fund may enter into transactions in financial instruments (including derivatives) which exposes it to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The analysis on page 51 summarises the credit quality of the Sub-fund debt portfolio as at 31 January 2019 and 31 January 2018.

The Sub-fund will only buy and sell financial instruments through parties that have been approved as acceptable by the ACD. This list is reviewed at least annually.

The Sub-fund may enter into stock lending activities which exposes it to the risk that the counterparty will not deliver the stock or cash after the Sub-fund has fulfilled its obligations. The Sub-fund will only enter into stock lending activities with parties that have been approved as acceptable by the ACD and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

At the balance sheet date, there were no counterparties to open derivative contracts. At the year end collateral of Nil (prior year: Nil) was received; collateral pledged was Nil (prior year: Nil) and none (prior year: none) of the Sub-funds' financial assets were past due or impaired.

The Depositary is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Depositary and Custodian, The Bank of New York Mellon Corporation, as at 31 January 2019 was A (Standard & Poor's rating).

BNYMSA, in the discharge of its delegated Depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of BNYMSA and (ii) all financial instruments that can be physically delivered to BNYMSA. BNYMSA ensures all financial instruments (held in a financial instruments account on the books of BNYMSA) are held in segregated accounts in the name of the Sub-fund, clearly identifiable as belonging to the Sub-fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the Sub-fund on deposit. Such cash is held on the balance sheet of BNYMSA. In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Sub-fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

Insolvency of BNYM and or one of its agents or affiliates may cause the Sub-fund's rights with respect to its assets to be delayed or may result in the Sub-fund not receiving the full value of its assets.



## Sustainable Future Cautious Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### 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 as shown in the table below.

##### Valuation of financial investments

	Assets (£'000)	Liabilities (£'000)
<b>31.1.2019</b>		
Quoted prices for identical instruments in active markets	32,016	—
Valuation techniques using observable data	18,621	—
	<b>50,637</b>	<b>—</b>
<b>31.1.2018</b>		
Quoted prices for identical instruments in active markets	18,732	—
Valuation techniques using observable data	11,579	—
	<b>30,311</b>	<b>—</b>

#### 13 Share movement

For the year ending 31 January 2019

	Opening shares	Shares issued	Shares redeemed	Shares converted	Closing shares
Class 2 Net Income	14,150,236	23,080,643	(426,480)	—	36,804,399
Class 3 Net Income	2,899,991	4,129,907	(523,537)	—	6,506,361
Class Z Net Income	10,001,000	—	(10,000,000)	—	1,000

## Sustainable Future Cautious Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs

For the year ending 31 January 2019

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	24,680	9	0.04	58	0.24
Debt instruments (direct)	13,509	—	—	—	—
Collective investment schemes	1,978	1	0.05	2	0.10
<b>Total purchases</b>	<b>40,167</b>	<b>10</b>		<b>60</b>	
<b>Total purchases including transaction costs</b>	<b>40,237</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	12,664	5	0.04	1	0.01
Debt instruments (direct)	6,212	—	—	—	—
Collective investment schemes	384	—	—	—	—
<b>Total sales</b>	<b>19,260</b>	<b>5</b>		<b>1</b>	
<b>Total sales net of transaction costs</b>	<b>19,254</b>				
<b>Total transaction costs</b>		<b>15</b>		<b>61</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.17%</b>	

## Sustainable Future Cautious Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 14 Portfolio transaction costs (continued)

For the year ending 31 January 2018

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	12,070	14	0.12	23	0.19
Debt instruments (direct)	6,511	—	—	—	—
Collective investment schemes	3,526	—	—	—	—
<b>Total purchases</b>	<b>22,107</b>	<b>14</b>		<b>23</b>	
<b>Total purchases including transaction costs</b>	<b>22,144</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	5,208	5	0.10	—	—
Debt instruments (direct)	2,507	—	—	—	—
Collective investment schemes	2,909	—	—	—	—
<b>Total sales</b>	<b>10,624</b>	<b>5</b>		<b>—</b>	
<b>Total sales net of transaction costs</b>	<b>10,619</b>				
<b>Total transaction costs</b>		<b>19</b>		<b>23</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.07%</b>		<b>0.09%</b>	

The above analysis covers any direct transaction costs suffered by the Sub-fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the Sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Sub-fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Sub-fund's daily liquidity position are excluded from the analysis.

Dealing spread costs suffered by the Sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.26% (2018: 0.24%).

## Sustainable Future Cautious Managed Fund (continued)

### Distribution tables

for the year ended 31 January 2019

#### Final distribution payable in pence per share

Group 1 - Shares purchased prior to 1 August 2018

Group 2 - Shares purchased 1 August 2018 to 31 January 2019

	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Payable 31.3.2019	Distribution Paid 31.3.2018
<b>Income shares</b>				
Class 2 - Group 1	1.3919	—	1.3919	1.1585
Class 2 - Group 2	0.5254	0.8665	1.3919	1.1585
Class 3 - Group 1	1.4111	—	1.4111	1.1701
Class 3 - Group 2	0.6646	0.7465	1.4111	1.1701
Class Z - Group 1	1.3830	—	1.3830	1.1793
Class Z - Group 2	1.3830	0.0000	1.3830	1.1793

#### Interim distribution payable in pence per share

Group 1 - Shares purchased prior to 1 February 2018

Group 2 - Shares purchased 1 February 2018 to 31 July 2018

	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Paid 30.9.2018	Distribution Paid 30.9.2017
<b>Income shares</b>				
Class 2 - Group 1	1.5096	—	1.5096	1.4666
Class 2 - Group 2	0.5693	0.9403	1.5096	1.4666
Class 3 - Group 1	1.5273	—	1.5273	1.4788
Class 3 - Group 2	0.5080	1.0193	1.5273	1.4788
Class Z - Group 1	1.2000	—	1.2000	1.4887
Class Z - Group 2	1.2000	0.0000	1.2000	1.4887

\* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# Sustainable Future Corporate Bond Fund

Report for the year from 1 February 2018 to 31 January 2019

## Investment objective and policy

The Sub-fund aims to achieve a high level of investment income through diversified investment, principally in sterling denominated fixed interest securities issued by corporates, governments and supranational institutions.

Limited investment in non-sterling denominated fixed interest securities may be made from time to time. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

## Sustainable Future Corporate Bond Fund (continued)

### Investment review

#### Market review

The Sustainable Future Corporate Bond Fund returned -1.6% over the period under review, underperforming the IA Sterling Corporate Bond peer group average of -0.2% and the iBoxx Sterling Corporate Index's 0.5% (Source: Financial Express, primary share class, total return, net of fees and interest reinvested, 31.01.2018 to 31.01.2019).

2018 as a whole saw a widespread resurgence of volatility, which resulted in a testing period for markets and offset ongoing resilience in underlying economies and corporate earnings data. The final quarter in particular saw a risk-off tone grip global markets, driven by fears over slowing growth plus the well-worn trio of trade wars, Brexit and tightening monetary policy.

Widespread weakness in credit markets was driven by technicals and sentiment rather than fundamentals in our view, with geopolitical events such as threatened trade wars between China and the US, Italian/EU budget negotiations and Brexit serving to undermine confidence in equities and corporate bonds.

The fact this coincided with heavy corporate bond issuance only helped amplify underperformance in credit, with large new issue premiums on offer to tempt investors back to committing capital to the market. This repriced the secondary curves in individual names and sectors however, compounding moves wider in spreads.

Conversely, January 2019 saw something of a recovery in most markets – although a variety of economic questions remain unresolved. The three-month trade ceasefire between the US and China has come to an end and we wait to see if the two countries can come to an agreement before tariffs are due to rise in March. Meanwhile, a pledge from the Federal Reserve to be patient on rate rises over 2019 was positive for risk assets as the month ended.

Against this backdrop of rising political and trade tensions, our underweight position to interest rate risk was the main negative contributor over the period, particularly in the fourth quarter of 2018 as government bond yields fell in the wake of a flight to safe-haven assets. Over the 12 months under review, 10-year UK Gilt yields hit a low of 1.18% in December 2018, having previously peaked at 1.73%, while lows in 10-year German Bund yields were around 0.15%, having started the period at 0.69%.

Our overweight credit position was also a negative contributor, as spreads widened across investment grade and high yield, even in traditionally defensive sectors such as utilities. This saw stock selection detract from returns, giving back some of the gains from the previous year, particularly within some of our higher-beta subordinated financials holdings.

This was partly offset by strong sector allocation, particularly being underweight banks, and overweight the traditionally defensive telecommunications sector. The portfolio also benefitted from its structural underweights to the utilities, oil and gas, and industrials sectors due to our SRI analysis coupled with our view of an unfavourable risk/reward profile. Companies in these sectors suffered as a result of the downturn in oil prices attributable to a combination of increased supply and weakening demand, exacerbated by concerns around global economic growth.

On the macroeconomic front, fears of a “no deal” Brexit scenario grew as political turmoil engulfed the UK. Prime Minister Theresa May's proposed EU Withdrawal Agreement was met with fierce criticism and several senior ministers resigned, including Brexit Secretary Dominic Raab. On failing to win enough support for the deal, the Prime Minister postponed the Parliamentary vote scheduled for mid-December until January. This decision saw a further loss of support, triggering a vote of no confidence in her leadership of the Conservative Party, although she went on to win with 63% of the votes.

The delayed vote in January saw the proposed Brexit deal emphatically rejected by MPs in the largest ever government defeat in the Commons, although May did win a second vote of no confidence, this time in the government. Despite this setback, a number of follow-up votes have shown a majority of MPs are against a no deal scenario and would in fact back the current deal subject to a renegotiation of the Northern Irish backstop arrangement. The Prime Minister hopes to table “alternative arrangements” to the Irish backstop in mid-February. A range of other proposed amendments were voted down, including Labour-led plans to extend Article 50, and some sort of cross-party arrangement looks necessary to get a deal through.

## Sustainable Future Corporate Bond Fund (continued)

### Investment review (continued)

#### Market review (continued)

Populism has continued to rise throughout 2018, leading to widespread political uncertainty throughout Europe over the period. Nowhere more so than in Italy, where no party achieved a majority in the election and we saw a coalition formed between the populist Five Star Movement and the League. This sparked concerns over Italy's future membership of the EU.

In order to fund its policies, the new government submitted an increased budget to the EU but several of these budget proposals were rejected by the European Commission as they failed to meet required fiscal targets. As a result, Moody's downgraded Italy's sovereign debt one notch to Baa3: critically however, it remains investment grade. Despite the EU accepting a much revised budget proposal from Italy in December, concerns over the country's financial health have not abated.

In the US, midterm elections turned out as anticipated, with the Democrats gaining a majority in the House of Representatives but the Republicans retaining a majority in the Senate. This will make it more difficult for the Trump administration to provide additional fiscal stimulus through further tax cuts.

Despite the political uncertainty highlighted above, tightening monetary policy proved to be a major theme across developed markets in 2018, with the Bank of Japan a notable exception.

The US Federal Reserve led the way raising interest rates four times across the year, as positive economic momentum proved robust against the challenging backdrop. Despite predictions of a further two hikes in 2019, an apparent U-turn in January saw Fed Chair Jerome Powell say "The case for raising rates has weakened somewhat".

He pointed to sluggish inflation, slowing growth in Europe and China, and the possibility of another federal government shutdown, while stressing the Fed's overarching goal to sustain the economic expansion. This change in tone was further emphasised when he added the Bank has "the luxury of patience" in deciding whether to raise rates again.

In the UK, meanwhile, the Bank of England finally announced a long-awaited interest rate rise at the start of August. With so much focus on the rise that never was back in May, the significance of this actual hike perhaps went under the radar a little. After all, it was only the second rise in a decade and takes the level back to the highest since March 2009. Although following this rates remained on hold for the remainder of the year amidst mixed data and pending further Brexit developments.

Not to be left out, the European Central Bank confirmed the end of its quantitative easing programme in December, as promised. However, with data indicating a widespread slowdown in growth, they also reiterated previous guidance that interest rates will remain on hold until at least the summer of 2019. The slowing growth picture has been felt particularly in exports, where there are growing signs of Asian demand cooling.

#### Fund review

Over the last 12 months, we increased exposure to the housing association sector, taking advantage of value opportunities in names with both strong credit and sustainability profiles. Companies in this sector have a strong social mission in providing affordable housing and other social-mobility related assistance to their residents, and as such are strongly exposed to our *Building better homes* theme. Notable additions included Places for People Homes and London & Quadrant Housing Trust.

We also added insurance exposure, including positions in Cloverie (Zurich Insurance), AXA and SCOR and buying back a stake in Allianz – seeing value again following the significant spread widening since we previously sold when we felt the bonds had reached fair value.

Moving through 2018, we continued to take advantage of new issuance, where activity picked up in September following the summer lull, taking the opportunity to invest in new issues from Vodafone, Prudential and Investec. We also initiated a position in BNP Paribas, one of the highest rated banks in Europe.

More recently, much of our activity has focused on repatriating some of our US dollar holdings back into sterling or euro equivalents. Rising hedging costs have resulted in a need for higher spread pick-ups to compensate, while the incremental pick-ups on offer have also been compressing and are now inside longer-term averages.

## Sustainable Future Corporate Bond Fund (continued)

### Investment review (continued)

#### Fund review (continued)

This is combined with increased risk of a no deal Brexit, which would likely see foreign creditors of UK and European-based companies be first to take flight and US dollar denominated debt in these names underperforming against the sterling or euro equivalents as a result. This was the primary driver behind relative value switches within names such as Orange, Telecom Italia and Zurich.

On the interest rate risk front, we have continued to manage our short duration position actively depending on prevailing conditions, varying the allocation between the UK, US and German markets.

Having closed the position due to a lack of conviction stemming from the turbulent nature of Brexit developments, we reinstated a duration short to the UK market in January following the outcome of a number of parliamentary votes we believe have reduced the likelihood of a no deal. We feel the market offers value, with much of the downside risk seemingly priced in and the Bank of England appearing keen to hike policy rates as and when Brexit is resolved. We also have a short position to Germany, as we prefer to express our underweight predominantly through lower-yielding markets.

Similarly, we reinstated a short to the US market towards the end of 2018, having previously closed the position amid growing concerns regarding the Trump administration combined with 10-year Treasury yields breaching the 3% level. However, we believe the market has overreacted to the more dovish tone from the Fed as well as pricing in downside potential from ongoing US-China trade wars and we therefore reinstated a short duration position to the US.

At the end of the period, our duration was two years short relative to the benchmark, expressed through a one-year short to the UK market, as well as 0.5 year shorts to the US and Germany.

Overall, we continue to believe government bonds are overvalued and expect yields to rise as concerns over a no deal Brexit and global trade wars abate.

We believe the macro backdrop for credit remains solid, supported by positive economic growth, low default rates, loose monetary policy and robust trends in corporate earnings. Moreover, valuations now appear attractive, helped by the significant repricing that occurred in 2018 due to the technical and sentiment factors mentioned above. Looking forward, we expect that, as these issues subside, the market focus will shift back to the relatively strong underlying fundamentals and attractive valuations.

Our core sector preferences within insurance and telecoms are supported by attractive valuations and higher credit quality and, although somewhat tempered by supply concerns, remain unchanged over the longer term.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**



## Sustainable Future Corporate Bond Fund (continued)

## Investment review (continued)

## Material portfolio changes by value

## Purchases

Prudential 5.625% Bonds 20/10/2051  
 Orange 8.125% Guaranteed Senior European Medium  
 Term Bonds 20/11/2028  
 Treasury 4.25% Stock 7/6/2032  
 Allianz 5.5% Perpetual  
 AXA 5.453% Subordinated Perpetual Floating Rate Notes  
 Nationwide 4.302% 8/3/2029  
 Vodafone 4.875% Bonds 3/10/2078  
 Treasury 8% Stock 7/6/2021  
 Argentum 3.5% European Medium Term Notes 1/10/2046  
 Southern Gas Networks 3.1% European Medium  
 Term Notes 15/9/2036

## Sales

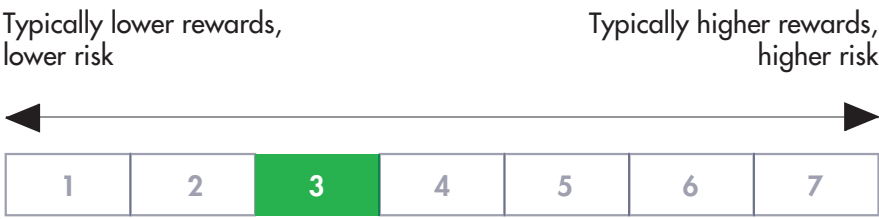
Standard Life 6.75% Guaranteed Perpetual Floating Rate Bonds  
 Orange 9% Guaranteed Senior Bonds 1/3/2031  
 Treasury 4.25% Stock 7/6/2032  
 Prudential 7.75% Perpetual European Medium Term Notes  
 Vodafone 5.9% Guaranteed Senior European Medium  
 Term Bonds 26/11/2032  
 Cloverie for Zurich Insurance 5.625% Bonds 24/6/2046  
 Treasury 8% Stock 7/6/2021  
 Investec Bank 9.625% Subordinated European Medium  
 Term Notes 17/2/2022  
 Hammerson 3.5% Bonds 27/10/2025  
 Aviva 6.125% Floating Rate Bonds 14/11/2036

## Sustainable Future Corporate Bond Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund’s ranking on the risk and reward indicator.



The Sub-fund is ranked at 3 because Sub-funds of this type have experienced low to medium rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund.

- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is therefore a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- The value of these securities will fall if the issuer is unable to repay their debt or has their credit rating reduced. Generally, the higher perceived credit risk of the issuer, the higher the rate of interest.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG<sup>†</sup> grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

<sup>†</sup> Environmental, Social and Governance ("ESG")

## Sustainable Future Corporate Bond Fund (continued)

## Portfolio Statement

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>CAYMAN ISLANDS (3.38%)</b>		<b>18,663</b>	<b>3.73</b>
£5,500,000	Dwr Cymru Financing 2.5% European Medium Term Notes 31/3/2036	5,438	1.09
£3,000,000	Thames Water Utilities Cayman Finance 2.875% European Medium Term Notes 3/5/2027	2,878	0.57
£2,889,000	Thames Water Utilities Cayman Finance 4% Senior Notes 19/6/2025	3,141	0.63
£5,552,000	Yorkshire Water Services Odsal Finance 6.454% Guaranteed Bonds 28/5/2027	7,206	1.44
<b>CHANNEL ISLANDS; JERSEY (2.73%)</b>		<b>14,250</b>	<b>2.85</b>
£5,750,000	CPUK Finance 3.588% Notes 28/2/2042	6,022	1.20
\$6,300,000	HBOS Capital Funding 6.85% Perpetual Bonds	4,795	0.96
£3,100,000	Porterbrook Rail Finance 4.625% Senior European Medium Term Notes 4/4/2029	3,433	0.69
<b>FRANCE (7.61%)</b>		<b>49,262</b>	<b>9.85</b>
£13,600,000	AXA 5.453% Subordinated Perpetual Floating Rate Notes	14,192	2.84
\$7,000,000	BNP Paribas 7% Perpetual Bonds	5,288	1.06
£7,900,000	BPCE 5.25% Subordinated Notes 16/4/2029	9,153	1.83
£10,500,000	Orange 8.125% Guaranteed Senior European Medium Term Bonds 20/11/2028	15,281	3.05
\$8,400,000	SCOR SE 5.25% Perpetual Bonds	5,348	1.07
<b>GERMANY (0.00%)</b>		<b>7,541</b>	<b>1.51</b>
\$10,200,000	Allianz 5.5% Perpetual	7,541	1.51
<b>IRELAND; REPUBLIC OF (2.82%)</b>		<b>4,908</b>	<b>0.98</b>
£1,500,000	Lambay Capital Securities 6.25% Perpetual Subordinated European Medium Term Notes†	28	0.01
£5,000,000	Student Finance 2.6663% Senior Notes 30/9/2024	4,880	0.97
<b>ITALY (1.15%)</b>		<b>4,734</b>	<b>0.95</b>
£4,700,000	Assicurazioni Generali 6.269% Guaranteed Perpetual Subordinated Floating Rate Bonds	4,734	0.95
<b>LUXEMBOURG (0.00%)</b>		<b>9,075</b>	<b>1.82</b>
£5,769,000	Aroundtown 3.25% European Medium Term Notes 18/7/2027	5,615	1.12
€ 1,500,000	Hellas Telecommunications II 0% Subordinated Floating Rate Notes 15/1/2015†	3	0.01
€ 3,300,000	Telecom Italia Finance 7.75% European Medium Term Notes 24/1/2033	3,457	0.69

## Sustainable Future Corporate Bond Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>NETHERLANDS (6.11%)</b>		<b>39,903</b>	<b>7.98</b>
£5,550,000	Aegon 6.625% Guaranteed Senior European Medium Term Bonds 16/12/2039	8,581	1.72
€ 8,000,000	Argentum 3.5% European Medium Term Notes 1/10/2046	7,503	1.50
£2,850,000	Deutsche Telekom International Finance 8.875% Guaranteed Bonds 27/11/2028	4,302	0.86
\$8,400,000	Deutsche Telekom International Finance 9.25% Bonds 1/6/2032	9,091	1.82
£9,450,000	Rabobank 4.625% Subordinated European Medium Term Notes 23/5/2029	10,426	2.08
<b>SPAIN (0.80%)</b>			
<b>UNITED KINGDOM (68.38%)</b>		<b>313,737</b>	<b>62.75</b>
£4,600,000	3i 5.75% European Medium Term Notes 3/12/2032	5,624	1.12
£6,333,000	Annington Funding 3.184% European Medium Term Notes 12/7/2029	6,266	1.25
£5,450,000	Aviva 6.125% Floating Rate Bonds 14/11/2036	6,052	1.21
£4,800,000	Aviva 6.875% Guaranteed Subordinated Floating Rate European Medium Term Bonds 20/5/2058	5,811	1.16
£8,005,000	British Telecommunications 3.125% European Medium Term Notes 21/11/2031	7,845	1.57
£2,933,000	British Telecommunications 5.75% Guaranteed Senior Bonds 7/12/2028	3,599	0.72
£5,000,000	Bunzl Finance 2.25% Bonds 11/6/2025	4,881	0.98
£5,000,000	Cadent Finance 2.125% European Medium Term Notes 22/9/2028	4,787	0.96
£4,000,000	Cardiff University 3% Bonds 7/12/2055	4,353	0.87
£7,250,000	Close Brothers 4.25% Bonds 24/1/2027	7,524	1.50
£4,100,000	Compass 3.85% Senior European Medium Term Notes 26/6/2026	4,631	0.93
£5,121,000	Dignity Finance 4.6956% Notes 31/12/2049	4,568	0.91
£5,440,000	Direct Line Insurance 4.75% Perpetual Bonds	4,425	0.88
£5,250,000	Eversholt Funding 3.529% European Medium Term Notes 7/8/2042	5,031	1.01
£2,750,000	GlaxoSmithKline Capital 4.25% European Medium Term Bonds 18/12/2045	3,406	0.68
£2,350,000	GlaxoSmithKline Capital 5.25% Guaranteed European Medium Term Bonds 19/12/2033	3,099	0.62
£3,642,809	Greater Gabbard 4.137% Senior Notes 29/11/2032	4,100	0.82
£3,500,000	Hammerson 3.5% Bonds 27/10/2025	3,472	0.69
£2,500,000	HSBC 7% Guaranteed Subordinated European Medium Term Bonds 7/4/2038	3,487	0.70
\$8,350,000	HSBC Bank 3.1256% Perpetual Floating Rate Note	4,509	0.90
£4,850,000	InterContinental Hotels 3.75% European Medium Term Notes 14/8/2025	5,060	1.01
£4,177,000	Intu (SGS) Finance 4.25% European Medium Term Notes 17/9/2035	3,826	0.76
£4,706,000	Investec Bank 4.25% European Medium Term Notes 24/7/2028	4,576	0.92
£4,200,000	Legal & General 5.5% Subordinated Floating Rate European Medium Term Notes 27/6/2064	4,303	0.86

## Sustainable Future Corporate Bond Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED KINGDOM (continued)</b>			
£2,700,000	Legal & General Finance 5.875% Guaranteed European Medium Term Bonds 5/4/2033	3,670	0.73
£5,745,000	Liberty Living Finance 3.375% Bonds 28/11/2029	5,634	1.13
\$3,000,000	Lloyds Bank 12% Perpetual Bonds	2,759	0.55
£2,000,000	Lloyds Bank 13% Perpetual Floating Rate Subordinated Bonds	3,282	0.66
£4,500,000	London & Quadrant Housing Trust 2.625% Bonds 28/2/2028	4,496	0.90
£3,000,000	Mitchells & Butlers Finance 6.469% Guaranteed Asset Backed Bonds 15/9/2032	3,269	0.65
£2,500,000	Motability Operations 3.625% European Medium Term Notes 10/3/2036	2,832	0.57
£5,000,000	Motability Operations 3.75% European Medium Term Notes 16/7/2026	5,591	1.12
£5,000,000	National Express 2.5% European Medium Term Notes 11/11/2023	4,931	0.99
£3,500,000	Next 3.625% Bonds 18/5/2028	3,496	0.70
£6,650,000	NGG Finance 5.625% Floating Rate Notes 18/6/2073	7,115	1.42
£5,000,000	Notting Hill Genesis 2.875% Bonds 31/1/2029	5,002	1.00
£4,800,000	Notting Hill Housing Trust 3.75% Bonds 20/12/2032	5,139	1.03
£4,000,000	Places for People Homes 5.875% European Medium Term Notes 23/5/2031	4,873	0.97
£4,000,000	Prudential 5% European Medium Term Notes 20/7/2055	4,198	0.84
£16,000,000	Prudential 5.625% Bonds 20/10/2051	16,739	3.35
\$9,400,000	Royal Bank of Scotland 6.1% Bonds 10/6/2023	7,495	1.50
£5,500,000	Segro 2.375% Bonds 11/10/2029	5,281	1.06
£4,240,000	Severn Trent Water Utilities 6.25% Guaranteed Bonds 7/6/2029	5,585	1.12
£4,000,000	Society of Lloyd's 4.875% Bonds 7/2/2047	4,138	0.83
£3,643,000	South Eastern Power Networks 6.375% Guaranteed Senior European Medium Term Bonds 12/11/2031	5,009	1.00
£6,000,000	Southern Gas Networks 3.1% European Medium Term Notes 15/9/2036	6,011	1.20
£4,000,000	Spirit Issuer 5.472% Guaranteed Senior Floating Rate Bonds 28/12/2034	4,163	0.83
£4,250,000	SSE 8.375% Guaranteed Senior Bonds 20/11/2028	6,234	1.25
£4,400,000	Stagecoach 4% Bonds 29/9/2025	4,509	0.90
£13,700,000	Standard Chartered 5.125% Subordinated European Medium Term Notes 6/6/2034	15,528	3.10
£1,800,000	TC Dudgeon Ofco 3.158% Bonds 12/11/2038	1,861	0.37
£5,659,000	Transport for London 2.125% Bonds 24/4/2025	5,788	1.16
£4,400,000	Travis Perkins 4.5% Bonds 7/9/2023	4,401	0.88
£2,600,000	Treasury 8% Stock 7/6/2021	3,037	0.61
£3,850,000	University of Liverpool 3.375% Bonds 25/6/2055	4,533	0.91
£5,600,000	Virgin Media Secured Finance 6.25% Guaranteed Senior Notes 28/3/2029	5,750	1.15
£8,000,000	Vodafone 4.875% Bonds 3/10/2078	7,683	1.54
£6,000,000	Western Power Distribution 6% European Medium Term Notes 9/5/2025	7,242	1.45

## Sustainable Future Corporate Bond Fund (continued)

### Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED KINGDOM (continued)</b>			
£6,294,000	WM Morrison Supermarkets 4.75% European Medium Term Notes 4/7/2029	7,185	1.44
£4,500,000	Yorkshire Building Society 3.375% European Medium Term Notes 13/9/2028	4,043	0.81
<b>UNITED STATES OF AMERICA (4.82%)</b>		<b>31,328</b>	<b>6.27</b>
£9,000,000	AT&T 7% Guaranteed Senior European Medium Term Bonds 30/4/2040	12,878	2.58
\$12,000,000	Nationwide 4.302% 8/3/2029	8,900	1.78
£9,400,000	Verizon Communications 3.375% Bonds 27/10/2036	9,550	1.91
<b>FORWARD EXCHANGE CONTRACTS (1.14%)</b>			
<b>STERLING (1.23%)</b>		<b>1,680</b>	<b>0.34</b>
£11,036,925	Buy Sterling 28/02/19, Sell €12,450,000	169	0.04
£57,017,612	Buy Sterling 28/02/19, Sell \$73,100,000	1,511	0.30
<b>US DOLLAR ((0.09)%)</b>			
<b>FUTURES (0.50%)</b>		<b>(3,428)</b>	<b>(0.69)</b>
(260)	Euro-Bund Future March 2019	(776)	(0.16)
(275)	Long Gilt Future March 2019	(300)	(0.06)
(335)	US 10 Year Ultra Future March 2019	(1,225)	(0.24)
(700)	US 5 Year Note (CBT) Future March 2019	(1,127)	(0.23)
<b>Portfolio of investments</b>		<b>491,653</b>	<b>98.34</b>
<b>Net other assets</b>		<b>8,288</b>	<b>1.66</b>
<b>Total net assets</b>		<b>499,941</b>	<b>100.00</b>

All investments are approved securities being either officially listed in a member state or under the rules of an eligible market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2018.

† Delisted securities.

## Sustainable Future Corporate Bond Fund (continued)

## Credit Quality

## Summary of Credit ratings

	31.1.2019 (£'000)	31.1.2018 (£'000)
Investment grade	376,912	340,740
Below Investment grade	48,364	45,072
Not Rated	68,125	76,941
<b>Total</b>	<b>493,401</b>	<b>462,753</b>

## Sustainable Future Corporate Bond Fund (continued)

### Comparative tables

for the year ended 31 January 2019

Class 2 Net Income Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	85.08	81.86	76.46
Return before operating charges*	(0.61)	6.81	8.16
Operating charges	(0.51)	(0.51)	(0.49)
Return after operating charges	(1.12)	6.30	7.67
Distributions	(3.12)	(3.08)	(2.27)
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>80.84</b>	<b>85.08</b>	<b>81.86</b>
After transaction costs of	(0.01)	(0.01)	(0.01)
<b>Performance</b>			
Return after charges	(1.32)%	7.70%	10.03%
<b>Other information</b>			
Closing net asset value (£'000)	150,365	126,454	93,886
Closing number of shares	185,999,417	148,632,756	114,689,271
Operating charges**	0.62%	0.60%	0.60%
Direct transaction costs	0.01%	0.01%	0.01%
<b>Prices</b>			
Highest share price	84.54	86.75	86.25
Lowest share price	79.30	82.03	74.90

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.



## Sustainable Future Corporate Bond Fund (continued)

## Comparative tables (continued)

for the year ended 31 January 2019

Class 3 Net Income Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	113.40	109.12	101.92
Return before operating charges*	(0.81)	9.06	10.81
Operating charges	(0.36)	(0.36)	(0.35)
Return after operating charges	(1.17)	8.70	10.46
Distributions	(4.48)	(4.42)	(3.26)
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>107.75</b>	<b>113.40</b>	<b>109.12</b>
After transaction costs of	(0.01)	(0.01)	(0.01)
<b>Performance</b>			
Return after charges	(1.03)%	7.97%	10.26%
<b>Other information</b>			
Closing net asset value (£'000)	344,634	343,457	188,986
Closing number of shares	319,841,382	302,873,111	173,197,701
Operating charges**	0.33%	0.32%	0.32%
Direct transaction costs	0.01%	0.01%	0.01%
<b>Prices</b>			
Highest share price	112.7	115.7	115.0
Lowest share price	105.7	109.3	99.85

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Corporate Bond Fund (continued)

### Comparative tables (continued)

for the year ended 31 January 2019

Class 6 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	133.87	124.25	112.88
Return before operating charges*	(0.93)	10.41	12.76
Operating charges	(0.82)	(0.79)	(0.72)
Return after operating charges	(1.75)	9.62	12.04
Distributions	(4.99)	(4.75)	(3.36)
Retained distributions on accumulation shares	4.99	4.75	2.69
<b>Closing net asset value per share</b>	<b>132.12</b>	<b>133.87</b>	<b>124.25</b>
After transaction costs of	(0.01)	(0.01)	(0.01)
<b>Performance</b>			
Return after charges	(1.31)%	7.74%	10.67%
<b>Other information</b>			
Closing net asset value (£'000)	4,942	3,235	2,000
Closing number of shares	3,740,594	2,416,777	1,609,513
Operating charges**	0.62%	0.60%	0.60%
Direct transaction costs	0.01%	0.01%	0.01%
<b>Prices</b>			
Highest share price	133.0	135.3	129.1
Lowest share price	128.4	124.5	110.6

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Corporate Bond Fund (continued)

## Statement of Total Return

for the year ended 31 January 2019

	Notes	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
Income					
Net capital (losses)/gains	2		(22,236)		17,032
Revenue	3	19,997		17,925	
Expenses	4	(2,032)		(1,686)	
Interest payable and similar charges	6	(760)		(915)	
Net revenue before taxation		17,205		15,324	
Taxation	5	(60)		—	
Net revenue after taxation			17,145		15,324
<b>Total return before distributions</b>			<b>(5,091)</b>		<b>32,356</b>
Distributions	7		(19,512)		(16,792)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(24,603)</b>		<b>15,564</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 January 2019

	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Opening net assets attributable to shareholders</b>		<b>473,146</b>		<b>402,737</b>
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	67,885		73,420	
Amounts paid on cancellation of shares	(16,654)		(18,724)	
		51,231		54,696
Dilution Adjustment		—		55
Change in net assets attributable to shareholders from investment activities		(24,603)		15,564
Retained distribution on accumulation shares		167		94
<b>Closing net assets attributable to shareholders</b>		<b>499,941</b>		<b>473,146</b>

## Sustainable Future Corporate Bond Fund (continued)

## Balance Sheet

as at 31 January 2019

	Notes	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Assets</b>			
<b>Fixed Assets</b>			
Investments		495,081	471,272
<b>Current assets:</b>			
Debtors	8	10,418	14,437
Cash and bank balances	9	4,821	3,161
<b>Total other assets</b>		<b>15,239</b>	<b>17,598</b>
<b>Total assets</b>		<b>510,320</b>	<b>488,870</b>
<b>Liabilities</b>			
Investment liabilities		(3,428)	(784)
<b>Creditors:</b>			
Amounts due to future clearing houses and brokers		—	(2,351)
Bank overdrafts		(207)	—
Distribution Payable	10	(4,985)	(4,437)
Other creditors	10	(1,759)	(8,152)
<b>Total other liabilities</b>		<b>(6,951)</b>	<b>(14,940)</b>
<b>Total liabilities</b>		<b>(10,379)</b>	<b>(15,724)</b>
<b>Net assets attributable to shareholders</b>		<b>499,941</b>	<b>473,146</b>

The notes on pages 87 to 99 form an integral part of these financial statements. The distribution per share is set out in the table on pages 100 to 101.

## Sustainable Future Corporate Bond Fund (continued)

**Notes to the financial statements**

for the year ended 31 January 2019

**1 Accounting policies**

The accounting policies for the Sub-fund are set out on pages 13 to 14.

**2 Net capital (losses)/gains**

	<b>1.2.2018 to 31.1.2019 (£'000)</b>	<b>1.2.2017 to 31.1.2018 (£'000)</b>
Non-derivative contracts	(11,087)	5,617
Derivative contracts	(3,696)	3,907
Forward currency contracts	(6,151)	8,141
Foreign currency losses	(1,297)	(621)
Rebate of expenses*	2	4
Transaction costs	(7)	(16)
<b>Net capital (losses)/gains</b>	<b>(22,236)</b>	<b>17,032</b>

**3 Revenue**

	<b>1.2.2018 to 31.1.2019 (£'000)</b>	<b>1.2.2017 to 31.1.2018 (£'000)</b>
Bank interest	6	—
Interest from overseas fixed income securities	5,812	5,556
Interest from UK fixed income securities	13,998	12,214
Income on bond futures	181	155
<b>Total revenue</b>	<b>19,997</b>	<b>17,925</b>

\* Rebate of expenses represent the cap applied to the operating charge figure.

## Sustainable Future Corporate Bond Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 4 Expenses\*

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's fees	1,751	1,523
Fixed rate administration fees	167	—
Registration fee	80	106
	<b>1,998</b>	<b>1,629</b>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary fee	26	41
Safe custody fee	17	24
	<b>43</b>	<b>65</b>
<b>Other expenses</b>		
Audit fees**	7	9
Accounts printing and postage	(2)	2
Rebate of expenses***	(14)	(19)
	<b>(9)</b>	<b>(8)</b>
<b>Total expenses</b>	<b>2,032</b>	<b>1,686</b>

\* Please refer to page 6 for details of the new fee structure.

\*\* The audit fee for the year, excluding VAT, was £8,650 (2018: £8,400).

\*\*\* Rebate of expenses represent the cap applied to the operating charge figure.

## Sustainable Future Corporate Bond Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 5 Taxation

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>a) Analysis of charge in year</b>		
Overseas tax	60	—
<b>Total tax charge for the year (see note 5(b))</b>	<b>60</b>	<b>—</b>

**b) Factors affecting tax charge for the year**

The taxation assessed for the year is lower (2018 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Net revenue before taxation	17,205	15,324
Corporation tax at 20% (2018 – 20%)	3,441	3,065
<b>Effects of:</b>		
Overseas tax	60	—
Tax deductible interest distributions	(3,914)	(3,358)
Add: transfer to capital re amortisation/accretion	473	293
<b>Total tax charge for year (see note 5(a))</b>	<b>60</b>	<b>—</b>

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

## 6 Interest payable and similar charges

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Credit default swaps	—	6
Interest	60	16
Return from short position bond futures	700	893
<b>Total interest payable and similar charges</b>	<b>760</b>	<b>915</b>

## Sustainable Future Corporate Bond Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 7 Distributions

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
1st interim distribution	4,649	3,687
2nd interim distribution	5,089	4,613
3rd interim distribution	4,980	4,301
Final distribution	5,032	4,466
	<b>19,750</b>	<b>17,067</b>
Amounts received on issue of shares	(310)	(362)
Amounts deducted on cancellation of shares	72	87
<b>Net distribution</b>	<b>19,512</b>	<b>16,792</b>
<b>The distribution amount has been calculated as follows:</b>		
Net revenue after taxation for the year	17,145	15,324
Effective Interest	2,367	1,468
<b>Net distribution</b>	<b>19,512</b>	<b>16,792</b>

The distribution per share is set out in the table on pages 100 to 101.

## 8 Debtors

	31.1.2019 (£'000)	31.1.2018 (£'000)
Accrued revenue	7,996	7,212
Amounts receivable on issue of shares	868	566
Foreign currency contracts awaiting settlement	—	3,318
Rebate of expenses	37	21
Sales awaiting settlement	1,517	3,320
<b>Total debtors</b>	<b>10,418</b>	<b>14,437</b>



## Sustainable Future Corporate Bond Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 9 Cash and bank balances

	31.1.2019 (£'000)	31.1.2018 (£'000)
Amount held at futures clearing houses and brokers	2,909	—
Cash and bank balances	1,912	3,161
<b>Total cash and bank balances</b>	<b>4,821</b>	<b>3,161</b>

## 10 Creditors

	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Distribution Payable</b>		
Net distribution payable	4,985	4,437
	<b>4,985</b>	<b>4,437</b>

	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Other creditors</b>		
Accrued expenses	194	166
Amounts payable on cancellation of shares	69	6
Foreign currency contracts awaiting settlement	—	3,305
Purchases awaiting settlement	1,496	4,675
<b>Total creditors</b>	<b>1,759</b>	<b>8,152</b>

## 11 Related party transactions

Liontrust Asset Management Plc is regarded as a controlling party by virtue of being the ultimate parent company of the ACD\*, Liontrust Fund Partners LLP, giving the ability to act in concert in respect of the operations of the Company.

The ACDs periodic charge and registration fees paid to Liontrust Fund Partners LLP and its associates are shown in note 4, and details of shares issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Net Assets Attributable to Shareholders.

The balance due to/from the ACD at the year end are included within Notes 8 and 10.

The balance due to Liontrust Fund Partners LLP and its associates at the year end was £187,000 (prior year: £148,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £1,997,000 (prior year: £1,628,000).

The total rebate of expenses paid by Liontrust Fund Partners LLP and its associates for the year was £16,000 (prior year: £23,000).

\*Please refer to page 6 for changes to the ACD. Figures disclose relate to both Liontrust Fund Partners LLP and Liontrust Investments Limited

## Sustainable Future Corporate Bond Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 11 Related party transactions (continued)

The Liontrust Sustainable Future Cautious Managed Fund held 1.0% of the Class 3 Gross Income shares in the Liontrust Sustainable Future Corporate Bond Fund (prior year: 1.0% of the Class 3 Gross Income shares).

The Liontrust Sustainable Future Defensive Managed Fund held 1.1% of the Class 3 Gross Income shares in the Liontrust Sustainable Future Corporate Bond Fund (prior year: 1.1% of the Class 3 Gross Income shares).

The Liontrust Sustainable Future Managed Fund held 13.9% of the Class 3 Gross Income shares in the Liontrust Sustainable Future Corporate Bond Fund (prior year: 14.7% of the Class 3 Gross Income shares).

#### 12 Derivatives and other financial instruments

The risks inherent in the Sub-fund's investment portfolio are as follows:

In pursuing its investment objective and investment policy, the Sub-fund holds a number of financial instruments. These may comprise:

- Equity shares, equity related shares, non-equity shares and debt securities. These are held in accordance with the Sub-fund's investment policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operation;
- Shareholders' funds, which represent investors' monies that are invested on their behalf;
- Derivative transactions which the Sub-fund may enter into, the purpose of which is to manage certain aspects of the risks arising from the Sub-fund's investment activities.
- Short-term borrowings used to finance operational cash flows;
- Derivatives are also used for investment purposes not just to manage risk/exposures.

The main risks arising from the financial instruments are market price (including "emerging markets price risk"), foreign currency, interest rate, liquidity and counterparty credit risk. The ACD reviews the policies for managing each of these risks and they are summarised below.

These policies have remained unchanged since the beginning of the period to which these financial statements relate.

It should be noted that the ACD has a detailed risk management policy which is reviewed and updated, if necessary, periodically. An independent risk function is also present which monitors all relevant risks appropriately.

#### Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

## Sustainable Future Corporate Bond Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Market price risk (continued)

As at 31 January 2019 and 31 January 2018 the overall market exposure for the Sub-fund was as shown in the Portfolio Statement, other than for derivatives and short positions where the exposure could be greater. The Sub-fund is exposed to market price risk as the assets and liabilities of the fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Sub-fund to market price risk is estimated below which shows the expected change in the market value of the Sub-fund when a representative market index changes by 15%. These percentage movements are based on the Investment Adviser's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Sub-fund has previously changed when that corresponding market index has moved taking into account the Sub-fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 January 2019, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 14.3%.

As at 31 January 2018, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 13.4%.

Some limitations of sensitivity analysis are;

- markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

The Sub-fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR). The Sub-fund's global exposure to derivatives at the year-end has been calculated using the Commitment approach.

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statements for the notional values of the forwards and futures contracts.

VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

The Sub-fund did use derivatives in the year including a number of bond futures. The level of Market Exposure in the fund as at year end as measured by the Commitment Approach described above was 24.6% (prior year: 32.8%).

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Sub-fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Sub-fund's investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the company's functional and reporting currency.

## Sustainable Future Corporate Bond Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 12 Derivatives and other financial instruments (continued)

## Currency risk (continued)

The ACD has identified three principal areas where foreign currency risk could impact the Sub-fund:

- Movements in exchange rates affecting the value of investments;
- Movements in exchange rates affecting short-term timing differences; and
- Movements in exchange rates affecting the income received.

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific currency risk being identified.

The Sub-fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

The Sub-fund may receive income in currencies other than sterling, and the sterling values of this income can be affected by movements in exchange rates.

At 31 January 2019 the Sub-fund's currency exposure was as shown in the table below:

Currency	Net Foreign Currency Assets/(Liabilities)		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Euro	1,674	(595)	1,079
US Dollar	2,938	(1,283)	1,655
	<b>4,612</b>	<b>(1,878)</b>	<b>2,734</b>

At 31 January 2018 the Sub-fund's currency exposure was as shown in the table below:

Currency	Net Foreign Currency Assets/(Liabilities)		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Euro	169	298	467
US Dollar	(521)	(82)	(603)
	<b>(352)</b>	<b>216</b>	<b>(136)</b>

If the exchange rate at 31 January 2019 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Sub-fund by approximately £304,000/£(249,000) respectively.

If the exchange rate at 31 January 2018 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have decreased or increased net assets attributable to holders of shares of the Fund by approximately £(15,000)/£12,000 respectively.

## Sustainable Future Corporate Bond Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates.

The majority of the Sub-fund's financial assets are interest bearing financial assets and liabilities. As a result the Sub-fund is subject to the risk of potentially adverse movements in the prevailing level of market interest rates. The Investment Adviser may from time to time enter into contracts on behalf of the Sub-fund that seeks to mitigate the effects of these movements.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate linked to LIBOR.

The interest rate risk profile of financial assets and liabilities at 31 January 2019 was as follows:

	Floating Rate Investments (£'000)	Fixed Rate Investments (£'000)	Non Interest Bearing Investments (£'000)	Total £'000)
Investment assets	54,164	439,237	1,680	495,081
Investment liabilities	—	—	(3,428)	(3,428)

The interest rate risk profile of financial assets and liabilities at 31 January 2018 was as follows:

	Floating Rate Investments (£'000)	Fixed Rate Investments (£'000)	Non Interest Bearing Investments (£'000)	Total £'000)
Investment assets	—	462,753	8,519	471,272
Investment liabilities	—	—	(784)	(784)

The Investment Adviser monitors the Sub-funds interest rate exposure on a daily basis as an integral part of the investment process. In particular the Investment Adviser uses the effective duration of the portfolio to provide a sensitivity analysis of the Sub-fund to the fluctuation in market interest rates.

At 31 January 2019, if interest rates had strengthened/weakened by 1% with all other variables held constant this would have increased/decreased the net assets attributable to investors in the Sub-fund by approximately 5.88%.

At 31 January 2018, if interest rates had strengthened/weakened by 1% with all other variables held constant this would have increased/decreased the net assets attributable to investors in the Fund by approximately 6.28%.

## Sustainable Future Corporate Bond Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Liquidity risk

Liquidity risk is the risk that the Sub-fund will not be able to meet its obligations as they fall due. The Sub-fund's assets comprise wholly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Sub-fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the prospectus. Where investments cannot be realised in time to meet any potential liability, the Sub-fund may borrow up to 10% of its value to ensure settlement.

In accordance with the ACD's policy, the Investment Adviser monitors the Sub-funds' liquidity on a daily basis.

##### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Sub-fund are downgraded.

The Sub-fund may enter into transactions in financial instruments (including derivatives) which exposes it to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The analysis on page 81 summarises the credit quality of the Sub-fund debt portfolio as at 31 January 2019 and 31 January 2018.

The Sub-fund will only buy and sell financial instruments through parties that have been approved as acceptable by the ACD. This list is reviewed at least annually.

The Sub-fund may enter into stock lending activities which exposes it to the risk that the counterparty will not deliver the stock or cash after the Sub-fund has fulfilled its obligations. The Sub-fund will only enter into stock lending activities with parties that have been approved as acceptable by the ACD and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

The Depositary is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch (BNYMSA) as its global custodian. The long term credit rating of the parent company of the Depositary and Custodian, The Bank of New York Mellon Corporation, as at 31 January 2019 was A (Standard & Poor's rating).

BNYMSA, in the discharge of its delegated Depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of BNYMSA and (ii) all financial instruments that can be physically delivered to BNYMSA. BNYMSA ensures all financial instruments (held in a financial instruments account on the books of BNYMSA) are held in segregated accounts in the name of the Sub-fund, clearly identifiable as belonging to the Sub-fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the Sub-fund on deposit. Such cash is held on the balance sheet of BNYMSA. In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Sub-fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

Insolvency of BNYM and or one of its agents or affiliates may cause the Sub-fund's rights with respect to its assets to be delayed or may result in the Sub-fund not receiving the full value of its assets.

## Sustainable Future Corporate Bond Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Counterparty exposures

The counterparty exposure of financial derivative transactions is shown below:

Counterparty details Financial Derivative Transactions	Forward Foreign Exchange Contracts (£'000)	Futures (£'000)	Total Exposure (£'000)
Bank of New York Mellon	1,680	—	1,680
UBS	—	(3,428)	(3,428)

At the balance sheet date, there was one counterparty to open derivative contracts at the balance sheet date which was UBS Limited. At the year-end collateral of Nil (prior year: Nil) was received; collateral pledged was £2,840,252 (prior year: £3,241,753) and none (prior year: none) of the Sub-funds' financial assets were past due or impaired.

##### 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 as shown in the table below.

##### Valuation of financial investments

	Assets (£'000)	Liabilities (£'000)
<b>31.1.2019</b>		
Quoted prices for identical instruments in active markets	—	(3,428)
Valuation techniques using observable market data	495,050	—
Valuation techniques using non-observable market data	31	—
	<b>495,081</b>	<b>(3,428)</b>
	Assets (£'000)	Liabilities (£'000)
<b>31.1.2018</b>		
Quoted prices for identical instruments in active markets	2,713	(342)
Valuation techniques using observable market data	468,523	(442)
Valuation techniques using non-observable market data *	36	—
	<b>471,272</b>	<b>(784)</b>

\* The Fund held 1.3 million shares in ERC Ireland Finance valued at nil.

## Sustainable Future Corporate Bond Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 13 Share movement

For the year ending 31 January 2019

	Opening shares	Shares issued	Shares redeemed	Shares converted	Closing shares
Class 2 Net Income	148,632,756	42,474,438	(5,055,180)	(52,597)	185,999,417
Class 3 Net Income	302,873,111	27,727,968	(10,759,697)	—	319,841,382
Class 6 Net Accumulation	2,416,777	1,842,014	(550,921)	32,724	3,740,594

#### 14 Portfolio transaction costs

For the year ending 31 January 2019

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Debt instruments (direct)	208,878	—	—	—	—
<b>Total purchases</b>	<b>208,878</b>	<b>—</b>		<b>—</b>	
<b>Total purchases including transaction costs</b>	<b>208,878</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Debt instruments (direct)	164,774	—	—	—	—
<b>Total sales</b>	<b>164,774</b>	<b>—</b>		<b>—</b>	
<b>Total sales net of transaction costs</b>	<b>164,774</b>				
<b>Derivative transaction costs</b>		<b>50</b>		<b>—</b>	
<b>Total transaction costs</b>		<b>50</b>		<b>—</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.01%</b>		<b>0.00%</b>	



## Sustainable Future Corporate Bond Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs (continued)

For the year ending 31 January 2018

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Debt instruments (direct)	248,095	—	—	—	—
<b>Total purchases</b>	<b>248,095</b>	<b>—</b>		<b>—</b>	
<b>Total purchases including transaction costs</b>	<b>248,095</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Debt instruments (direct)	181,454	—	—	—	—
<b>Total sales</b>	<b>181,454</b>	<b>—</b>		<b>—</b>	
<b>Total sales net of transaction costs</b>	<b>181,454</b>				
<b>Derivative transaction costs</b>		<b>44</b>		<b>—</b>	
<b>Total transaction costs</b>		<b>44</b>		<b>—</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.01%</b>		<b>0.00%</b>	

The above analysis covers any direct transaction costs suffered by the Sub-fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

For the Sub-fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Sub-fund's daily liquidity position are excluded from the analysis.

During the year the Sub-fund utilised derivative instruments including credit default swaps and futures covering different underlying asset classes. The settlement values for opening and closing derivative positions are not comparable to principal values for transactions in direct holding investments and therefore purchase and sale amounts for derivative transactions are not quantified in the analysis above. Transaction costs for derivatives positions will be either suffered as direct costs or form part of the dealing spread for the instruments. Any direct costs are identified in the analysis above.

Dealing spread costs suffered by the Sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.75% (2018: 0.74%).

## Sustainable Future Corporate Bond Fund (continued)

### Distribution tables

for the year ended 31 January 2019

#### Final distribution payable in pence per share

Group 1 - Shares purchased prior to 1 November 2018

Group 2 - Shares purchased 1 November 2018 to 31 January 2019

	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Payable 31.3.2019	Distribution Paid 31.3.2018
<b>Accumulation shares</b>				
Class 6 - Group 1	1.2464	—	1.2464	1.1885
Class 6 - Group 2	0.5212	0.7252	1.2464	1.1885
<b>Income Shares</b>				
Class 2 - Group 1	0.7724	—	0.7724	0.7615
Class 2 - Group 2	0.4064	0.3660	0.7724	0.7615
Class 3 - Group 1	1.1093	—	1.1093	1.0912
Class 3 - Group 2	0.5756	0.5337	1.1093	1.0912

#### Third Interim distribution payable in pence per share

Group 1 - Shares purchased prior to 1 August 2018

Group 2 - Shares purchased 1 August 2018 to 31 October 2018

	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Paid 31.12.2018	Distribution Paid 31.12.2017
<b>Accumulation shares</b>				
Class 6 - Group 1	1.2527	—	1.2527	1.2006
Class 6 - Group 2	0.6872	0.5655	1.2527	1.2006
<b>Income Shares</b>				
Class 2 - Group 1	0.7780	—	0.7780	0.7718
Class 2 - Group 2	0.3574	0.4206	0.7780	0.7718
Class 3 - Group 1	1.1206	—	1.1206	1.1063
Class 3 - Group 2	0.7549	0.3657	1.1206	1.1063
Class 9 - Group 1**	—	—	—	1.0766
Class 9 - Group 2**	—	—	—	1.0766

\* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

\*\* Share class closed with effect from 31 October 2017.

## Sustainable Future Corporate Bond Fund (continued)

### Distribution tables (continued)

for the year ended 31 January 2019

#### Second Interim distribution payable in pence per share

Group 1 - Shares purchased prior to 1 May 2018

Group 2 - Shares purchased 1 May 2018 to 31 July 2018

	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Paid 30.9.2018	Distribution Paid 30.9.2017
<b>Accumulation shares</b>				
Class 6 - Group 1	1.2919	—	1.2919	1.3064
Class 6 - Group 2	0.6298	0.6621	1.2919	1.3064
<b>Income Shares</b>				
Class 2 - Group 1	0.8113	—	0.8113	0.8526
Class 2 - Group 2	0.4427	0.3686	0.8113	0.8526
Class 3 - Group 1	1.1596	—	1.1596	1.2175
Class 3 - Group 2	0.7374	0.4222	1.1596	1.2175
Class 9 - Group 1**	—	—	—	1.1875
Class 9 - Group 2**	—	—	—	1.1875

#### First Interim distribution payable in pence per share

Group 1 - Shares purchased prior to 1 February 2018

Group 2 - Shares purchased 1 February 2018 to 30 April 2018

	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Paid 30.6.2018	Distribution Paid 30.6.2017
<b>Accumulation shares</b>				
Class 6 - Group 1	1.2017	—	1.2017	1.0589
Class 6 - Group 2	0.5453	0.6564	1.2017	1.0589
<b>Income Shares</b>				
Class 2 - Group 1	0.7609	—	0.7609	0.6962
Class 2 - Group 2	0.3578	0.4031	0.7609	0.6962
Class 3 - Group 1	1.0906	—	1.0906	1.0069
Class 3 - Group 2	0.5289	0.5617	1.0906	1.0069
Class 9 - Group 1**	—	—	—	0.9821
Class 9 - Group 2**	—	—	—	0.9821

\* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

\*\* Share class closed with effect from 31 October 2017.

# Sustainable Future Defensive Managed Fund

Report for the year from 1 February 2018 to 31 January 2019

## Investment objective and policy

The Sub-fund aims to achieve income and some long term capital appreciation through diversified investment within and across global securities markets.

Allocations to bonds, equities and cash will vary over time depending on market circumstances. Equity selections will be based on price and long term total return prospects. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may also invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Note: Typically, 45% of the Net Asset Value of the Sub-fund will be invested in global equities and 55% in bonds and cash.

## Sustainable Future Defensive Managed Fund (continued)

### Investment review

#### Fund review

The Sustainable Future Defensive Managed fund returned 0.7% over the 12 months under review, outperforming the IA Mixed Investment 20-60% Shares sector average of -2.5% (Source: Financial Express, primary share class, total return, net of fees and income & interest reinvested, 31.01.18 to 31.01.19).

In terms of asset allocation over the period, we started 2018 overweight credit and underweight Gilts, with neutral positions in equities and cash after reducing our overweight equity position in December 2017.

Over the first quarter, we twice added to equities from cash and finished March overweight equities and credit and underweight cash and Gilts. Asset Allocation was marginally negative over the period as Gilts were the best-performing asset class and risk assets performed poorly overall in a weak market.

Moving through the year, we cut the equity overweight back in Q3 and used the proceeds to increase our overweight in credit, seeing risks building over the following six to 12 months.

Asset allocation was flat over the final part of 2018, with our underweight government position a negative contributor as yields fell amid a general flight to safety, but this was offset by our overweight cash position. We remain neutrally weighted on equities and overweight corporate bonds.

Stronger holdings included Eli Lilly, which remains the highest growth large pharma company in the industry, achieving this through new innovation in areas such as diabetes and inflammation. During the fourth quarter, the company held an analyst day, providing better than expected 2019 and 2020 sales guidance.

Ecolab also featured among the top contributors, a global leader in products that look to cut use of important resources, particularly water, for clients across the world. By cutting water and energy use, it also reduces costs for customers and has a reputation for great service and product innovation. Ecolab is a strong fit for our *Improving the management of water* theme: it has a very defensive business model and was one of the few companies able to grow earnings over the downturn in 2009.

American Tower has been another strong name, particularly amid the tough fourth quarter, continuing to see demand for wireless telecommunication capacity in the US, as well as Brazil and India. In the modern digital economy, customers demand greater and greater connectivity on mobile devices. American Tower is a beneficiary of our theme of *Connecting people*: this demand is secular, not cyclical, and it has therefore performed well in difficult market conditions.

Elsewhere, Intuit and IQVIA also registered a strong year, with both also highlighted in our six-month review back in August.

US technology firm Intuit – part of our *Increasing financial resilience* theme – continues to be driven by its two market-leading products. Quickbooks is undergoing a transformation as the offering moves from a subscription to a cloud-based model, ensuring the addressable market within small and medium businesses is expanding. The firm's turbo tax product is also experiencing super-normal growth, as it provides small businesses and individuals with software to help navigate the dreaded annual tax return. Both are simple, cost-effective products for small businesses and individuals.

IQVIA is another healthcare name and the company is the result of two leading healthcare businesses merging back in 2016: Quintiles was the global market leader in the Contract Research Organisation (CRO) business, essentially the outsourcing of clinical trials by pharmaceutical and biotechnology companies, while IMS was the leader in purchasing script information from drug companies, then collating this data and selling it back to drug manufacturers.

IQVIA is bringing digital technology and scale to an area of the global healthcare system that is inefficient, currently wasting both time and money. Its new product offerings have the potential to change the competitive landscape, which can benefit patients, manufacturers and shareholders alike.

## Sustainable Future Defensive Managed Fund (continued)

### Investment review (continued)

#### Fund review (continued)

Moving to the weaker names, Prudential has been a poor performer throughout the year and we suspect the shares have been dragged down due to concerns over a slowdown in China, likely exacerbated by the ongoing trade war with the US. The underlying business, however, continues to perform well and one of the key attractions for us is that Prudential is providing insurance to people who have never had it in countries where there is less state support.

Over the coming years, we expect the increase in book value to more than compensate for the more recent fall in multiple and also believe there is considerable re-rating opportunity should macro concerns in Asia dissipate.

Banca Generali also detracted from performance, reflecting a volatile political period in Italy. None of the news was specific to the company's fundamentals or competitive positioning however and we continue to believe in our thesis of excellent customer service resulting in high retention rates and strong asset inflows. We also remain confident in the strength of the balance sheet.

Slowing economic growth and concerns about trade wars meant a challenging year for several holdings within our *Increasing auto safety* theme, including Valeo and Hella. While we remain confident in the trend towards safer cars, Valeo in particular is struggling to convert this into profitable growth and we therefore decided to exit the stock. We note the company has continued to underperform significantly after our exit.

With Hella, we remain confident in the prospects for this lighting technology, electronics components and computer systems producer over the longer term. While a cyclical slowdown will affect demand in 2019, the structural trend will drive sales beyond this and as long-term investors, we see the stock as among the best in class in the sector and were encouraged to see it back among positive contributors in January.

Finally, Prysmian also featured among the weaker holdings over the year. We like the company for its leadership position in connectivity, which includes highly technical deep sea projects, but problems at one of these projects in the UK, the Western Link project, resurfaced and drove a profit warning in June.

In the past, Prysmian's management has been able to contain and resolve project issues after initial mistakes so we are confident it can do so again – but these can be costly, prolonged problems so we are watching the situation closely. Later in the year, the company also reported a slowdown in its submarine business, which includes offshore wind, in the first half of 2018 due to the postponement of some large projects until the end of the year and into 2019.

#### Market review

We saw two sizeable corrections during the year – in early February and then Red October (and much of the period afterwards) – and investors are clearly starting to consider their position in anticipation of more challenging times ahead, particularly as many central banks move to 'normalise' policy.

Q4 in particular saw a risk-off tone grip global markets as volatility returned to the fore, driven by fears over slowing growth plus the well-worn trio of trade, Brexit and tightening monetary policy. January saw something of a recovery in most markets – although a variety of economic questions remain unresolved. The three-month trade ceasefire between the US and China is now over and we wait to see if the countries can come to an agreement before tariffs are due to rise in March. Meanwhile a pledge from the Federal Reserve to be patient on rate rises over 2019 was positive for risk assets as the month ended.

A US/Chinese trade war remains an important risk. Free trade tends to benefit all those involved, and given it involves the world's two largest economies, global momentum is sure to slow. Tariffs tend to be both economically contractionary and inflationary, a toxic combination when the latter is again becoming an issue for central banks.

The Federal Reserve is therefore in a tricky place. Wage growth is healthy and accelerating, unemployment is below 4%, and inflation is rising. This is a prudent time to normalise interest rates. A trade war accelerates inflationary pressure, while increasing the risk of an abrupt economic slowdown and it is this risk markets reacted to so abruptly.

Despite the political uncertainty highlighted, tightening monetary policy proved to be a major theme across developed markets in 2018, with the Bank of Japan a notable exception.

## Sustainable Future Defensive Managed Fund (continued)

### Investment review (continued)

#### Market review (continued)

The US Federal Reserve led the way, raising interest rates four times across the year as positive economic momentum proved robust against the challenging backdrop. Despite predictions of a further two hikes in 2019 however, an apparent U-turn in January saw Fed Chair Jerome Powell says the Bank has “the luxury of patience” in deciding whether to raise again.

In the UK, meanwhile, the Bank of England finally announced a long-awaited interest rate rise at the start of August. With so much focus on the rise that never was back in May, the significance of this actual hike perhaps went under the radar a little. After all, it was only the second rise in a decade and takes the level back to the highest since March 2009. Although following this rates remained on hold for the remainder of the year amidst mixed data and pending further Brexit developments.

Not to be left out, the European Central Bank confirmed the end of its quantitative easing programme in December, as promised. However, with data indicating a widespread slowdown in growth, they also reiterated previous guidance that interest rates will remain on hold until at least the summer of 2019. The slowing growth picture has been felt particularly in exports, where there are growing signs of Asian demand cooling.

We continue to stress that while these issues dominate the news, underlying business fundamentals for the areas of the global market in which we invest remain strong. Important structural dynamics, such as the shift to a digital economy, the drive to improve efficiency and the importance of improving quality of life, also continue to drive earnings.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

#### Material portfolio changes by value

##### Purchases

Treasury 3.75% Gilts 7/9/2019  
 Treasury 5% Stock 7/3/2025  
 Treasury 4.5% Stock 7/12/2042  
 Treasury 4.25% Loan Stock 7/12/2055  
 Treasury 3.75% Gilts 7/9/2021  
 Treasury 6% Gilts 7/12/2028  
 Prudential 5.625% Bonds 20/10/2051  
 Direct Line Insurance 4.75% Perpetual Bonds  
 Greencoat UK Wind  
 Prudential

##### Sales

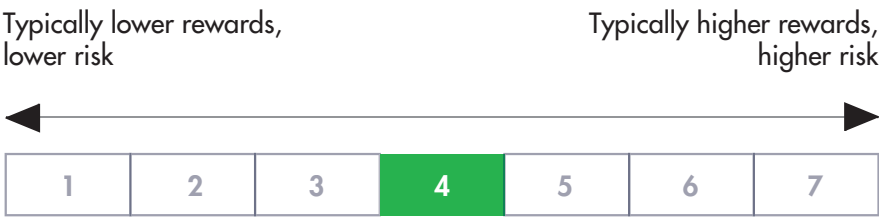
Treasury 3.75% Gilts 7/9/2019  
 Standard Life 6.75% Guaranteed Perpetual Bonds  
 Jardine Lloyd Thompson  
 Royal Bank Of Scotland 5.5% Perpetual Bonds  
 Close Brothers 4.25% Bonds 24/1/2027  
 Legal & General 5.375% European Medium Term Notes 27/10/2045  
 Kerry class 'A' shares  
 Orange 9% Guaranteed Senior Bonds 1/3/2031  
 Treasury 5% Gilts 7/3/2018  
 Compass

## Sustainable Future Defensive Managed Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund’s ranking on the risk and reward indicator.



The Sub-fund is ranked at 4 because Sub-funds of this type have experienced average rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Investments in emerging markets may involve a higher element of risk due to less well regulated markets and political and economic instability.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG<sup>†</sup> grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

<sup>†</sup> Environmental, Social and Governance ("ESG").



## Sustainable Future Defensive Managed Fund (continued)

## Portfolio Statement

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>AUSTRALIA (0.67%)</b>	<b>522</b>	<b>0.64</b>
4,840	CSL	522	0.64
	<b>CAYMAN ISLANDS (1.00%)</b>		
	<b>CHANNEL ISLANDS; GUERNSEY (0.67%)</b>	<b>2,060</b>	<b>2.51</b>
662,635	John Laing Environmental Assets	722	0.88
553,808	NextEnergy Solar Fund	631	0.77
599,326	Renewables Infrastructure	707	0.86
	<b>CHANNEL ISLANDS; JERSEY (0.00%)</b>	<b>452</b>	<b>0.55</b>
358,718	GCP Infrastructure Investments Fund	452	0.55
	<b>DENMARK (0.46%)</b>	<b>425</b>	<b>0.52</b>
10,425	Ringkjoebing Landbobank	425	0.52
	<b>FRANCE (0.43%)</b>		
	<b>GERMANY (1.47%)</b>	<b>1,171</b>	<b>1.43</b>
9,464	Hella	326	0.40
6,193	Henkel non-voting preference shares	458	0.56
22,877	Infineon Technologies	387	0.47
	<b>HONG KONG (0.00%)</b>	<b>340</b>	<b>0.41</b>
446,165	China Everbright International	340	0.41
	<b>IRELAND; REPUBLIC OF (2.49%)</b>	<b>1,823</b>	<b>2.23</b>
4,815	Kerry class 'A' shares	377	0.46
29,733	Kingspan	931	1.14
23,418	Smurfit Kappa	515	0.63
	<b>ITALY (0.76%)</b>	<b>309</b>	<b>0.38</b>
17,230	Banca Generali	309	0.38

## Sustainable Future Defensive Managed Fund (continued)

### Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>JAPAN (2.58%)</b>	<b>1,921</b>	<b>2.34</b>
854	Canadian Solar Infrastructure Fund	574	0.70
5,400	Daikin	444	0.54
800	Keyence	311	0.38
2,625	Shimano	279	0.34
7,900	TechnoPro	313	0.38
	<b>LUXEMBOURG (0.00%)</b>	<b>210</b>	<b>0.26</b>
€200,000	Telecom Italia Finance 7.75% European Medium Term Notes 24/1/2033	210	0.26
	<b>NETHERLANDS (0.47%)</b>	<b>608</b>	<b>0.74</b>
2,502	ASML	334	0.41
6,000	InterXion	274	0.33
	<b>NORWAY (0.75%)</b>	<b>511</b>	<b>0.62</b>
22,006	DNB	296	0.36
61,171	Norsk Hydro	215	0.26
	<b>SPAIN (0.45%)</b>	<b>503</b>	<b>0.61</b>
23,477	Cellnex Telecom	503	0.61
	<b>SWEDEN (0.00%)</b>	<b>452</b>	<b>0.55</b>
54,767	Svenska Handelsbanken series 'A' shares	452	0.55
	<b>SWITZERLAND (0.44%)</b>	<b>441</b>	<b>0.54</b>
2,183	Roche	441	0.54
	<b>UNITED KINGDOM (55.93%)</b>	<b>49,898</b>	<b>60.91</b>
76,636	3i	651	0.79
£200,000	3i 5.75% Guaranteed Senior European Medium Term Bonds 3/12/2032	245	0.30
65,028	Abcam	860	1.05

## Sustainable Future Defensive Managed Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED KINGDOM (continued)</b>			
£600,000	Annington Funding 3.184% European Medium Term Notes 12/7/2029	594	0.73
£500,000	Assicurazioni Generali 6.269% Guaranteed Perpetual Subordinated Floating Rate Bonds	504	0.62
£400,000	AT&T 4.375% Bonds 14/9/2029	433	0.53
£150,000	AT&T 7% Guaranteed Senior European Medium Term Bonds 30/4/2040	215	0.26
£540,000	Aviva 6.125% Floating Rate Bonds 14/11/2036	600	0.73
£500,000	AXA 5.453% Subordinated Perpetual Floating Rate Notes	522	0.64
£362,000	AXA 6.6862% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds	406	0.50
£500,000	British Telecommunications 5.75% Guaranteed Senior Bonds 7/12/2028	613	0.75
£600,000	Bunzl Finance 2.25% Bonds 11/6/2025	586	0.72
47,509	Compass	774	0.94
£400,000	Compass 2% European Medium Term Notes 5/9/2025	402	0.49
£500,000	CPUK Finance 3.69% European Medium Term Notes 28/2/2047	505	0.62
133,314	Crest Nicholson	503	0.61
13,330	Croda International	643	0.78
43,880	CVS	176	0.21
£300,000	Deutsche Telekom International Finance 8.875% Guaranteed Bonds 27/11/2028	453	0.55
62,816	DFS Furniture	146	0.18
£690,000	Direct Line Insurance 4.75% Perpetual Bonds	561	0.68
£650,000	Dwr Cymru Financing 2.5% European Medium Term Notes 31/3/2036	643	0.78
74,484	GlaxoSmithKline	1,100	1.34
£600,000	GlaxoSmithKline Capital 5.25% Guaranteed European Medium Term Bonds 19/12/2033	791	0.97
647,616	Greencoat UK Wind	867	1.06
4,046	GW Pharmaceuticals ADR (each representing 12 ordinary share)	439	0.54
57,588	Hargreaves Lansdown	940	1.15
80,695	Informa	546	0.67
10,698	Intertek	525	0.64
468,057	IP	496	0.61
10,246	Keller	53	0.06
207,310	Legal & General	538	0.66
£700,000	Legal & General 5.125% Bonds 14/11/2048	725	0.89
£575,000	Liberty Living Finance 3.375% Bonds 28/11/2029	564	0.69

## Sustainable Future Defensive Managed Fund (continued)

### Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED KINGDOM (continued)</b>			
3,446,803	Liontrust Sustainable Future Corporate Bond Fund*	3,762	4.59
19,482	London Stock Exchange	892	1.09
£600,000	NGG Finance 5.625% Floating Rate Notes 18/6/2073	642	0.78
£600,000	Notting Hill Genesis 2.875% Bonds 31/1/2029	600	0.73
£550,000	Orange 8.125% Guaranteed Senior European Medium Term Bonds 20/11/2028	800	0.98
98,647	Paragon	409	0.50
20,881	Pennon	159	0.19
£500,000	Places for People Homes 5.875% European Medium Term Notes 23/5/2031	609	0.74
90,630	Porvair	412	0.50
453,203	PRS REIT	441	0.54
64,362	Prudential	956	1.17
£1,000,000	Prudential 5.625% Bonds 20/10/2051	1,046	1.28
£700,000	Rabobank 4.625% Subordinated European Medium Term Notes 23/5/2029	772	0.94
41,175	RELX	694	0.85
123,930	Rightmove	585	0.71
32,989	Sage	207	0.25
£600,000	Santander 7.375% Perpetual Bonds	617	0.75
400,880	SDCL Energy Efficiency Income Trust	400	0.49
£400,000	Severn Trent Water Utilities 6.25% Guaranteed Bonds 7/6/2029	527	0.64
25,029	Softcat	174	0.21
167,262	Sophos	564	0.69
30,091	St. James's Place Capital	282	0.34
33,575	Standard Chartered	206	0.25
£700,000	Standard Chartered 5.125% Subordinated European Medium Term Notes 6/6/2034	793	0.97
£290,000	Treasury 2.5% Bonds 22/7/2065	373	0.46
£1,560,000	Treasury 3.75% Gilts 7/9/2019	1,587	1.94
£1,609,000	Treasury 3.75% Gilts 7/9/2021	1,731	2.11
£1,059,000	Treasury 4.25% Loan Stock 7/12/2055	1,817	2.22
£582,000	Treasury 4.25% Stock 7/6/2032	780	0.95
£1,159,000	Treasury 4.5% Stock 7/12/2042	1,794	2.19
£549,000	Treasury 4.75% Stock 7/12/2030	754	0.92
£1,130,000	Treasury 5% Stock 7/3/2025	1,400	1.71
£612,000	Treasury 6% Gilts 7/12/2028	884	1.08

## Sustainable Future Defensive Managed Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED KINGDOM (continued)</b>			
12,003	Unilever	478	0.58
£500,000	Verizon Communications 3.375% Bonds 27/10/2036	508	0.62
£200,000	Virgin Media Secured Finance 6.25% Guaranteed Senior Notes 28/3/2029	205	0.25
£500,000	Vodafone 4.875% Bonds 3/10/2078	480	0.59
£750,000	Western Power Distribution 3.5% Bonds 16/10/2026	758	0.93
£460,000	WM Morrison Supermarkets 4.75% European Medium Term Notes 4/7/2029	525	0.64
46,184	Xeros Technology	7	0.01
£500,000	Yorkshire Water Services Odsal Finance 6.454% Guaranteed Bonds 28/5/2027	649	0.79
<b>UNITED STATES OF AMERICA (17.42%)</b>		<b>13,999</b>	<b>17.09</b>
1,900	Adobe Systems	358	0.44
3,200	Alexion Pharmaceuticals	299	0.36
\$1,000,000	Allianz 5.5% Perpetual	739	0.90
500	Alphabet class 'A' shares	428	0.52
5,100	American Tower class 'A' shares	671	0.82
4,000	Autodesk	448	0.55
10,200	Cadence Design Systems	372	0.45
13,636	Charles Schwab	485	0.59
6,200	Ecolab	746	0.91
6,500	Eli Lilly	592	0.72
1,521	Equinix	455	0.56
5,414	First Republic Bank	398	0.49
\$1,000,000	HSBC Bank 3.125% Perpetual Floating Rate Notes	540	0.66
2,200	Intuit	361	0.44
7,000	IQVIA	686	0.84
\$250,000	Lloyds Bank 12% Perpetual Bonds	230	0.28
6,000	Nasdaq	402	0.49
5,600	Nike class 'B' shares	349	0.43
2,200	Palo Alto Networks	359	0.44
5,500	PayPal	371	0.45
5,400	PerkinElmer	371	0.45
\$300,000	Prudential 5.25% Perpetual European Medium Term Notes	216	0.26
3,200	Rockwell Automation	412	0.50
2,200	Roper Industries	474	0.58
2,900	Salesforce.com	335	0.41
\$400,000	SCOR SE 5.25% Perpetual Bonds	255	0.31

## Sustainable Future Defensive Managed Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED STATES OF AMERICA (continued)</b>			
2,500	Splunk	237	0.29
6,696	SS&C Technologies	262	0.32
\$200,000	Standard Chartered 7.75% Perpetual Bonds	159	0.19
2,877	Thermo Fisher Scientific	537	0.66
14,500	Trimble Navigation	415	0.51
5,100	Visa	523	0.64
8,100	Waste Connections	514	0.63
<b>Portfolio of investments</b>		<b>75,645</b>	<b>92.33</b>
<b>Net other assets</b>		<b>6,282</b>	<b>7.67</b>
<b>Total net assets</b>		<b>81,927</b>	<b>100.00</b>

All investments are approved securities being either officially listed in a member state or under the rules of an eligible market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

The asset class breakdown of the above portfolio of investments is: Equities 48.71%, Debt Securities 42.78% and Collective Investment Schemes 8.51%.

Note: comparative figures show percentages for each category of holding at 31 January 2018.

\* Related Party Investment.

## Credit Quality

## Summary of Credit ratings

	31.1.2019 (£'000)	31.1.2018 (£'000)
Investment grade	30,380	5,617
Below Investment grade	1,982	1,397
Not Rated	—	4,822
<b>Total</b>	<b>32,362</b>	<b>11,836</b>

## Sustainable Future Defensive Managed Fund (continued)

## Comparative tables

for the year ended 31 January 2019

Class 2 Net Income Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	124.65	114.68	104.92
Return before operating charges*	2.26	13.67	13.24
Operating charges	(1.15)	(1.18)	(1.12)
Return after operating charges	1.11	12.49	12.12
Distributions	(2.73)	(2.52)	(2.36)
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>123.03</b>	<b>124.65</b>	<b>114.68</b>
After transaction costs of	(0.25)	(0.17)	(0.14)
<b>Performance</b>			
Return after charges	0.89%	10.89%	11.55%
<b>Other information</b>			
Closing net asset value (£'000)	69,858	22,685	7,725
Closing number of shares	56,781,521	18,198,379	6,736,961
Operating charges**	0.92%	0.96%	1.01%
Direct transaction costs	0.20%	0.14%	0.13%
<b>Prices</b>			
Highest share price	129.1	127.7	117.6
Lowest share price	120.4	114.6	100.4

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Defensive Managed Fund (continued)

### Comparative tables (continued)

for the year ended 31 January 2019

Class 3 Net Income Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	126.06	115.57	105.38
Return before operating charges*	2.19	13.66	13.20
Operating charges	(0.67)	(0.63)	(0.64)
Return after operating charges	1.52	13.03	12.56
Distributions	(2.77)	(2.54)	(2.37)
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>124.81</b>	<b>126.06</b>	<b>115.57</b>
After transaction costs of	(0.26)	(0.17)	(0.14)
<b>Performance</b>			
Return after charges	1.21%	11.27%	11.92%
<b>Other information</b>			
Closing net asset value (£'000)	12,068	3,834	992
Closing number of shares	9,668,796	3,041,649	857,949
Operating charges**	0.53%	0.51%	0.57%
Direct transaction costs	0.20%	0.14%	0.13%
<b>Prices</b>			
Highest share price	130.8	129.2	118.5
Lowest share price	121.9	115.5	100.8

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.



## Sustainable Future Defensive Managed Fund (continued)

## Comparative tables (continued)

for the year ended 31 January 2019

Class Z Net Income Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	127.08	116.25	105.75
Return before operating charges*	1.91	13.66	13.18
Operating charges	(0.20)	(0.27)	(0.30)
Return after operating charges	1.71	13.39	12.88
Distributions	(2.39)	(2.56)	(2.38)
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>126.40</b>	<b>127.08</b>	<b>116.25</b>
After transaction costs of	(0.26)	(0.17)	(0.14)
<b>Performance</b>			
Return after charges	1.35%	11.52%	12.18%
<b>Other information</b>			
Closing net asset value (£'000)	1	12,709	11,626
Closing number of shares	1,000	10,001,000	10,001,000
Operating charges**	0.16%	0.22%	0.27%
Direct transaction costs	0.20%	0.14%	0.13%
<b>Prices</b>			
Highest share price	132.0	130.2	119.1
Lowest share price	122.9	116.1	101.2

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Defensive Managed Fund (continued)

### Statement of Total Return

for the year ended 31 January 2019

	Notes	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
Income					
Net capital (losses)/gains	2		(822)		2,211
Revenue	3	1,224		666	
Expenses	4	(405)		(153)	
Interest payable and similar charges	6	(4)		—	
Net revenue before taxation		815		513	
Taxation	5	(77)		(67)	
Net revenue after taxation			738		446
<b>Total return before distributions</b>			<b>(84)</b>		<b>2,657</b>
Distributions	7		(1,065)		(568)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(1,149)</b>		<b>2,089</b>

### Statement of change in net assets attributable to shareholders

for the year ended 31 January 2019

	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Opening net assets attributable to shareholders</b>		<b>39,228</b>		<b>20,343</b>
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	57,126		18,264	
Amounts paid on cancellation of shares	(13,297)		(1,471)	
		43,829		16,793
Dilution adjustment		19		3
Change in net assets attributable to shareholders from investment activities		(1,149)		2,089
<b>Closing net assets attributable to shareholders</b>		<b>81,927</b>		<b>39,228</b>

## Sustainable Future Defensive Managed Fund (continued)

## Balance Sheet

as at 31 January 2019

	Notes	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Assets</b>			
<b>Fixed Assets</b>			
Investments		75,645	33,733
<b>Current assets:</b>			
Debtors	8	1,338	357
Cash and bank balances	9	6,129	5,588
<b>Total other assets</b>		<b>7,467</b>	<b>5,945</b>
<b>Total assets</b>		<b>83,112</b>	<b>39,678</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Distribution payable	10	(880)	(362)
Other creditors	10	(305)	(88)
<b>Total liabilities</b>		<b>(1,185)</b>	<b>(450)</b>
<b>Net assets attributable to shareholders</b>		<b>81,927</b>	<b>39,228</b>

The notes on pages 118 to 131 form an integral part of these financial statements. The distribution per share is set out in the table on page 132.

## Sustainable Future Defensive Managed Fund (continued)

## Notes to the financial statements

for the year ended 31 January 2019

**1 Accounting policies**

The accounting policies for the Sub-fund are set out on pages 13 to 14.

**2 Net capital (losses)/gains**

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Non-derivative securities	(760)	2,232
Foreign currency losses	(56)	(11)
Transaction costs	(6)	(10)
<b>Net capital (losses)/gains</b>	<b>(822)</b>	<b>2,211</b>

**3 Revenue**

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Bank interest	3	—
Interest from overseas fixed income securities	106	65
Interest from UK fixed income securities	435	253
Management fee rebates on CIS	11	9
Non-taxable overseas dividends	198	103
Revenue from Liontrust Sustainable Future Corporate Bond Fund	149	115
Stock dividends	3	1
Taxable overseas dividends	26	—
UK dividends	277	114
UK REIT dividends	3	—
US REIT dividends	13	6
<b>Total revenue</b>	<b>1,224</b>	<b>666</b>

## Sustainable Future Defensive Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 4 Expenses\*

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's fees	329	112
Fixed rate administration fees	49	—
Registration fee	19	26
	<b>397</b>	<b>138</b>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary fee	3	3
Safe custody fee	1	1
	<b>4</b>	<b>4</b>
<b>Other expenses</b>		
Audit fees**	5	9
Other expenses/Sundry expenses	(1)	2
	<b>4</b>	<b>11</b>
<b>Total expenses</b>	<b>405</b>	<b>153</b>

\* Please refer to page 6 for details of the new fee structure.

\*\* The audit fee for the year, excluding VAT, was £7,700 (2018: £7,500).

## Sustainable Future Defensive Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 5 Taxation

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>a) Analysis of charge in year</b>		
Corporation tax	66	59
Less: Double taxation relief	(4)	(1)
Overseas tax	14	9
<b>Tax charge</b>	<b>76</b>	<b>67</b>
Deferred tax (see Note 5c)	1	—
<b>Total tax charge for the year (see note 5(b))</b>	<b>77</b>	<b>67</b>

**b) Factors affecting tax charge for the year**

The taxation assessed for the year is lower (2018 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Net revenue before taxation	815	513
Corporation tax at 20% (2018 – 20%)	163	103
<b>Effects of:</b>		
Double taxation relief	(4)	(1)
Overseas tax	14	9
Revenue not subject to tax	(96)	(44)
<b>Total tax charge for year (see note 5(a))</b>	<b>77</b>	<b>67</b>

**c) Deferred tax**

Opening deferred tax balance	—	—
Deferred tax movement for the year (see Note 5a)	1	—
<b>Closing deferred tax balance</b>	<b>1</b>	<b>—</b>

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

## 6 Interest payable and similar charges

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interest	4	—
<b>Total interest payable and similar charges</b>	<b>4</b>	<b>—</b>

## Sustainable Future Defensive Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 7 Distributions

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interim distribution	496	313
Final distribution	880	361
	<b>1,376</b>	<b>674</b>
Amounts received on issue of shares	(372)	(115)
Amounts deducted on cancellation of shares	61	9
<b>Net distribution</b>	<b>1,065</b>	<b>568</b>

## The distribution amount has been calculated as follows:

Net revenue after taxation for the year	738	446
Expenses taken to capital	405	153
Tax relief on expenses taken to capital	(78)	(31)
<b>Net distribution</b>	<b>1,065</b>	<b>568</b>

The distribution per share is set out in the table on page 132.

## 8 Debtors

	31.1.2019 (£'000)	31.1.2018 (£'000)
Accrued revenue	495	186
Amounts receivable on issue of shares	728	151
Foreign currency contracts awaiting settlement	88	—
Overseas withholding tax	14	7
Sales awaiting settlement	13	13
<b>Total debtors</b>	<b>1,338</b>	<b>357</b>

## Sustainable Future Defensive Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 9 Cash and bank balances

	31.1.2019 (£'000)	31.1.2018 (£'000)
Cash and bank balances	6,129	5,588
<b>Total cash and bank balances</b>	<b>6,129</b>	<b>5,588</b>

## 10 Creditors

	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Distribution Payable</b>		
Net distribution payable	880	362
	<b>880</b>	<b>362</b>
<b>Other creditors</b>		
Accrued expenses	65	30
Corporation tax	62	58
Deferred tax	1	—
Foreign currency contracts awaiting settlement	89	—
Purchases awaiting settlement	88	—
<b>Total creditors</b>	<b>305</b>	<b>88</b>

## 11 Related party transactions

Liontrust Asset Management Plc is regarded as a controlling party by virtue of being the ultimate parent company of the ACD\*, Liontrust Fund Partners LLP, giving the ability to act in concert in respect of the operations of the Company.

The revenue received from Liontrust Sustainable Future Corporate Bond Fund is shown in note 3.

The ACD's periodic charge and registration fees paid to Liontrust Fund Partners LLP and its associates are shown in note 4, and details of shares issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Net Assets Attributable to Shareholders.

The balance due to/from the ACD at the year end are included within Notes 8 and 10.

The balance due to Liontrust Fund Partners LLP and its associates at the year end was £58,000 (prior year: £18,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £397,000 (prior year: £138,000).

As at 31 January 2019 the Sub-fund held 1.1% (3,446,803 shares with a market value of £3,762,000) of the Class 3 Gross Income shares of the Liontrust Sustainable Future Corporate Bond Fund, a sub fund of the Company. (prior year: 1.1% (3,446,803 shares with a market value of £3,971,000) of the Class 3 Gross Income shares).

\*Please refer to page 6 for changes to the ACD. Figures disclose relate to both Liontrust Fund Partners LLP and Liontrust Investments Limited



## Sustainable Future Defensive Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments

The risks inherent in the Sub-fund's investment portfolio are as follows:

In pursuing its investment objective and investment policy, the Sub-fund holds a number of financial instruments. These may comprise:

- Equity shares, equity related shares, non-equity shares and debt securities. These are held in accordance with the Sub-fund's investment policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operation;
- Shareholders' funds, which represent investors' monies that are invested on their behalf;
- Derivative transactions which the Sub-fund may enter into, the purpose of which is to manage certain aspects of the risks arising from the Sub-fund's investment activities and generate additional capital and revenue;
- Short-term borrowings used to finance operational cash flows;
- Derivatives are also used for investment purposes not just to manage risk/exposures.

The main risks arising from the financial instruments are market price (including "emerging markets price risk"), foreign currency, interest rate, liquidity and counterparty credit risk. The ACD reviews the policies for managing each of these risks and they are summarised below.

These policies have remained unchanged since the beginning of the period to which these financial statements relate.

It should be noted that the ACD has a detailed risk management policy which is reviewed and updated, if necessary, periodically. An independent risk function is also present which monitors all relevant risks appropriately.

#### Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

As at 31 January 2019 and 31 January 2018 the overall market exposure for the Sub-fund was as shown in the Portfolio Statement, other than for derivatives and short positions where the exposure could be greater. The Sub-fund is exposed to market price risk as the assets and liabilities of the fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Sub-fund to market price risk is estimated below which shows the expected change in the market value of the Sub-fund when a representative market index changes by 1.5%. These percentage movements are based on the Investment Adviser's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Sub-fund has previously changed when that corresponding market index has moved taking into account the Sub-fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

## Sustainable Future Defensive Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Market price risk (continued)

As at 31 January 2019, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 6.6%.

As at 31 January 2018, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 6.8%.

Some limitations of sensitivity analysis are;

- markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

The Sub-fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR). The Sub-fund's global exposure to derivatives at the year-end has been calculated using the Commitment approach.

The Sub-fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR). The Sub-fund's global exposure to derivatives at the year-end has been calculated using the Commitment approach.

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statements for the notional values of the forwards and futures contracts.

VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

The Sub-fund did not use derivatives in the year and level of leverage employed by the Sub-fund during the year is not considered to be significant.

## Sustainable Future Defensive Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Sub-fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Sub-fund's investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the company's functional and reporting currency.

The ACD has identified three principal areas where foreign currency risk could impact the Sub-fund:

- Movements in exchange rates affecting the value of investments;
- Movements in exchange rates affecting short-term timing differences; and
- Movements in exchange rates affecting the income received.

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific currency risk being identified.

The Sub-fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

The Sub-fund may receive income in currencies other than sterling, and the sterling values of this income can be affected by movements in exchange rates.

At 31 January 2019 the Sub-fund's currency exposure was as shown in the table below:

Currency	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Australian Dollar	—	522	522
Danish Krone	—	427	427
Euro	1	3,839	3,840
Hong Kong Dollar	—	340	340
Japanese Yen	—	1,941	1,941
Norwegian Krone	—	515	515
Swedish Krona	—	452	452
Swiss Franc	—	445	445
US Dollar	—	14,744	14,744
	<b>1</b>	<b>23,225</b>	<b>23,226</b>

## Sustainable Future Defensive Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 12 Derivatives and other financial instruments (continued)

## Currency risk (continued)

At 31 January 2018 the Sub-fund's currency exposure was as shown in the table below:

## Currency Profile

Currency	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Australian Dollar	—	261	261
Danish Krone	—	183	183
Euro	—	2,378	2,378
Hong Kong Dollar	—	394	394
Japanese Yen	—	1,012	1,012
Norwegian Krone	—	295	295
Swiss Franc	—	174	174
US Dollar	2	6,806	6,808
	<b>2</b>	<b>11,503</b>	<b>11,505</b>

If the exchange rate at 31 January 2019 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Sub-fund by approximately £2,581,000/£2,111,000) respectively.

If the exchange rate at 31 January 2018 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Fund by approximately £1,278,000/£(1,046,000) respectively.

## Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates.

Typically the majority of the Sub-fund's financial assets will be in interest bearing financial assets and liabilities. As a result the Sub-fund is subject to the risk of potentially adverse movements in the prevailing level of market interest rates. The Investment Adviser may from time to time enter into contracts on behalf of the Sub-fund that seeks to mitigate the effects of these movements.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate linked to LIBOR.

## Sustainable Future Defensive Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Interest rate risk (continued)

The interest rate risk profile of financial assets and liabilities at 31 January 2019 was as follows:

	Floating Rate Investments (£'000)	Fixed Rate Investments (£'000)	Non Interest Bearing Investments (£'000)	Total (£'000)
Investment assets	3,214	29,148	43,283	75,645
Investment liabilities	—	—	—	—

The interest rate risk profile of financial assets and liabilities at 31 January 2018 was as follows:

	Floating Rate Investments (£'000)	Fixed Rate Investments (£'000)	Non Interest Bearing Investments (£'000)	Total (£'000)
Investment assets	—	11,835	21,898	33,733
Investment liabilities	—	—	—	—

The Investment Adviser monitors the Sub-fund's interest rate exposure on a daily basis as an integral part of the investment process. In particular the Investment Adviser uses the effective duration of the portfolio to provide a sensitivity analysis of the Sub-fund to the fluctuation in market interest rates.

At 31 January 2019, if interest rates had strengthened/weakened by 1% with all other variables held constant this would have increased/decreased the net assets attributable to investors in the Sub-fund by approximately 7.08%.

At 31 January 2018, if interest rates had strengthened/weakened by 1% with all other variables held constant this would have increased/decreased the net assets attributable to investors in the Fund by approximately 4.69%.

##### Liquidity risk

Liquidity risk is the risk that the Sub-fund will not be able to meet its obligations as they fall due. The Sub-fund's assets comprise wholly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Sub-fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the prospectus. Where investments cannot be realised in time to meet any potential liability, the Sub-fund may borrow up to 10% of its value to ensure settlement.

In accordance with the ACD's policy, the Investment Adviser monitors the Sub-funds' liquidity on a daily basis.

## Sustainable Future Defensive Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Sub-fund are downgraded.

The Sub-fund may enter into transactions in financial instruments (including derivatives) which exposes it to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The analysis on page 112 summarises the credit quality of the Sub-fund debt portfolio as at 31 January 2019 and 31 January 2018.

The Sub-fund will only buy and sell financial instruments through parties that have been approved as acceptable by the ACD. This list is reviewed at least annually.

The Sub-fund may enter into stock lending activities which exposes it to the risk that the counterparty will not deliver the stock or cash after the Sub-fund has fulfilled its obligations. The Sub-fund will only enter into stock lending activities with parties that have been approved as acceptable by the ACD and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

At the balance sheet date, there were no counterparties to open derivative contracts. At the year end collateral of nil (prior year: Nil) was received; collateral pledged was nil (prior year: Nil) and none (prior year: none) of the Sub-funds' financial assets were past due or impaired.

The Depositary is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Depositary and Custodian, The Bank of New York Mellon Corporation, as at 31 January 2019 was A (Standard & Poor's rating).

BNYMSA, in the discharge of its delegated Depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of BNYMSA and (ii) all financial instruments that can be physically delivered to BNYMSA. BNYMSA ensures all financial instruments (held in a financial instruments account on the books of BNYMSA) are held in segregated accounts in the name of the Sub-fund, clearly identifiable as belonging to the Sub-fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the Sub-fund on deposit. Such cash is held on the balance sheet of BNYMSA. In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Sub-fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

Insolvency of BNYM and or one of its agents or affiliates may cause the Sub-fund's rights with respect to its assets to be delayed or may result in the Sub-fund not receiving the full value of its assets.

## Sustainable Future Defensive Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### 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 as shown in the table below.

##### Valuation of financial investments

	Assets (£'000)	Liabilities (£'000)
<b>31.1.2019</b>		
Quoted prices for identical instruments in active markets	39,521	—
Valuation techniques using observable data	36,124	—
	<b>75,645</b>	<b>—</b>
	Assets (£'000)	Liabilities (£'000)
<b>31.1.2018</b>		
Quoted prices for identical instruments in active markets	17,927	—
Valuation techniques using observable data	15,806	—
	<b>33,733</b>	<b>—</b>

#### 13 Share movement

For the year ending 31 January 2019

	Opening shares	Shares issued	Shares redeemed	Shares converted	Closing shares
Class 2 Net Accumulation	18,198,379	38,791,056	(207,914)	—	56,781,521
Class 3 Net Accumulation	3,041,649	7,191,375	(564,228)	—	9,668,796
Class Z Net Accumulation	10,001,000	—	(10,000,000)	—	1,000

## Sustainable Future Defensive Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs

For the year ending 31 January 2019

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	32,537	12	0.04	79	0.24
Debt instruments (direct)	30,951	—	—	—	—
Collective investment schemes	2,884	2	0.07	4	0.14
<b>Total purchases</b>	<b>66,372</b>	<b>14</b>		<b>83</b>	
<b>Total purchases including transaction costs</b>	<b>66,469</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	12,904	5	0.04	—	—
Debt instruments (direct)	10,338	—	—	—	—
Collective investment schemes	374	—	—	—	—
<b>Total sales</b>	<b>23,616</b>	<b>5</b>		<b>—</b>	
<b>Total sales net of transaction costs</b>	<b>23,611</b>				
<b>Total transaction costs</b>		<b>19</b>		<b>83</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.16%</b>	



## Sustainable Future Defensive Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs (continued)

For the year ending 31 January 2018

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	11,283	10	0.09	24	0.21
Debt instruments (direct)	8,961	—	—	—	—
Collective investment schemes	3,935	—	—	—	—
<b>Total purchases</b>	<b>24,179</b>	<b>10</b>		<b>24</b>	
<b>Total purchases including transaction costs</b>	<b>24,213</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	5,114	5	0.09	—	—
Debt instruments (direct)	3,007	—	—	—	—
Collective investment schemes	2,993	—	—	—	—
<b>Total sales</b>	<b>11,114</b>	<b>5</b>		<b>—</b>	
<b>Total sales net of transaction costs</b>	<b>11,109</b>				
<b>Total transaction costs</b>		<b>15</b>		<b>24</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.05%</b>		<b>0.09%</b>	

The above analysis covers any direct transaction costs suffered by the Sub-fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the Sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Sub-fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Sub-fund's daily liquidity position are excluded from the analysis.

Dealing spread costs suffered by the Sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.28% (2018: 0.25%).

## Sustainable Future Defensive Managed Fund (continued)

### Distribution tables

for the year ended 31 January 2019

#### Final distribution payable in pence per share

Group 1 - Shares purchased prior to 1 August 2018

Group 2 - Shares purchased 1 August 2018 to 31 January 2019

Income shares	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Payable 31.3.2019	Distribution Paid 31.3.2018
Class 2 - Group 1	1.3219	—	1.3219	1.1501
Class 2 - Group 2	0.5204	0.8015	1.3219	1.1501
Class 3 - Group 1	1.3396	—	1.3396	1.1619
Class 3 - Group 2	0.6431	0.6965	1.3396	1.1619
Class Z - Group 1	1.3440	—	1.3440	1.1705
Class Z - Group 2	1.3440	0.0000	1.3440	1.1705

#### Interim distribution paid in pence per share

Group 1 - Shares purchased prior to 1 February 2018

Group 2 - Shares purchased 1 February 2018 to 31 July 2018

Income shares	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Paid 30.9.2018	Distribution Paid 30.9.2017
Class 2 - Group 1	1.4108	—	1.4108	1.3665
Class 2 - Group 2	0.5336	0.8772	1.4108	1.3665
Class 3 - Group 1	1.4278	—	1.4278	1.3781
Class 3 - Group 2	0.6025	0.8253	1.4278	1.3781
Class Z - Group 1	1.0470	—	1.0470	1.3869
Class Z - Group 2	1.0470	0.0000	1.0470	1.3869

\* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# Sustainable Future European Growth Fund

Report for the year from 1 February 2018 to 31 January 2019

## Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation through diversified investment, principally within and across European Equity markets.

Equity selections will be based on price and long term total return prospects. Limited investment in European bond markets may be made from time to time. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

## Sustainable Future European Growth Fund (continued)

### Investment review

#### Fund review

The Sustainable Future European Growth Fund returned -13.0 % over the 12 months under review, underperforming the IA Europe ex-UK peer group average of -10.3% and the MSCI Europe ex-UK Index's -8.2% (Source: Financial Express, primary share class, total return, net of fees and income reinvested, 31.01.18 to 31.01.19).

Over a difficult year, exposure to financials, and our picks in the sector, were among largest positive contributors to returns, with names including DNB and Handelsbanken performing well.

DNB is a Norwegian retail bank identified under our *Increasing financial resilience* theme and possesses the quality indicators we look for in this sector, including prudent lending practices strong capitalisation and growing returns on equity. Over recent years, we believe management has increased the positive contribution the company makes to society by focusing on growing its small and medium-sized business lending alongside the retail business while reducing exposure to large corporates. Consistent with our investment philosophy, DNB's fundamentals have improved as a result and as shareholders, we have benefitted.

Other solid performers included Spanish business Cellnex, which provides telecommunication infrastructure including towers and small cell antenna systems. Information and communications technology (ICT) is central to the global economy and can increase quality of life through driving positive changes in areas such as health, education and financial inclusion. Cellnex is poised to benefit from growth in communication services in Europe: data usage continues to climb exponentially with more and more data-hungry devices, streaming services and complex computing requirements.

Positive returns also came from a trio of long-standing positions in the shape of Kerry Group, Kingspan and Roche. Kerry continues to benefit from demand for healthier food, monetising its expertise in ingredients and flavourings, while Kingspan produces thermal insulation, which helps to cut the amount of energy needed to heat the buildings in which we live and work.

Roche, meanwhile, continues to show progress with both its recent launches and pipeline. Thematically, Ocrevus in MS and Hemlibra in Hemophilia have both seen good uptake since launch, demonstrating that true innovation will be quickly taken up by patients and healthcare. As such, Roche is a key beneficiary of our *Enabling innovation in healthcare* theme and reinforcing that, the company has the highest number of Breakthrough Therapy designations in the industry.

Naturex was another strong contributor after the French natural chemicals business was acquired a 42% premium to the share price by flavour and fragrance company Givaudan back in March.

Looking at stocks that detracted from returns over the year, a number of auto names had a tough 2018, struggling on the back of concerns around demand as the economic cycle slows, tariffs as the US continues to issue threats on trade, and the Worldwide Harmonised Light Vehicle Test Procedure, new regulation on emissions that has caused delays for car manufacturers.

This led to a challenging period for several holdings within our *Increasing auto safety* theme, including Valeo and Hella. While we remain confident in the trend towards safer cars, Valeo in particular is struggling to convert this into profitable growth and we therefore decided to exit the stock. We note the company has continued to underperform significantly after our exit.

With Hella, we remain confident in the prospects for this lighting technology, electronics components and computer systems producer over the longer term. While a cyclical slowdown will affect demand in 2019, the structural trend will drive sales beyond this and as long-term investors, we see the stocks as among the best in class in the sector. We were encouraged Hella Back among the positive contributors again in January.

Other detractors included Fresenius, which has historically been seen as a well-diversified and well-run company providing affordable healthcare through its multiple subsidiaries. Occasional upset in any one of these tended to be positively offset by strength in the remaining businesses.

## Sustainable Future European Growth Fund (continued)

### Investment review (continued)

#### Fund review (continued)

In 2018 however, the market had concerns in more than just one subsidiary and the company experienced regulatory uncertainty in both its German Hospital and North American Dialysis businesses. Ultimately, such uncertainty meant the company had to invest far more in its business than originally expected and it issued a profit warning in December, causing a large drop in the share price.

We believe one of the group's divisions, Fresenius Medical Care, offers better exposure to our themes and greater upside potential from here and have therefore switched our entire Fresenius SE position into Fresenius Medical Care. Pysmian was also among the weaker holdings over the year. We like the company for its leadership position in connectivity, which includes highly technical deep sea projects, but problems at one of these projects in the UK, the Western Link project drove a profit warning in June.

In the past, Pysmian's management has been able to contain and resolve project issues after initial mistakes so we are confident it can do so again – but these can be costly, prolonged problems so we are watching the situation closely. Later in the year, the company also reported a slowdown in its submarine business, which includes offshore wind, in the first half of 2018 due to the postponement of some large projects until the end of the year and into 2019.

Finally, Wessanen surprised the market with a July warning that lower-than-expected Q2 sales indicated fundamental issues that would impact longer-term performance. There are clear concerns around the company's ability to capture growth in the healthier eating market and as a result, we reviewed our holding and decided to exit. Although this was another difficult decision, we note the stock has continued to struggle, once again validating our action.

Additions to the portfolio over the period included Puma as a beneficiary of our *Enabling healthier lifestyles* theme, offering products that help people get more active by participating in sports and exercise. We also like the company's exposure to women's sportswear, one of the fastest-growing areas in the market.

We also added Austrian-listed power company Verbund. Our thesis is based on a continued increase in the EU Emission Trading System carbon price: this had traded below €5 per tonne of CO<sub>2</sub> for years but recently breached the €20 level for the first time since 2008 and we believe it can keep rising to €25-30 (and beyond), which in turn inflates the power price in Europe.

Verbund, as a hydro player with relatively low costs, is highly operationally leveraged to an increase in power prices and the resulting cash flows from selling its own product, which emits very little carbon, at a higher price. With its low-carbon electricity generation, Verbund is a beneficiary of decarbonising the grid. Despite strong performance from the stock, we believe the predicted appreciation in carbon prices is not currently priced in.

#### Market review

This came against ongoing geopolitical uncertainty throughout much of 2018, with US and China trade tensions remaining high, a populist election win in Italy and ongoing fallout from the UK's imminent departure from the EU. We saw two sizeable corrections during the year – in early February and then across the third quarter as markets recalibrated expectations in the face of weakening economic indicators, ongoing trade concerns and potential changes to central bank policy.

After a tough December and fourth quarter overall, January saw something of a recovery in most markets – although a variety of economic questions remain unresolved. The three-month trade ceasefire between the US and China is now over and we wait to see if the two countries can come to an agreement before tariffs are due to rise in March. Meanwhile a pledge from the Federal Reserve to be patient on rate rises over 2019 was positive for risk assets as the month ended.

## Sustainable Future European Growth Fund (continued)

### Investment review (continued)

#### Market review (continued)

Europe's relationship with the US had also been under stress during the year although the relationship appears to be on a stronger footing after EU Commission President Juncker's July trip to America resulted in a 'zero tariff, zero non-tariff barriers and zero subsidies' deal on non-auto industrial goods and agreements to keep working on other areas.

In Italy, the country found itself between governments in May following inconclusive elections, with a coalition of the League and Five Star parties taking power on 1 June. As expected, their populist mandate has seen the government come into conflict with the EU, seeking a budget with a deficit above the permitted level, although they eventually compromised and agreed to a reduction.

Political risks also flared up in France over the year as the 'Yellow Vest' protests raised a range of issues around taxes, salaries and freedom from financial fear. President Macron has taken the brunt of frustrations and it remains to be seen if he can win back the popularity of his early days in office.

Meanwhile, Brexit continues to dominate the UK agenda and the situation continues to develop, with the scheduled exit date of 29 March passing without resolution.

On the interest rate front, the European Central Bank (ECB) surprised markets by committing to no rises until at least summer 2019, although it also stuck to plans to end the €2.6tn stimulus programme in January 2019 despite concerns the eurozone is poised to slow over the next couple of years.

Our process remains focused on high-quality companies with long-term sustainability drivers that should grow regardless of the economic or political backdrop but as ever, we are monitoring the situation on trade, as well as ongoing political volatility, for potential impacts on growth trends across Europe.

We look for businesses that enable the shift towards a global economy that is more efficient, provides a higher quality of life and is more resilient. We believe these high-quality companies, with structural growth and strong fundamentals, will outperform over the long term.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

Sustainable Future European Growth Fund (continued)

Investment review (continued)

Material portfolio changes by value

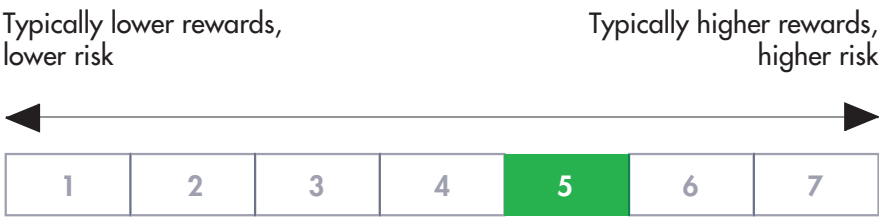
Purchases	Sales
Svenska Handelsbanken class 'A' shares	Danske Bank
RELX	Valeo
Air Liquide	Inditex
Puma	Fresenius
Fresenius	Capgemini
Smurfit Kappa	Kerry class 'A' shares
Roche	Koninklijke Wessanen
Aquafil	Kingspan
Verbund class 'A' shares	Naturex
Kingspan	Deutsche Telekom

## Sustainable Future European Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund’s ranking on the risk and reward indicator.



The Sub-fund is ranked at 5 because Sub-funds of this type have experienced medium to high rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions or that the counterparties could fail to complete on transactions.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG<sup>†</sup> grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

<sup>†</sup> Environmental, Social and Governance ("ESG").



## Sustainable Future European Growth Fund (continued)

## Portfolio Statement

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>AUSTRIA (0.00%)</b>	<b>3,020</b>	<b>1.56</b>
77,425	Verbund class 'A' shares	3,020	1.56
	<b>BELGIUM (5.36%)</b>	<b>10,045</b>	<b>5.19</b>
113,925	KBC	5,889	3.04
129,286	Umicore	4,156	2.15
	<b>DENMARK (8.19%)</b>	<b>13,025</b>	<b>6.72</b>
48,562	Christian Hansen	3,508	1.81
110,514	Novozymes class 'B' shares	3,514	1.81
35,192	Ørsted	1,920	0.99
100,147	Ringkjoebing Landbobank	4,083	2.11
	<b>FINLAND (1.45%)</b>	<b>3,987</b>	<b>2.06</b>
108,313	KONE class 'B' shares	3,987	2.06
	<b>FRANCE (17.74%)</b>	<b>24,002</b>	<b>12.39</b>
59,982	Air Liquide	5,538	2.86
323,826	AXA	5,716	2.95
29,639	Essilor International	2,856	1.47
83,657	Legrand	3,777	1.95
31,017	Michelin	2,566	1.33
65,537	Schneider Electric	3,549	1.83
	<b>GERMANY (17.40%)</b>	<b>31,877</b>	<b>16.46</b>
86,019	Fresenius	4,823	2.49
149,375	Hella	5,144	2.66
53,213	Henkel non-voting preference shares	3,933	2.03
357,319	Infineon Technologies	6,048	3.12
11,912	Puma	5,060	2.61
87,307	SAP	6,869	3.55

## Sustainable Future European Growth Fund (continued)

### Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>IRELAND; REPUBLIC OF (7.33%)</b>		<b>13,052</b>	<b>6.74</b>
63,031	Kerry class 'A' shares	4,935	2.55
154,361	Kingspan	4,829	2.49
150,161	Smurfit Kappa	3,288	1.70
<b>ITALY (5.82%)</b>		<b>13,064</b>	<b>6.74</b>
472,694	Aquafil	3,810	1.97
257,148	Banca Generali	4,616	2.38
283,881	Prysmian	4,638	2.39
<b>LUXEMBOURG (0.00%)</b>		<b>1,897</b>	<b>0.98</b>
56,769	Befesa	1,897	0.98
<b>NETHERLANDS (11.44%)</b>		<b>20,092</b>	<b>10.37</b>
62,781	ASML	8,391	4.33
100,853	Corbion	2,169	1.12
43,100	InterXion	1,967	1.01
185,943	Unilever	7,565	3.91
<b>NORWAY (6.65%)</b>		<b>11,130</b>	<b>5.75</b>
583,228	DNB	7,856	4.06
932,844	Norsk Hydro	3,274	1.69
<b>SPAIN (9.26%)</b>		<b>13,896</b>	<b>7.17</b>
222,764	Cellnex Telecom	4,776	2.46
358,768	Gamesa	3,874	2.00
264,441	Grifols	5,246	2.71
<b>SWEDEN (2.21%)</b>		<b>10,869</b>	<b>5.61</b>
324,386	Assa Abloy	4,589	2.37
761,044	Svenska Handelsbanken class 'A' shares	6,280	3.24

## Sustainable Future European Growth Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>SWITZERLAND (3.81%)</b>	<b>12,896</b>	<b>6.66</b>
63,775	Roche	12,896	6.66
	<b>UNITED KINGDOM (0.00%)</b>	<b>5,945</b>	<b>3.07</b>
352,774	RELX	5,945	3.07
	<b>Portfolio of investments</b>	<b>188,797</b>	<b>97.47</b>
	<b>Net other assets</b>	<b>4,893</b>	<b>2.53</b>
	<b>Total net assets</b>	<b>193,690</b>	<b>100.00</b>

All investments are approved securities being either officially listed in a member state or under the rules of an eligible market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2018.

## Sustainable Future European Growth Fund (continued)

### Comparative tables

for the year ended 31 January 2019

Class 2 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	232.94	196.42	162.04
Return before operating charges*	(28.61)	38.42	35.90
Operating charges	(1.94)	(1.90)	(1.52)
Return after operating charges	(30.55)	36.52	34.38
Distributions	(3.53)	0.00	(2.96)
Retained distributions on accumulation shares	3.53	0.00	2.96
<b>Closing net asset value per share</b>	<b>202.39</b>	<b>232.94</b>	<b>196.42</b>
After transaction costs of	(0.13)	(0.10)	(0.06)
<b>Performance</b>			
Return after charges	(13.11)%	18.59%	21.22%
<b>Other information</b>			
Closing net asset value (£'000)	77,400	67,553	45,925
Closing number of shares	38,242,053	29,000,054	23,380,718
Operating charges**	0.88%	0.85%	0.85%
Direct transaction costs	0.05%	0.05%	0.03%
<b>Prices</b>			
Highest share price	235.5	238.7	201.0
Lowest share price	195.2	197.2	148.5

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future European Growth Fund (continued)

## Comparative tables (continued)

for the year ended 31 January 2019

Class 3 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	328.73	276.07	226.80
Return before operating charges*	(40.48)	54.01	50.35
Operating charges	(1.37)	(1.35)	(1.08)
Return after operating charges	(41.85)	52.66	49.27
Distributions	(6.07)	0.00	(4.81)
Retained distributions on accumulation shares	6.07	0.00	4.81
<b>Closing net asset value per share</b>	<b>286.88</b>	<b>328.73</b>	<b>276.07</b>
After transaction costs of	(0.18)	(0.15)	(0.08)
<b>Performance</b>			
Return after charges	(12.73)%	19.07%	21.72%
<b>Other information</b>			
Closing net asset value (£'000)	116,290	138,005	115,824
Closing number of shares	40,536,108	41,981,008	41,954,698
Operating charges**	0.44%	0.43%	0.43%
Direct transaction costs	0.05%	0.05%	0.03%
<b>Prices</b>			
Highest share price	332.9	336.9	282.4
Lowest share price	276.5	277.2	207.9

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future European Growth Fund (continued)

### Statement of Total Return

for the year ended 31 January 2019

	Notes	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
Income					
Net capital (losses)/gains	2		(31,561)		28,021
Revenue	3	4,954		4,033	
Expenses	4	(1,228)		(1,020)	
Interest payable and similar charges	6	(25)		(2)	
Net revenue before taxation		3,701		3,011	
Taxation	5	(62)		(269)	
Net revenue after taxation			3,639		2,742
<b>Total return before distributions</b>			<b>(27,922)</b>		<b>30,763</b>
Distributions	7		(3,711)		(2,872)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(31,633)</b>		<b>27,891</b>

### Statement of change in net assets attributable to shareholders

for the year ended 31 January 2019

	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Opening net assets attributable to shareholders</b>		<b>205,558</b>		<b>161,749</b>
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	31,173		22,626	
Amounts paid on cancellation of shares	(15,181)		(9,611)	
		15,992		13,015
Change in net assets attributable to shareholders from investment activities		(31,633)		27,891
Retained distribution on accumulation shares		3,773		2,903
<b>Closing net assets attributable to shareholders</b>		<b>193,690</b>		<b>205,558</b>

## Sustainable Future European Growth Fund (continued)

**Balance Sheet**

as at 31 January 2019

	Notes	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Assets</b>			
<b>Fixed Assets</b>			
Investments		188,797	198,685
<b>Current assets:</b>			
Debtors	8	1,344	2,729
Cash and bank balances	9	3,754	4,273
<b>Total other assets</b>		<b>5,098</b>	<b>7,002</b>
<b>Total assets</b>		<b>193,895</b>	<b>205,687</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Other creditors	10	(205)	(129)
<b>Total liabilities</b>		<b>(205)</b>	<b>(129)</b>
<b>Net assets attributable to shareholders</b>		<b>193,690</b>	<b>205,558</b>

The notes on pages 146 to 157 form an integral part of these financial statements. The distribution per share is set out in the table on page 158.

## Sustainable Future European Growth Fund (continued)

## Notes to the financial statements

for the year ended 31 January 2019

**1 Accounting policies**

The accounting policies for the Sub-fund are set out on pages 13 to 14.

**2 Net capital (losses)/gains**

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Non-derivative securities	(31,327)	28,178
Foreign currency losses	(231)	(151)
Transaction costs	(4)	(6)
Rebate of expenses*	1	—
<b>Net capital (losses)/gains</b>	<b>(31,561)</b>	<b>28,021</b>

**3 Revenue**

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Bank interest	2	—
Non-taxable overseas dividends	4,952	4,033
<b>Total revenue</b>	<b>4,954</b>	<b>4,033</b>

\* Rebate of expenses represent the cap applied to the operating charge figure.



## Sustainable Future European Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 4 Expenses\*

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's fees	1,084	933
Fixed rate administration fees	84	—
Registration fee	43	55
	<b>1,211</b>	<b>988</b>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary fee	13	20
Safe custody fee	9	14
	<b>22</b>	<b>34</b>
<b>Other expenses</b>		
Audit fees**	5	9
Printing and postage fees	(1)	1
Rebate of expenses***	(10)	(13)
Professional service fees	1	1
	<b>(5)</b>	<b>(2)</b>
<b>Total expenses</b>	<b>1,228</b>	<b>1,020</b>

\* Please refer to page 6 for details of the new fee structure.

\*\* The audit fee for the year, excluding VAT, was £7,700 (2018: £7,500).

\*\*\*Rebate of expenses represent the cap applied to the operating charge figure.

## Sustainable Future European Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 5 Taxation

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>a) Analysis of charge in year</b>		
Overseas tax	62	269
<b>Total tax charge for the year (see note 5(b))</b>	<b>62</b>	<b>269</b>

## b) Factors affecting tax charge for the year

The taxation assessed for the year is lower (2018 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Net revenue before taxation	3,701	3,011
Corporation tax at 20% (2018 – 20%)	740	602
<b>Effects of:</b>		
Non-taxable overseas dividends	(990)	(807)
Overseas tax	62	269
Movement in excess management expenses	250	205
<b>Total tax charge for year (see note 5(a))</b>	<b>62</b>	<b>269</b>

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

## c) Deferred tax asset

At 31 January 2019 the Sub-fund had surplus management expenses of £8,527,000 (prior year: £7,277,000). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore, a deferred tax asset of £1,705,000 (prior year: £1,455,000) has not been recognised.

## 6 Interest payable and similar charges

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interest	25	2
<b>Total interest payable and similar charges</b>	<b>25</b>	<b>2</b>

## Sustainable Future European Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 7 Distributions

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interim distribution	3,595	2,903
Final distribution	178	—
	<b>3,773</b>	<b>2,903</b>
Amounts received on issue of shares	(124)	(75)
Amounts deducted on cancellation of shares	62	44
<b>Net distribution</b>	<b>3,711</b>	<b>2,872</b>
<b>The distribution amount has been calculated as follows:</b>		
Net revenue after taxation for the year	3,639	2,742
Shortfall of income taken to capital	72	130
<b>Net distribution</b>	<b>3,711</b>	<b>2,872</b>

The distribution per share is set out in the table on page 158.

## 8 Debtors

	31.1.2019 (£'000)	31.1.2018 (£'000)
Amounts receivable on issue of shares	260	1,946
Overseas withholding tax	1,058	780
Rebate of expenses	26	3
<b>Total debtors</b>	<b>1,344</b>	<b>2,729</b>

## Sustainable Future European Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 9 Cash and bank balances

	31.1.2019 (£'000)	31.1.2018 (£'000)
Cash and bank balances	3,754	4,273
<b>Total cash and bank balances</b>	<b>3,754</b>	<b>4,273</b>

## 10 Creditors

	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Other creditors</b>		
Accrued expenses	110	94
Amounts payable on cancellation of shares	60	—
Corporation tax	35	35
<b>Total creditors</b>	<b>205</b>	<b>129</b>

## 11 Related party transactions

Liontrust Asset Management Plc is regarded as a controlling party by virtue of being the ultimate parent company of the ACD\*, Liontrust Fund Partners LLP, giving the ability to act in concert in respect of the operations of the Company.

The ACD's periodic charge and registration fees paid to Liontrust Fund Partners LLP and its associates are shown in note 4, and details of shares issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Net Assets Attributable to Shareholders.

The balance due to/from the ACD at the year end are included within Notes 8 and 10.

The balance due to Liontrust Fund Partners LLP and its associates at the year end was £104,000 (prior year: £93,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £1,211,000 (prior year: £988,000).

The total rebate of expenses paid by Liontrust Fund Partners LLP and its associates for the year was £11,000 (prior year: £13,000).

\*Please refer to page 6 for changes to the ACD. Figures disclose relate to both Liontrust Fund Partners LLP and Liontrust Investments Limited

## Sustainable Future European Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments

The risks inherent in the Sub-fund's investment portfolio are as follows:

In pursuing its investment objective and investment policy, the Sub-fund holds a number of financial instruments. These may comprise:

- Equity shares, equity related shares, non-equity shares and debt securities. These are held in accordance with the Sub-fund's investment policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operation;
- Shareholders' funds, which represent investors' monies that are invested on their behalf;
- Derivative transactions which the Sub-fund may enter into, the purpose of which is to manage certain aspects of the risks arising from the Sub-fund's investment activities and generate additional capital and revenue;
- Short-term borrowings used to finance operational cash flows;
- Derivatives are also used for investment purposes not just to manage risk/exposures.

The main risks arising from the financial instruments are market price (including "emerging markets price risk"), foreign currency, interest rate, liquidity and counterparty credit risk. The ACD reviews the policies for managing each of these risks and they are summarised below.

These policies have remained unchanged since the beginning of the period to which these financial statements relate.

It should be noted that the ACD has a detailed risk management policy which is reviewed and updated, if necessary, periodically. An independent risk function is also present which monitors all relevant risks appropriately.

#### Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

As at 31 January 2019 and 31 January 2018 the overall market exposure for the Sub-fund was as shown in the Portfolio Statement, other than for derivatives and short positions where the exposure could be greater. The Sub-fund is exposed to market price risk as the assets and liabilities of the fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Sub-fund to market price risk is estimated below which shows the expected change in the market value of the Sub-fund when a representative market index changes by 15%. These percentage movements are based on the Investment Adviser's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Sub-fund has previously changed when that corresponding market index has moved taking into account the Sub-fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 January 2019, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 13.5%.

As at 31 January 2018, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 12.5%.

## Sustainable Future European Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Market price risk (continued)

Some limitations of sensitivity analysis are;

- markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

The Sub-fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR). The Sub-fund's global exposure to derivatives at the year-end has been calculated using the Commitment approach.

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statements for the notional values of the forwards and futures contracts.

VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

The Sub-fund did not use derivatives in the year and level of leverage employed by the Sub-fund during the year is not considered to be significant.

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Sub-fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Sub-fund's investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the company's functional and reporting currency.

The ACD has identified three principal areas where foreign currency risk could impact the Sub-fund:

- Movements in exchange rates affecting the value of investments;
- Movements in exchange rates affecting short-term timing differences; and
- Movements in exchange rates affecting the income received.

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific currency risk being identified.

## Sustainable Future European Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Currency risk (continued)

The Sub-fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

The Sub-fund may receive income in currencies other than sterling, and the sterling values of this income can be affected by movements in exchange rates.

At 31 January 2019 the Sub-fund's currency exposure was as shown in the table below:

Currency	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Danish Krone	—	13,243	13,243
Euro	811	139,351	140,162
Norwegian Krone	—	11,359	11,359
Swedish Krona	—	10,868	10,868
Swiss Franc	—	13,067	13,067
US Dollar	—	1,967	1,967
	<b>811</b>	<b>189,855</b>	<b>190,666</b>

At 31 January 2018 the Sub-fund's currency exposure was as shown in the table below:

Currency	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Danish Krone	—	16,974	16,974
Euro	402	154,080	154,482
Norwegian Krone	—	13,811	13,811
Swedish Krona	—	4,534	4,534
Swiss Franc	—	7,946	7,946
	<b>402</b>	<b>197,345</b>	<b>197,747</b>

If the exchange rate at 31 January 2019 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Sub-fund by approximately £21,185,000/£17,333,000 respectively.

If the exchange rate at 31 January 2018 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Fund by approximately £21,972,000/£(17,977,000) respectively.

## Sustainable Future European Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates.

The majority of the Sub-fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate linked to LIBOR.

As a result, the fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. Therefore, no interest rate sensitivity analysis has been prepared for these.

##### Liquidity risk

Liquidity risk is the risk that the Sub-fund will not be able to meet its obligations as they fall due. The Sub-fund's assets comprise wholly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Sub-fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the prospectus. Where investments cannot be realised in time to meet any potential liability, the Sub-fund may borrow up to 10% of its value to ensure settlement.

In accordance with the ACD's policy, the Investment Adviser monitors the Sub-funds' liquidity on a daily basis.

##### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Sub-fund are downgraded.

The Sub-fund may enter into transactions in financial instruments (including derivatives) which exposes it to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Sub-fund will only buy and sell financial instruments through parties that have been approved as acceptable by the ACD. This list is reviewed at least annually.

The Sub-fund may enter into stock lending activities which exposes it to the risk that the counterparty will not deliver the stock or cash after the Sub-fund has fulfilled its obligations. The Sub-fund will only enter into stock lending activities with parties that have been approved as acceptable by the ACD and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

At the balance sheet date, there were no counterparties to open derivative contracts. At the year end collateral of Nil (prior year: Nil) was received; collateral pledged was Nil (prior year: Nil) and none (prior year: none) of the Sub-funds' financial assets were past due or impaired.

The Depositary is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Depositary and Custodian, The Bank of New York Mellon Corporation, as at 31 January 2019 was A (Standard & Poor's rating).



## Sustainable Future European Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Counterparty credit risk (continued)

BNYMSA, in the discharge of its delegated Depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of BNYMSA and (ii) all financial instruments that can be physically delivered to BNYMSA. BNYMSA ensures all financial instruments (held in a financial instruments account on the books of BNYMSA) are held in segregated accounts in the name of the Sub-fund, clearly identifiable as belonging to the Sub-fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the Sub-fund on deposit. Such cash is held on the balance sheet of BNYMSA. In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Sub-fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

Insolvency of BNYM and or one of its agents or affiliates may cause the Sub-fund's rights with respect to its assets to be delayed or may result in the Sub-fund not receiving the full value of its assets.

##### 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 as shown in the table below.

##### Valuation of financial investments

	Assets (£'000)	Liabilities (£'000)
<b>31.1.2019</b>		
Quoted prices for identical instruments in active markets	188,797	—
	<b>188,797</b>	<b>—</b>
	Assets (£'000)	Liabilities (£'000)
<b>31.1.2018</b>		
Quoted prices for identical instruments in active markets	198,685	—
	<b>198,685</b>	<b>—</b>

#### 13 Share movement

For the year ending 31 January 2019

	Opening shares	Shares issued	Shares redeemed	Shares converted	Closing shares
Class 2 Net Accumulation	29,000,054	11,440,892	(2,198,893)	—	38,242,053
Class 3 Net Accumulation	41,981,008	1,939,994	(3,384,894)	—	40,536,108

## Sustainable Future European Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs

For the year ending 31 January 2019

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	83,958	27	0.03	69	0.08
<b>Total purchases</b>	<b>83,958</b>	<b>27</b>		<b>69</b>	
<b>Total purchases including transaction costs</b>	<b>84,054</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	62,638	22	0.04	—	—
<b>Total sales</b>	<b>62,638</b>	<b>22</b>		<b>—</b>	
<b>Total sales net of transaction costs</b>	<b>62,616</b>				
<b>Total transaction costs</b>		<b>49</b>		<b>69</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.02%</b>		<b>0.03%</b>	

## Sustainable Future European Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs (continued)

For the year ending 31 January 2018

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	37,295	27	0.07	38	0.10
<b>Total purchases</b>	<b>37,295</b>	<b>27</b>		<b>38</b>	
<b>Total purchases including transaction costs</b>	<b>37,360</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	27,266	23	0.08	—	—
<b>Total sales</b>	<b>27,266</b>	<b>23</b>		<b>—</b>	
<b>Total sales net of transaction costs</b>	<b>27,243</b>				
<b>Total transaction costs</b>		<b>50</b>		<b>38</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.02%</b>	

The above analysis covers any direct transaction costs suffered by the Sub-fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the Sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Sub-fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Sub-fund's daily liquidity position are excluded from the analysis.

Dealing spread costs suffered by the Sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.11% (2018: 0.10%).

## Sustainable Future European Growth Fund (continued)

**Distribution tables**

for the year ended 31 January 2019

**Final distribution payable in pence per share**

Group 1 - Shares purchased prior to 1 August 2018

Group 2 - Shares purchased 1 August 2018 to 31 January 2019

	<b>Net Revenue Pence per share</b>	<b>Equalisation Pence per share*</b>	<b>Distribution Payable 31.3.2019</b>	<b>Distribution Paid 31.3.2018</b>
<b>Accumulation shares</b>				
Class 2 - Group 1	0.0000	—	0.0000	0.0000
Class 2 - Group 2	0.0000	0.0000	0.0000	0.0000
Class 3 - Group 1	0.4393	—	0.4393	0.0000
Class 3 - Group 2	0.2137	0.2256	0.4393	0.0000

**Interim distribution paid in pence per share**

Group 1 - Shares purchased prior to 1 February 2018

Group 2 - Shares purchased 1 February 2018 to 31 July 2018

	<b>Net Revenue Pence per share</b>	<b>Equalisation Pence per share*</b>	<b>Distribution Paid 30.9.2018</b>	<b>Distribution Paid 30.9.2017</b>
<b>Accumulation shares</b>				
Class 2 - Group 1	3.5260	—	3.5260	3.1741
Class 2 - Group 2	2.0237	1.5023	3.5260	3.1741
Class 3 - Group 1	5.6306	—	5.6306	5.0814
Class 3 - Group 2	2.9234	2.7072	5.6306	5.0814

\* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# Sustainable Future Global Growth Fund

Report for the year from 1 February 2018 to 31 January 2019

## Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation through diversified investment principally within and across global equity markets.

Allocations to individual markets will vary over time. Equity selections will be based on price and long term total return prospects. Limited investment in global bond markets may be made from time to time. Allocations to bonds, equities and cash will vary over time depending on market circumstances. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Note: Typically, at least 90% of the Net Asset Value of the Sub-fund will be invested in global equities with up to 10% of the Net Asset Value of the Sub-fund being invested in bonds and cash.

## Sustainable Future Global Growth Fund (continued)

### Investment review

#### Fund review

The Sustainable Future Global Growth fund returned 5.7% over the 12 months under review, outperforming the IA Global peer group average of -2.0% and the MSCI World Index's 1.0% (Source: Financial Express, primary share class, total return, net of fees and income reinvested, 31.01.18 to 31.01.19).

Our process targets businesses that can grow structurally, driven by the shift towards a global economy that is more efficient, provides a higher quality of life and is more resilient.

In a challenging year overall, performance came from stocks exposed to a range of our themes.

Stronger holdings included Eli Lilly, which remains the highest growth large pharma company in the industry, achieving this through new innovation in areas such as diabetes and inflammation. During the fourth quarter, the company held an analyst day, providing better than expected 2019 and 2020 sales guidance.

Ecolab also featured among the top contributors, a global leader in products that look to cut use of important resources, particularly water, for clients across the world. By cutting water and energy use, it also reduces costs for customers and has a reputation for great service and product innovation. Ecolab is a strong fit for our *Improving the management of water* theme: it has a very defensive business model and was one of the few companies able to grow earnings over the downturn in 2009.

American Tower has been another strong name, particularly amid the tough fourth quarter, continuing to see demand for wireless telecommunication capacity in the US, as well as Brazil and India. In the modern digital economy, customers demand greater and greater connectivity on mobile devices. American Tower is a beneficiary of our theme of *Connecting people*: this demand is secular, not cyclical, and it has therefore performed well in difficult market conditions.

Elsewhere, Intuit and IQVIA also registered a strong year, with both also highlighted in our six-month review back in August.

US technology firm Intuit – part of our *Increasing financial resilience* theme – continues to be driven by its two market-leading products. Quickbooks is undergoing a transformation as the offering moves from a subscription to a cloud-based model, ensuring the addressable market within small and medium businesses is expanding. The firm's turbo tax product is also experiencing super-normal growth, as it provides small businesses and individuals with software to help navigate the dreaded annual tax return. Both are simple, cost-effective products for small businesses and individuals.

IQVIA is another healthcare name and the company is the result of two leading healthcare businesses merging back in 2016: Quintiles was the global market leader in the Contract Research Organisation (CRO) business, essentially the outsourcing of clinical trials by pharmaceutical and biotechnology companies, while IMS was the leader in purchasing script information from drug companies, then collating this data and selling it back to drug manufacturers.

IQVIA is bringing digital technology and scale to an area of the global healthcare system that is inefficient, currently wasting both time and money. Its new product offerings have the potential to change the competitive landscape, which can benefit patients, manufacturers and shareholders alike.

Moving to the weaker names, Prudential has been a poor performer throughout the year and we suspect the shares have been dragged down due to concerns over a slowdown in China, likely exacerbated by the ongoing trade war with the US. The underlying business, however, continues to perform well and one of the key attractions for us is that Prudential is providing insurance to people who have never had it in countries where there is less state support.

Over the coming years, we expect the increase in book value to more than compensate for the more recent fall in multiple and also believe there is considerable re-rating opportunity should macro concerns in Asia dissipate.

Banca Generali also detracted from performance, reflecting a volatile political period in Italy. None of the news was specific to the company's fundamentals or competitive positioning however and we continue to believe in our thesis of excellent customer service resulting in high retention rates and strong asset inflows. We also remain confident in the strength of the balance sheet.

## Sustainable Future Global Growth Fund (continued)

### Investment review (continued)

#### Fund review (continued)

Slowing economic growth and concerns about trade wars meant a challenging year for several holdings within our *Increasing auto safety* theme, including Valeo and Hella. While we remain confident in the trend towards safer cars, Valeo in particular is struggling to convert this into profitable growth and we therefore decided to exit the stock. We note the company has continued to underperform significantly after our exit.

With Hella, we remain confident in the prospects for this lighting technology, electronics components and computer systems producer over the longer term. While a cyclical slowdown will affect demand in 2019, the structural trend will drive sales beyond this and as long-term investors, we see the stock as among the best in class in the sector and were encouraged to see it back among positive contributors in January.

Finally, Prysmian also featured among the weaker holdings over the year. We like the company for its leadership position in connectivity, which includes highly technical deep sea projects, but problems at one of these projects in the UK, the Western Link project, resurfaced and drove a profit warning in June.

In the past, Prysmian's management has been able to contain and resolve project issues after initial mistakes so we are confident it can do so again – but these can be costly, prolonged problems so we are watching the situation closely. Later in the year, the company also reported a slowdown in its submarine business, which includes offshore wind, in the first half of 2018 due to the postponement of some large projects until the end of the year and into 2019.

#### Market review

We saw two sizeable corrections during the year – in early February and then Red October (and much of the period afterwards) – and investors are clearly starting to consider their position in anticipation of more challenging times ahead, particularly as many central banks move to 'normalise' policy.

Q4 in particular saw a risk-off tone grip global markets as volatility returned to the fore, driven by fears over slowing growth plus the well-worn trio of trade, Brexit and tightening monetary policy. January saw something of a recovery in most markets – although a variety of economic questions remain unresolved. The three-month trade ceasefire between the US and China is now over and we wait to see if the countries can come to an agreement before tariffs are due to rise in March. Meanwhile a pledge from the Federal Reserve to be patient on rate rises over 2019 was positive for risk assets as the month ended.

A US/Chinese trade war remains an important risk. Free trade tends to benefit all those involved, and given it involves the world's two largest economies, global momentum is sure to slow. Tariffs tend to be both economically contractionary and inflationary, a toxic combination when the latter is again becoming an issue for central banks.

The Federal Reserve is therefore in a tricky place. Wage growth is healthy and accelerating, unemployment is below 4%, and inflation is rising. This is a prudent time to normalise interest rates. A trade war accelerates inflationary pressure, while increasing the risk of an abrupt economic slowdown and it is this risk markets reacted to so abruptly.

Despite the political uncertainty highlighted, tightening monetary policy proved to be a major theme across developed markets in 2018, with the Bank of Japan a notable exception.

The US Federal Reserve led the way, raising interest rates four times across the year as positive economic momentum proved robust against the challenging backdrop. Despite predictions of a further two hikes in 2019 however, an apparent U-turn in January saw Fed Chair Jerome Powell say the Bank has "the luxury of patience" in deciding whether to raise again.

## Sustainable Future Global Growth Fund (continued)

### Investment review (continued)

#### Market review (continued)

In the UK, meanwhile, the Bank of England finally announced a long-awaited interest rate rise at the start of August. With so much focus on the rise that never was back in May, the significance of this actual hike perhaps went under the radar a little. After all, it was only the second rise in a decade and takes the level back to the highest since March 2009. Although following this rates remained on hold for the remainder of the year amidst mixed data and pending further Brexit developments.

Not to be left out, the European Central Bank confirmed the end of its quantitative easing programme in December, as promised. However, with data indicating a widespread slowdown in growth, they also reiterated previous guidance that interest rates will remain on hold until at least the summer of 2019. The slowing growth picture has been felt particularly in exports, where there are growing signs of Asian demand cooling.

We continue to stress that while these issues dominate the news, underlying business fundamentals for the areas of the global market in which we invest remain strong. Important structural dynamics, such as the shift to a digital economy, the drive to improve efficiency and the importance of improving quality of life, also continue to drive earnings.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

#### Material portfolio changes by value

##### Purchases

Autodesk  
Compass  
Ringkjoebing Landbobank  
PayPal  
RELX  
Palo Alto Networks  
St. James's Place Capital  
Svenska Handelsbanken series 'A' shares  
TechnoPro  
Abcam

##### Sales

Accenture  
Worldpay  
Western Alliance  
Kyudenko  
Tesla Motors  
Tencent  
Unilever  
Valeo  
Salesforce.com  
Facebook

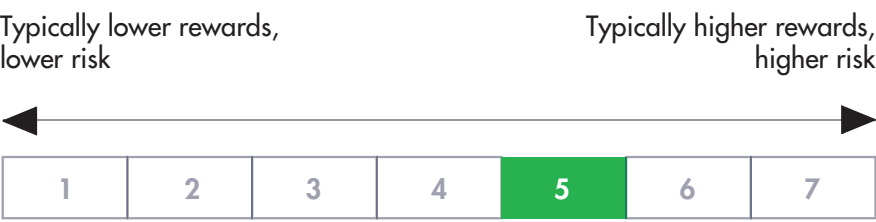


## Sustainable Future Global Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund’s ranking on the risk and reward indicator.



The Sub-fund is ranked at 5 because Sub-funds of this type have experienced medium to high rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG<sup>†</sup> grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

<sup>†</sup> Environmental, Social and Governance (“ESG”)

## Sustainable Future Global Growth Fund (continued)

### Portfolio Statement

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>AUSTRALIA (1.80%)</b>	<b>5,668</b>	<b>2.08</b>
52,514	CSL	5,668	2.08
	<b>CANADA (1.31%)</b>	<b>5,428</b>	<b>1.99</b>
85,500	Waste Connections	5,428	1.99
	<b>CAYMAN ISLANDS (1.30%)</b>		
	<b>DENMARK (1.49%)</b>	<b>5,155</b>	<b>1.89</b>
126,439	Ringkjoebing Landbobank	5,155	1.89
	<b>FRANCE (1.63%)</b>		
	<b>GERMANY (4.74%)</b>	<b>12,742</b>	<b>4.67</b>
111,453	Hella	3,838	1.41
55,836	Henkel non-voting preference shares	4,126	1.51
282,257	Infineon Technologies	4,778	1.75
	<b>HONG KONG (1.13%)</b>	<b>3,258</b>	<b>1.19</b>
4,272,814	China Everbright International	3,258	1.19
	<b>IRELAND; REPUBLIC OF (7.79%)</b>	<b>10,754</b>	<b>3.94</b>
69,013	Kerry class 'A' shares	5,403	1.98
170,968	Kingspan	5,351	1.96
	<b>ITALY (3.67%)</b>	<b>3,469</b>	<b>1.27</b>
193,257	Banca Generali	3,469	1.27
	<b>JAPAN (8.30%)</b>	<b>17,838</b>	<b>6.53</b>
53,200	Daikin	4,370	1.60
14,800	Keyence	5,761	2.11
31,112	Shimano	3,303	1.21
111,000	TechnoPro	4,404	1.61

## Sustainable Future Global Growth Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>NETHERLANDS (2.76%)</b>		<b>7,336</b>	<b>2.69</b>
26,420	ASML	3,531	1.29
83,400	InterXion	3,805	1.40
<b>NORWAY (3.43%)</b>		<b>7,924</b>	<b>2.90</b>
310,373	DNB	4,181	1.53
1,066,474	Norsk Hydro	3,743	1.37
<b>SPAIN (1.53%)</b>		<b>6,002</b>	<b>2.20</b>
279,939	Cellnex Telecom	6,002	2.20
<b>SWEDEN (0.00%)</b>		<b>4,526</b>	<b>1.66</b>
548,476	Svenska Handelsbanken series 'A' shares	4,526	1.66
<b>SWITZERLAND (1.92%)</b>		<b>7,791</b>	<b>2.85</b>
38,527	Roche	7,791	2.85
<b>UNITED KINGDOM (4.28%)</b>		<b>25,902</b>	<b>9.48</b>
312,138	Abcam	4,127	1.51
426,957	Compass	6,959	2.55
329,687	Prudential	4,896	1.79
333,291	RELX	5,616	2.06
458,805	St. James's Place Capital	4,304	1.57
<b>UNITED STATES OF AMERICA (50.32%)</b>		<b>147,260</b>	<b>53.93</b>
26,100	Adobe Systems	4,917	1.80
51,900	Alexion Pharmaceuticals	4,851	1.78
9,600	Alphabet class 'A' shares	8,218	3.01
49,900	American Tower class 'A' shares	6,566	2.40
57,800	Autodesk	6,468	2.37
155,000	Cadence Design Systems	5,659	2.07
168,922	Charles Schwab	6,005	2.20
70,869	Ecolab	8,526	3.12
87,900	Eli Lilly	8,007	2.93
15,090	Equinix	4,519	1.65

## Sustainable Future Global Growth Fund (continued)

### Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED STATES OF AMERICA (continued)</b>			
71,741	First Republic Bank	5,269	1.93
23,300	Intuit	3,822	1.40
89,600	IQVIA	8,781	3.22
81,176	Nasdaq	5,432	1.99
68,500	Nike class 'B' shares	4,263	1.56
34,800	Palo Alto Networks	5,681	2.08
81,300	PayPal	5,485	2.01
73,226	PerkinElmer	5,036	1.84
31,100	Rockwell Automation	4,006	1.47
20,052	Roper Industries	4,316	1.58
32,042	Salesforce.com	3,700	1.36
32,200	Splunk	3,053	1.12
124,924	SS&C Technologies	4,888	1.79
40,171	Thermo Fisher Scientific	7,500	2.75
144,200	Trimble Navigation	4,125	1.51
79,600	Visa	8,167	2.99
<b>Portfolio of investments</b>		<b>271,053</b>	<b>99.27</b>
<b>Net other assets</b>		<b>1,985</b>	<b>0.73</b>
<b>Total net assets</b>		<b>273,038</b>	<b>100.00</b>

All investments are approved securities being either officially listed in a member state or under the rules of an eligible market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2018.

## Sustainable Future Global Growth Fund (continued)

## Comparative tables

for the year ended 31 January 2019

Class 2 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	152.76	129.63	104.39
Return before operating charges*	10.59	24.36	26.24
Operating charges	(1.42)	(1.23)	(1.00)
Return after operating charges	9.17	23.13	25.24
Distributions	(0.61)	(0.71)	(0.57)
Retained distributions on accumulation shares	0.61	0.71	0.57
<b>Closing net asset value per share</b>	<b>161.93</b>	<b>152.76</b>	<b>129.63</b>
After transaction costs of	(0.12)	(0.13)**	(0.16)
<b>Performance</b>			
Return after charges	6.00%	17.84%	24.18%
<b>Other information</b>			
Closing net asset value (£'000)	100,582	69,279	62,211
Closing number of shares	62,114,529	45,350,733	47,991,148
Operating charges**	0.89%	0.85%	0.85%
Direct transaction costs	0.07%	0.09%**	0.14%
<b>Prices</b>			
Highest share price	173.1	157.2	133.9
Lowest share price	144.7	129.2	94.28

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

\*\*\*These figures have been restated due to misstatement in prior year figures.

## Sustainable Future Global Growth Fund (continued)

### Comparative tables (continued)

for the year ended 31 January 2019

Class 3 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	215.72	182.30	146.20
Return before operating charges*	14.94	34.30	36.81
Operating charges	(0.97)	(0.88)	(0.71)
Return after operating charges	13.97	33.42	36.10
Distributions	(1.81)	(1.69)	(1.49)
Retained distributions on accumulation shares	1.81	1.69	1.49
<b>Closing net asset value per share</b>	<b>229.69</b>	<b>215.72</b>	<b>182.30</b>
After transaction costs of	(0.17)	(0.18)**	(0.23)
<b>Performance</b>			
Return after charges	6.48%	18.33%	24.69%
<b>Other information</b>			
Closing net asset value (£'000)	164,556	133,482	102,418
Closing number of shares	71,641,195	61,876,409	56,180,982
Operating charges**	0.43%	0.43%	0.43%
Direct transaction costs	0.07%	0.09%**	0.14%
<b>Prices</b>			
Highest share price	245.0	222.0	188.3
Lowest share price	204.4	181.6	132.1

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

\*\*\*These figures have been restated due to misstatement in prior year figures.

## Sustainable Future Global Growth Fund (continued)

## Comparative tables (continued)

for the year ended 31 January 2019

Class Z Net Accumulation+ Accounting year ended	31 January 2019 per share (p)	31 January 2018* per share (p)
<b>Change in net assets per share</b>		
Opening net asset value per share	103.99	100.00
Return before operating charges*	7.30	3.99
Operating charges	(0.17)	0.00
Return after operating charges	7.13	3.99
Distributions	(1.26)	(0.14)
Retained distributions on accumulation shares	1.26	0.14
<b>Closing net asset value per share</b>	<b>111.12</b>	<b>103.99</b>
After transaction costs of	-	(0.09)**
<b>Performance</b>		
Return after charges	6.86%	3.99%
<b>Other information</b>		
Closing net asset value (£'000)	7,900	1
Closing number of shares	7,109,847	1,000
Operating charges**	0.16%	0.00%
Direct transaction costs	0.07%	0.09%***
<b>Prices</b>		
Highest share price	118.4	107.0
Lowest share price	98.53	100.8

+ Share class launched on 3 October 2017.

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

\*\*\* These figures have been restated due to misstatement in prior year figures.

## Sustainable Future Global Growth Fund (continued)

## Statement of Total Return

for the year ended 31 January 2019

	Notes	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
Income					
Net capital gains	2		11,879		28,009
Revenue	3	2,902		2,416	
Expenses	4	(1,384)		(997)	
Interest payable and similar charges	6	(4)		—	
Net revenue before taxation		1,514		1,419	
Taxation	5	(57)		(208)	
Net revenue after taxation			1,457		1,211
<b>Total return before distributions</b>			<b>13,336</b>		<b>29,220</b>
Distributions	7		(1,482)		(1,263)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>11,854</b>		<b>27,957</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 January 2019

	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Opening net assets attributable to shareholders</b>		<b>202,762</b>		<b>164,630</b>
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	67,476		35,183	
Amounts paid on cancellation of shares	(10,609)		(26,330)	
		56,867		8,853
Dilution adjustment		1		28
Change in net assets attributable to shareholders from investment activities		11,854		27,957
Retained distribution on accumulation shares		1,554		1,294
<b>Closing net assets attributable to shareholders</b>		<b>273,038</b>		<b>202,762</b>



## Sustainable Future Global Growth Fund (continued)

## Balance Sheet

as at 31 January 2019

	Notes	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Assets</b>			
<b>Fixed Assets</b>			
Investments		271,053	197,495
<b>Current assets:</b>			
Debtors	8	3,693	545
Cash and bank balances	9	3,895	4,899
<b>Total other assets</b>		<b>7,588</b>	<b>5,444</b>
<b>Total assets</b>		<b>278,641</b>	<b>202,939</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Other creditors	10	(5,603)	(177)
<b>Total liabilities</b>		<b>(5,603)</b>	<b>(177)</b>
<b>Net assets attributable to shareholders</b>		<b>273,038</b>	<b>202,762</b>

The notes on pages 172 to 183 form an integral part of these financial statements. The distribution per share is set out in the table on page 184.

## Sustainable Future Global Growth Fund (continued)

### Notes to the financial statements

for the year ended 31 January 2019

#### 1 Accounting policies

The accounting policies for the Sub-fund are set out on pages 13 to 14.

#### 2 Net capital gains

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Non-derivative securities	12,200	28,161
Foreign currency losses	(319)	(146)
Transaction costs	(2)	(6)
<b>Net capital gains</b>	<b>11,879</b>	<b>28,009</b>

#### 3 Revenue

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Bank interest	2	—
Non-taxable overseas dividends	2,320	2,039
UK dividends	376	228
US REIT dividends	204	149
<b>Total revenue</b>	<b>2,902</b>	<b>2,416</b>

## Sustainable Future Global Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 4 Expenses\*

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's fees	1,217	913
Fixed rate administration fees	108	—
Registration fee	45	58
	<b>1,370</b>	<b>971</b>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary fee	13	19
Safe custody fee	4	7
	<b>17</b>	<b>26</b>
<b>Other expenses</b>		
Audit fees**	5	9
Printing and postage fees	(1)	1
Rebate of expenses***	(8)	(12)
Professional service fees	—	1
Other expenses/Sundry expenses	1	1
	<b>(3)</b>	<b>—</b>
<b>Total expenses</b>	<b>1,384</b>	<b>997</b>

\* Please refer to page 6 for details of the new fee structure.

\*\* The audit fee for the year, excluding VAT, was £7,700 (2018: £7,500).

\*\*\*Rebate of expenses represent the cap applied to the operating charge figure.

## Sustainable Future Global Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 5 Taxation

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>a) Analysis of charge in year</b>		
Overseas tax	57	208
<b>Total tax charge for the year (see note 5(b))</b>	<b>57</b>	<b>208</b>

**b) Factors affecting tax charge for the year**

The taxation assessed for the year is lower (2018 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Net revenue before taxation	1,514	1,419
Corporation tax at 20% (2018 – 20%)	303	284
<b>Effects of:</b>		
Overseas tax	57	208
Overseas dividends not subject to corporation tax	(539)	(453)
Movement in excess management expenses	242	169
Relief on overseas tax expensed	(6)	—
<b>Total tax charge for year (see note 5(a))</b>	<b>57</b>	<b>208</b>

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

**c) Deferred tax asset**

At 31 January 2019 the Sub-fund had surplus management expenses of £5,880,000 (prior year: £4,668,000). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore, a deferred tax asset of £1,176,000 (prior year: £934,000) has not been recognised.

## 6 Interest payable and similar charges

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interest	4	—
<b>Total interest payable and similar charges</b>	<b>4</b>	<b>—</b>

## Sustainable Future Global Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 7 Distributions

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interim distribution	1,177	1,120
Final distribution	377	174
	<b>1,554</b>	<b>1,294</b>
Amounts received on issue of shares	(94)	(76)
Amounts deducted on cancellation of shares	22	45
<b>Net distribution</b>	<b>1,482</b>	<b>1,263</b>
<b>The distribution amount has been calculated as follows:</b>		
Net revenue after taxation for the year	1,457	1,211
Shortfall of income/Deficit of share classes taken to capital	25	52
<b>Net distribution</b>	<b>1,482</b>	<b>1,263</b>

The distribution per share is set out in the table on page 184.

## 8 Debtors

	31.1.2019 (£'000)	31.1.2018 (£'000)
Accrued revenue	135	38
Amounts receivable on issue of shares	408	327
Foreign currency contracts awaiting settlement	2,724	—
Overseas withholding tax	403	180
Rebate of expense	23	—
<b>Total debtors</b>	<b>3,693</b>	<b>545</b>

## Sustainable Future Global Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 9 Cash and bank balances

	31.1.2019 (£'000)	31.1.2018 (£'000)
Cash and bank balances	3,895	4,899
<b>Total cash and bank balances</b>	<b>3,895</b>	<b>4,899</b>

## 10 Creditors

	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Other creditors</b>		
Accrued expenses	145	106
Amounts payable on cancellation of shares	—	71
Foreign currency contracts awaiting settlement	2,734	—
Purchases awaiting settlement	2,724	—
<b>Total creditors</b>	<b>5,603</b>	<b>177</b>

## 11 Related party transactions

Liontrust Asset Management Plc is regarded as a controlling party by virtue of being the ultimate parent company of the ACD\*, Liontrust Fund Partners LLP, giving the ability to act in concert in respect of the operations of the Company.

The ACD's periodic charge and registration fees paid to Liontrust Fund Partners LLP and its associates are shown in note 4, and details of shares issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Net Assets Attributable to Shareholders.

The balance due to/from the ACD at the year end are included within Notes 8 and 10.

The balance due to Liontrust Fund Partners LLP and its associates at the year end was £139,000 (prior year: £93,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £1,370,000 (prior year: £971,000).

The total rebate of expenses paid by Liontrust Fund Partners LLP and its associates for the year was £9,000 (prior year: £12,000).

\*Please refer to page 6 for changes to the ACD. Figures disclose relate to both Liontrust Fund Partners LLP and Liontrust Investments Limited

## Sustainable Future Global Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments

The risks inherent in the Sub-fund's investment portfolio are as follows:

In pursuing its investment objective and investment policy, the Sub-fund holds a number of financial instruments. These may comprise:

- Equity shares, equity related shares, non-equity shares and debt securities. These are held in accordance with the Sub-fund's investment policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operation;
- Shareholders' funds, which represent investors' monies that are invested on their behalf;
- Derivative transactions which the Sub-fund may enter into, the purpose of which is to manage certain aspects of the risks arising from the Sub-fund's investment activities and generate additional capital and revenue;
- Short-term borrowings used to finance operational cash flows;
- Derivatives are also used for investment purposes not just to manage risk/exposures.

The main risks arising from the financial instruments are market price (including "emerging markets price risk"), foreign currency, interest rate, liquidity and counterparty credit risk. The ACD reviews the policies for managing each of these risks and they are summarised below.

These policies have remained unchanged since the beginning of the period to which these financial statements relate.

It should be noted that the ACD has a detailed risk management policy which is reviewed and updated, if necessary, periodically. An independent risk function is also present which monitors all relevant risks appropriately.

#### Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

As at 31 January 2019 and 31 January 2018 the overall market exposure for the Sub-fund was as shown in the Portfolio Statement, other than for derivatives and short positions where the exposure could be greater. The Sub-fund is exposed to market price risk as the assets and liabilities of the fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Sub-fund to market price risk is estimated below which shows the expected change in the market value of the Sub-fund when a representative market index changes by 15%. These percentage movements are based on the Investment Adviser's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Sub-fund has previously changed when that corresponding market index has moved taking into account the Sub-fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 January 2019, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 13.7%.

As at 31 January 2018, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 16.1%.

## Sustainable Future Global Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Market price risk (continued)

Some limitations of sensitivity analysis are;

- markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

The Sub-fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR). The Sub-fund's global exposure to derivatives at the year-end has been calculated using the Commitment approach.

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statements for the notional values of the forwards and futures contracts.

VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

The Sub-fund did not use derivatives in the year and level of leverage employed by the Sub-fund during the year is not considered to be significant.

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Sub-fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Sub-fund's investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the company's functional and reporting currency.

The ACD has identified three principal areas where foreign currency risk could impact the Sub-fund:

- Movements in exchange rates affecting the value of investments;
- Movements in exchange rates affecting short-term timing differences; and
- Movements in exchange rates affecting the income received.

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific currency risk being identified.

The Sub-fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

The Sub-fund may receive income in currencies other than sterling, and the sterling values of this income can be affected by movements in exchange rates.



## Sustainable Future Global Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 12 Derivatives and other financial instruments (continued)

## Currency risk (continued)

At 31 January 2019 the Sub-fund's currency exposure was as shown in the table below:

Currency Profile	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Australian Dollar	—	5,668	5,668
Danish Krone	—	5,206	5,206
Euro	180	36,563	36,743
Hong Kong Dollar	—	3,258	3,258
Japanese Yen	—	17,858	17,858
Norwegian Krone	—	8,030	8,030
Swedish Krona	—	4,526	4,526
Swiss Franc	—	7,862	7,862
US Dollar	—	156,610	156,610
	<b>180</b>	<b>245,581</b>	<b>245,761</b>

At 31 January 2018 the Sub-fund's currency exposure was as shown in the table below:

Currency Profile	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Australian Dollar	—	3,656	3,656
Danish Krone	—	3,058	3,058
Euro	—	39,305	39,305
Hong Kong Dollar	—	4,919	4,919
Japanese Yen	—	16,852	16,852
Norwegian Krone	—	7,013	7,013
Swiss Franc	—	3,925	3,925
US Dollar	1	110,290	110,291
	<b>1</b>	<b>189,018</b>	<b>189,019</b>

If the exchange rate at 31 January 2019 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Sub-fund by approximately £27,307,000/£(22,342,000) respectively.

If the exchange rate at 31 January 2018 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Fund by approximately £21,002,000/£(17,184,000) respectively.

## Sustainable Future Global Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates.

The majority of the Sub-fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate linked to LIBOR.

As a result, the fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. Therefore, no interest rate sensitivity analysis has been prepared for these.

##### Liquidity risk

Liquidity risk is the risk that the Sub-fund will not be able to meet its obligations as they fall due. The Sub-fund's assets comprise wholly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Sub-fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the prospectus. Where investments cannot be realised in time to meet any potential liability, the Sub-fund may borrow up to 10% of its value to ensure settlement.

In accordance with the ACD's policy, the Investment Adviser monitors the Sub-funds' liquidity on a daily basis.

##### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Sub-fund are downgraded.

The Sub-fund may enter into transactions in financial instruments (including derivatives) which exposes it to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Sub-fund will only buy and sell financial instruments through parties that have been approved as acceptable by the ACD. This list is reviewed at least annually.

The Sub-fund may enter into stock lending activities which exposes it to the risk that the counterparty will not deliver the stock or cash after the Sub-fund has fulfilled its obligations. The Sub-fund will only enter into stock lending activities with parties that have been approved as acceptable by the ACD and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

At the balance sheet date, there were no counterparties to open derivative contracts. At the year end collateral of Nil (prior year: Nil) was received; collateral pledged was Nil (prior year: Nil) and none (prior year: none) of the Sub-funds' financial assets were past due or impaired.

The Depositary is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Depositary and Custodian, The Bank of New York Mellon Corporation, as at 31 January 2019 was AA- (Standard & Poor's rating).

## Sustainable Future Global Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Counterparty credit risk (continued)

BNYMSA, in the discharge of its delegated Depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of BNYMSA and (ii) all financial instruments that can be physically delivered to BNYMSA. BNYMSA ensures all financial instruments (held in a financial instruments account on the books of BNYMSA) are held in segregated accounts in the name of the Sub-fund, clearly identifiable as belonging to the Sub-fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the Sub-fund on deposit. Such cash is held on the balance sheet of BNYMSA. In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Sub-fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

Insolvency of BNYM and or one of its agents or affiliates may cause the Sub-fund's rights with respect to its assets to be delayed or may result in the Sub-fund not receiving the full value of its assets.

##### 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 as shown in the table below.

##### Valuation of financial investments

	Assets (£'000)	Liabilities (£'000)
<b>31.1.2019</b>		
Quoted prices for identical instruments in active markets	271,053	—
	<b>271,053</b>	<b>—</b>
	Assets (£'000)	Liabilities (£'000)
<b>31.1.2018</b>		
Quoted prices for identical instruments in active markets	197,495	—
	<b>197,495</b>	<b>—</b>

#### 13 Share movement

For the year ending 31 January 2019

	Opening shares	Shares issued	Shares redeemed	Shares converted	Closing shares
Class 2 Net Accumulation	45,350,733	23,096,607	(3,781,301)	(2,551,510)	62,114,529
Class 3 Net Accumulation	61,876,409	11,789,766	(2,024,980)	—	71,641,195
Class Z Net Accumulation	1,000	3,377,801	—	3,731,046	7,109,847

## Sustainable Future Global Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs

For the year ending 31 January 2019

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	120,871	45	0.04	104	0.09
<b>Total purchases</b>	<b>120,871</b>	<b>45</b>		<b>104</b>	
<b>Total purchases including transaction costs</b>	<b>121,020</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	59,690	23	0.04	4	0.01
<b>Total sales</b>	<b>59,690</b>	<b>23</b>		<b>4</b>	
<b>Total sales net of transaction costs</b>	<b>59,663</b>				
<b>Total transaction costs</b>		<b>68</b>		<b>108</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.04%</b>	

## Sustainable Future Global Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs (continued)

For the year ending 31 January 2018

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	66,563	58	0.09	66	0.10
<b>Total purchases</b>	<b>66,563</b>	<b>58</b>		<b>66</b>	
<b>Total purchases including transaction costs</b>	<b>66,687</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	59,880	33	0.06	3	0.01
<b>Total sales</b>	<b>59,880</b>	<b>33</b>		<b>3</b>	
<b>Total sales net of transaction costs</b>	<b>59,844</b>				
<b>Total transaction costs</b>		<b>91</b>		<b>69</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.05%</b>		<b>0.04%</b>	

The above analysis covers any direct transaction costs suffered by the Sub-fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the Sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

Dealing spread costs suffered by the Sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.06% (2018: 0.06%).

## Sustainable Future Global Growth Fund (continued)

## Distribution tables

for the year ended 31 January 2019

## Final distribution payable in pence per share

Group 1 - Shares purchased prior to 1 August 2018

Group 2 - Shares purchased 1 August 2018 to 31 January 2019

Accumulation shares	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Payable 31.3.2019	Distribution Paid 31.3.2018
Class 2 - Group 1	0.0000	—	0.0000	0.0000
Class 2 - Group 2	0.0000	0.0000	0.0000	0.0000
Class 3 - Group 1	0.4870	—	0.4870	0.2817
Class 3 - Group 2	0.2457	0.2413	0.4870	0.2817
Class Z - Group 1	0.4004	—	0.4004	0.1400
Class Z - Group 2	0.1953	0.2051	0.4004	0.1400

## Interim distribution payable in pence per share

Group 1 - Shares purchased prior to 1 February 2018

Group 2 - Shares purchased 1 February 2018 to 31 July 2018

Accumulation shares	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Paid 30.9.2018	Distribution Paid 30.9.2017
Class 2 - Group 1	0.6120	—	0.6120	0.7110
Class 2 - Group 2	0.2300	0.3820	0.6120	0.7110
Class 3 - Group 1	1.3218	—	1.3218	1.4121
Class 3 - Group 2	0.5655	0.7563	1.3218	1.4121
Class Z - Group 1	0.8570	—	0.8570	n/a
Class Z - Group 2	0.8570	—	0.8570	n/a

\* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# Sustainable Future Managed Fund

Report for the year from 1 February 2018 to 31 January 2019

## Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation and income through diversified investment within and across global securities markets.

Allocations to bonds, equities and cash will vary over time depending on market circumstances. Equity selections will be based on price and long term total return prospects. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

Note: Typically, between 45% and 85% of the Net Asset Value of the Sub-fund will be invested in global equities with up to 55% of the Net Asset Value of the Sub-fund being invested in bonds and cash.

## Sustainable Future Managed Fund (continued)

### Investment review

#### Fund review

The Sustainable Future Managed Fund returned 3.1% over the 12 months under review, outperforming the IA Mixed Investment 40-85% Shares sector average of -3.1% (Source: Financial Express, primary share class, total return, net of fees and income & interest reinvested, 31.01.18 to 31.01.19).

In terms of asset allocation over the period, we started 2018 overweight credit and underweight Gilts, with neutral positions in equities and cash after reducing our overweight equity position in December 2017.

Over the first quarter, we twice added to equities from cash and finished March overweight equities and credit and underweight cash and Gilts. Asset Allocation was marginally negative over the period as Gilts were the best-performing asset class and risk assets performed poorly overall in a weak market.

Moving through the year, we cut the equity overweight back in Q3 and used the proceeds to increase our overweight in credit, seeing risks building over the following six to 12 months.

Asset allocation was flat over the final part of 2018, with our underweight government position a negative contributor as yields fell amid a general flight to safety, but this was offset by our overweight cash position. We remain neutrally weighted on equities and overweight corporate bonds.

Stronger holdings included Eli Lilly, which remains the highest growth large pharma company in the industry, achieving this through new innovation in areas such as diabetes and inflammation. During the fourth quarter, the company held an analyst day, providing better than expected 2019 and 2020 sales guidance.

Ecolab also featured among the top contributors, a global leader in products that look to cut use of important resources, particularly water, for clients across the world. By cutting water and energy use, it also reduces costs for customers and has a reputation for great service and product innovation. Ecolab is a strong fit for our *Improving the management of water* theme: it has a very defensive business model and was one of the few companies able to grow earnings over the downturn in 2009.

American Tower has been another strong name, particularly amid the tough fourth quarter, continuing to see demand for wireless telecommunication capacity in the US, as well as Brazil and India. In the modern digital economy, customers demand greater and greater connectivity on mobile devices. American Tower is a beneficiary of our theme of *Connecting people*: this demand is secular, not cyclical, and it has therefore performed well in difficult market conditions.

Elsewhere, Intuit and IQVIA also registered a strong year, with both also highlighted in our six-month review back in August.

US technology firm Intuit – part of our *Increasing financial resilience* theme – continues to be driven by its two market-leading products. Quickbooks is undergoing a transformation as the offering moves from a subscription to a cloud-based model, ensuring the addressable market within small and medium businesses is expanding. The firm's turbo tax product is also experiencing super-normal growth, as it provides small businesses and individuals with software to help navigate the dreaded annual tax return. Both are simple, cost-effective products for small businesses and individuals.

IQVIA is another healthcare name and the company is the result of two leading healthcare businesses merging back in 2016: Quintiles was the global market leader in the Contract Research Organisation (CRO) business, essentially the outsourcing of clinical trials by pharmaceutical and biotechnology companies, while IMS was the leader in purchasing script information from drug companies, then collating this data and selling it back to drug manufacturers.

IQVIA is bringing digital technology and scale to an area of the global healthcare system that is inefficient, currently wasting both time and money. Its new product offerings have the potential to change the competitive landscape, which can benefit patients, manufacturers and shareholders alike.

Moving to the weaker names, Prudential has been a poor performer throughout the year and we suspect the shares have been dragged down due to concerns over a slowdown in China, likely exacerbated by the ongoing trade war with the US. The underlying business, however, continues to perform well and one of the key attractions for us is that Prudential is providing insurance to people who have never had it in countries where there is less state support.



## Sustainable Future Managed Fund (continued)

### Investment review (continued)

#### Fund review (continued)

Over the coming years, we expect the increase in book value to more than compensate for the more recent fall in multiple and also believe there is considerable re-rating opportunity should macro concerns in Asia dissipate.

Banca Generali also detracted from performance, reflecting a volatile political period in Italy. None of the news was specific to the company's fundamentals or competitive positioning however and we continue to believe in our thesis of excellent customer service resulting in high retention rates and strong asset inflows. We also remain confident in the strength of the balance sheet.

Slowing economic growth and concerns about trade wars meant a challenging year for several holdings within our *Increasing auto safety* theme, including Valeo and Hella. While we remain confident in the trend towards safer cars, Valeo in particular is struggling to convert this into profitable growth and we therefore decided to exit the stock. We note the company has continued to underperform significantly after our exit.

With Hella, we remain confident in the prospects for this lighting technology, electronics components and computer systems producer over the longer term. While a cyclical slowdown will affect demand in 2019, the structural trend will drive sales beyond this and as long-term investors, we see the stock as among the best in class in the sector and were encouraged to see it back among positive contributors in January.

Finally, Prysmian also featured among the weaker holdings over the year. We like the company for its leadership position in connectivity, which includes highly technical deep sea projects, but problems at one of these projects in the UK, the Western Link project, resurfaced and drove a profit warning in June.

In the past, Prysmian's management has been able to contain and resolve project issues after initial mistakes so we are confident it can do so again – but these can be costly, prolonged problems so we are watching the situation closely. Later in the year, the company also reported a slowdown in its submarine business, which includes offshore wind, in the first half of 2018 due to the postponement of some large projects until the end of the year and into 2019.

#### Market review

We saw two sizeable corrections during the year – in early February and then Red October (and much of the period afterwards) – and investors are clearly starting to consider their position in anticipation of more challenging times ahead, particularly as many central banks move to 'normalise' policy.

Q4 in particular saw a risk-off tone grip global markets as volatility returned to the fore, driven by fears over slowing growth plus the well-worn trio of trade, Brexit and tightening monetary policy. January saw something of a recovery in most markets – although a variety of economic questions remain unresolved. The three-month trade ceasefire between the US and China is now over and we wait to see if the countries can come to an agreement before tariffs are due to rise in March. Meanwhile a pledge from the Federal Reserve to be patient on rate rises over 2019 was positive for risk assets as the month ended.

A US/Chinese trade war remains an important risk. Free trade tends to benefit all those involved, and given it involves the world's two largest economies, global momentum is sure to slow. Tariffs tend to be both economically contractionary and inflationary, a toxic combination when the latter is again becoming an issue for central banks.

The Federal Reserve is therefore in a tricky place. Wage growth is healthy and accelerating, unemployment is below 4%, and inflation is rising. This is a prudent time to normalise interest rates. A trade war accelerates inflationary pressure, while increasing the risk of an abrupt economic slowdown and it is this risk markets reacted to so abruptly.

Despite the political uncertainty highlighted, tightening monetary policy proved to be a major theme across developed markets in 2018, with the Bank of Japan a notable exception.

The US Federal Reserve led the way, raising interest rates four times across the year as positive economic momentum proved robust against the challenging backdrop. Despite predictions of a further two hikes in 2019 however, an apparent U-turn in January saw Fed Chair Jerome Powell say the Bank has "the luxury of patience" in deciding whether to raise again.

## Sustainable Future Managed Fund (continued)

### Investment review (continued)

#### Market review (continued)

In the UK, meanwhile, the Bank of England finally announced a long-awaited interest rate rise at the start of August. With so much focus on the rise that never was back in May, the significance of this actual hike perhaps went under the radar a little. After all, it was only the second rise in a decade and takes the level back to the highest since March 2009. Although following this rates remained on hold for the remainder of the year amidst mixed data and pending further Brexit developments.

Not to be left out, the European Central Bank confirmed the end of its quantitative easing programme in December, as promised. However, with data indicating a widespread slowdown in growth, they also reiterated previous guidance that interest rates will remain on hold until at least the summer of 2019. The slowing growth picture has been felt particularly in exports, where there are growing signs of Asian demand cooling.

We continue to stress that while these issues dominate the news, underlying business fundamentals for the areas of the global market in which we invest remain strong. Important structural dynamics, such as the shift to a digital economy, the drive to improve efficiency and the importance of improving quality of life, also continue to drive earnings.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

#### Material portfolio changes by value

##### Purchases

Liontrust GF Sustainable Future European Corporate Bond Fund\*  
Autodesk  
IQVIA  
Treasury 6% Stock 7/12/2028  
Ringkjoebing Landbobank  
Smurfit Kappa  
InterXion  
PayPal  
Palo Alto Networks  
RELX

##### Sales

Jardine Lloyd Thompson  
Western Alliance  
Standard Life 6.75% Guaranteed Perpetual Floating Rate Bonds  
Worldpay  
Accenture  
Kyudenko  
Facebook  
Salesforce.com  
PerkinElmer  
BTG

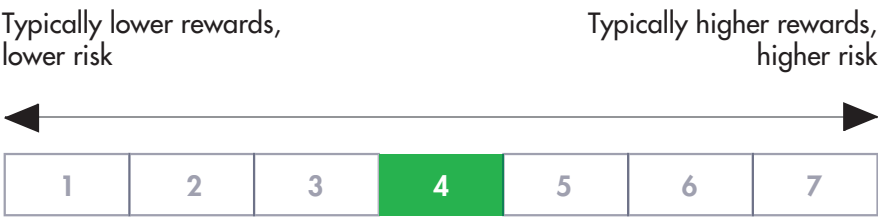
\* Related party Investment.

Sustainable Future Managed Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund’s ranking on the risk and reward indicator.



The Sub-fund is ranked at 4 because Sub-funds of this type have experienced average rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is therefore a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- The Sub-fund has holdings which are denominated in currencies other than sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Investments in emerging markets may involve a higher element of risk due to less well regulated markets and political and economic instability.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG<sup>†</sup> grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

<sup>†</sup> Environmental, Social and Governance ("ESG")

## Sustainable Future Managed Fund (continued)

### Portfolio Statement

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>AUSTRALIA (1.40%)</b>	<b>12,639</b>	<b>1.47</b>
117,103	CSL	12,639	1.47
	<b>CANADA (0.54%)</b>	<b>11,472</b>	<b>1.33</b>
180,700	Waste Connections	11,472	1.33
	<b>CAYMAN ISLANDS (0.69%)</b>		
	<b>CHANNEL ISLANDS; GUERNSEY (0.74%)</b>	<b>5,878</b>	<b>0.68</b>
4,981,693	Renewables Infrastructure	5,878	0.68
	<b>DENMARK (0.78%)</b>	<b>8,801</b>	<b>1.02</b>
215,857	Ringkjøbing Landbobank	8,801	1.02
	<b>FRANCE (0.62%)</b>	<b>6,877</b>	<b>0.80</b>
£3,500,000	Orange 8.125% Guaranteed Senior European Medium Term Bonds 20/11/2028	5,094	0.59
\$2,800,000	SCOR SE 5.25% Perpetual Bonds	1,783	0.21
	<b>GERMANY (3.24%)</b>	<b>23,260</b>	<b>2.70</b>
221,129	Hella	7,615	0.88
99,681	Henkel non-voting preference shares	7,367	0.86
489,073	Infineon Technologies	8,278	0.96
	<b>HONG KONG (1.07%)</b>	<b>7,650</b>	<b>0.89</b>
10,033,407	China Everbright International	7,650	0.89
	<b>IRELAND; REPUBLIC OF (3.48%)</b>	<b>52,489</b>	<b>6.08</b>
61,411	Kerry class 'A' shares	4,808	0.56
472,249	Kingspan	14,780	1.71
3,000,000	Liontrust GF Sustainable Future European Corporate Bond Fund**	26,082	3.02
310,234	Smurfit Kappa	6,819	0.79
	<b>ITALY (1.51%)</b>	<b>6,715</b>	<b>0.78</b>
374,060	Banca Generali	6,715	0.78

## Sustainable Future Managed Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>JAPAN (4.11%)</b>	<b>28,900</b>	<b>3.35</b>
103,300	Daikin	8,486	0.99
16,900	Keyence	6,579	0.76
64,233	Shimano	6,820	0.79
176,800	TechnoPro	7,015	0.81
	<b>NETHERLANDS (1.26%)</b>	<b>15,584</b>	<b>1.81</b>
51,156	ASML	6,837	0.79
191,700	InterXion	8,747	1.02
	<b>NORWAY (1.95%)</b>	<b>14,862</b>	<b>1.72</b>
661,708	DNB	8,913	1.03
1,694,894	Norsk Hydro	5,949	0.69
	<b>SPAIN (0.90%)</b>	<b>10,356</b>	<b>1.20</b>
483,010	Cellnex Telecom	10,356	1.20
	<b>SWEDEN (0.00%)</b>	<b>7,898</b>	<b>0.92</b>
957,183	Svenska Handelsbanken series 'A' shares	7,898	0.92
	<b>SWITZERLAND (1.22%)</b>	<b>13,408</b>	<b>1.55</b>
66,307	Roche	13,408	1.55
	<b>UNITED KINGDOM (39.16%)</b>	<b>317,080</b>	<b>36.75</b>
814,142	3i	6,914	0.80
1,002,077	Abcam	13,247	1.54
£2,500,000	Annington Funding 3.184% European Medium Term Notes 12/7/2029	2,473	0.29
£1,600,000	AT&T 7% Guaranteed Senior European Medium Term Bonds 30/4/2040	2,289	0.26
£6,000,000	Aviva 6.125% Floating Rate Bonds 14/11/2036	6,663	0.77
£1,900,000	AXA 5.453% Subordinated Perpetual Floating Rate Notes	1,983	0.23
£1,803,000	AXA 6.6862% Guaranteed Perpetual Subordinated Floating Rate European Medium Term Bonds	2,021	0.23
£2,316,000	British Telecommunications 3.125% European Medium Term Notes 21/11/2031	2,270	0.26
631,353	Compass	10,291	1.19
£3,000,000	Compass 2% European Medium Term Notes 5/9/2025	3,016	0.35

# Sustainable Future Managed Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED KINGDOM (continued)</b>			
1,929,880	Crest Nicholson	7,283	0.84
165,836	Croda International	7,995	0.93
831,671	DFS Furniture	1,930	0.22
£2,900,000	Direct Line Insurance 4.75% Perpetual Bonds	2,359	0.27
427,000	Ethical Property*	350	0.04
1,054,563	GlaxoSmithKline	15,574	1.81
£2,300,000	GlaxoSmithKline Capital 5.25% Guaranteed European Medium Term Bonds 19/12/2033	3,033	0.35
1,331,374	Greencoat UK Wind	1,781	0.21
47,594	GW Pharmaceuticals ADR (each representing 12 ordinary share)	5,165	0.60
479,516	Hargreaves Lansdown	7,830	0.91
676,144	Informa	4,573	0.53
143,310	Intertek	7,034	0.82
5,764,514	IP	6,110	0.71
286,117	Keller	1,482	0.17
4,152,013	Legal & General	10,770	1.25
£2,838,000	Liberty Living Finance 3.375% Bonds 28/11/2029	2,783	0.32
44,357,932	Liontrust Sustainable Future Corporate Bond Fund**	48,417	5.61
295,810	London Stock Exchange	13,539	1.57
£2,900,000	NGG Finance 5.625% Floating Rate Notes 18/6/2073	3,103	0.36
£3,000,000	Notting Hill Genesis 2.875% Bonds 31/1/2029	3,001	0.35
1,304,045	Paragon	5,409	0.63
331,943	Pennon	2,532	0.29
1,436,758	Porvair	6,537	0.76
885,523	Prudential	13,150	1.52
£5,000,000	Prudential 5.625% Bonds 20/10/2051	5,231	0.61
545,236	RELX	9,187	1.06
1,078,277	Rightmove	5,089	0.59
434,460	Sage	2,720	0.32
£1,000,000	Santander 7.375% Perpetual Bonds	1,029	0.12
£750,000	Severn Trent Water Utilities 6.25% Guaranteed Bonds 7/6/2029	988	0.11
327,921	Softcat	2,279	0.26
2,019,169	Sophos	6,809	0.79
543,575	St. James's Place Capital	5,099	0.59
£2,700,000	Stagecoach 4% Bonds 29/9/2025	2,767	0.32

## Sustainable Future Managed Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED KINGDOM (continued)</b>			
879,640	Standard Chartered	5,399	0.63
£2,400,000	Travis Perkins 4.5% Bonds 7/9/2023	2,401	0.28
£7,000,000	Treasury 6% Stock 7/12/2028	10,106	1.17
235,549	Unilever	9,384	1.09
£3,600,000	Virgin Media Secured Finance 6.25% Guaranteed Senior Notes 28/3/2029	3,697	0.43
£5,000,000	Vodafone 4.875% Bonds 3/10/2078	4,802	0.56
£3,000,000	Western Power Distribution 3.5% Bonds 16/10/2026	3,032	0.35
£3,550,000	WM Morrison Supermarkets 4.75% European Medium Term Notes 4/7/2029	4,053	0.47
625,516	Xeros Technology	101	0.01
<b>UNITED STATES OF AMERICA (30.73%)</b>		<b>291,623</b>	<b>33.80</b>
39,900	Adobe Systems	7,517	0.87
84,700	Alexion Pharmaceuticals	7,917	0.92
\$9,600,000	Allianz 5.5% Perpetual	7,097	0.82
12,300	Alphabet class 'A' shares	10,529	1.22
6,718	Alphabet class 'C' shares	5,699	0.66
100,300	American Tower class 'A' shares	13,199	1.53
108,875	Autodesk	12,183	1.41
311,600	Cadence Design Systems	11,377	1.32
230,080	Charles Schwab	8,179	0.95
141,739	Ecolab	17,052	1.98
166,200	Eli Lilly	15,140	1.75
32,306	Equinix	9,674	1.12
122,972	First Republic Bank	9,032	1.05
42,700	Intuit	7,005	0.81
207,300	IQVIA	20,316	2.35
\$6,000,000	Lloyds Bank 12% Perpetual Bonds	5,519	0.64
153,111	Nasdaq	10,246	1.19
125,000	Nike class 'B' shares	7,779	0.90
53,800	Palo Alto Networks	8,783	1.02
129,500	PayPal	8,737	1.01
119,829	PerkinElmer	8,241	0.96
\$8,890,000	Prudential 5.25% Perpetual European Medium Term Notes	6,412	0.74
42,800	Rockwell Automation	5,513	0.64
40,100	Roper Industries	8,631	1.00
55,217	Salesforce.com	6,375	0.74

## Sustainable Future Managed Fund (continued)

### Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>UNITED STATES OF AMERICA (continued)</b>			
60,400	Splunk	5,728	0.66
169,480	SS&C Technologies	6,631	0.77
\$5,000,000	Standard Chartered 6.5% Floating Rate Perpetual Notes	3,810	0.44
\$1,000,000	Standard Chartered 7.75% Perpetual Bonds	793	0.09
70,620	Thermo Fisher Scientific	13,184	1.53
300,700	Trimble Navigation	8,602	1.00
143,500	Visa	14,723	1.71
<b>Portfolio of investments</b>		<b>835,492</b>	<b>96.85</b>
<b>Net other assets</b>		<b>27,189</b>	<b>3.15</b>
<b>Total net assets</b>		<b>862,681</b>	<b>100.00</b>

All investments are approved securities being either officially listed in a member state or under the rules of an eligible market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

The asset class breakdown of the above portfolio of investments is: Equities 78.47%, Debt Securities 12.40% and Collective Investment Schemes 9.13%.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2018.

\* Unquoted security.

\*\* Related party Investment.



## Sustainable Future Managed Fund (continued)

## Comparative tables

for the year ended 31 January 2019

Class 2 Net Income Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	134.00	118.00	102.31
Return before operating charges*	5.78	18.85	18.37
Operating charges	(1.21)	(1.10)	(0.94)
Return after operating charges	4.57	17.75	17.43
Distributions	(1.72)	(1.75)	(1.74)
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>136.85</b>	<b>134.00</b>	<b>118.00</b>
After transaction costs of	(0.13)	(0.10)	(0.13)
<b>Performance</b>			
Return after charges	3.41%	15.04%	17.03%
<b>Other information</b>			
Closing net asset value (£'000)	137,834	70,658	43,209
Closing number of shares	100,721,355	52,729,110	36,618,361
Operating charges**	0.88%	0.85%	0.85%
Direct transaction costs	0.09%	0.08%	0.12%
<b>Prices</b>			
Highest share price	144.8	137.6	121.2
Lowest share price	127.4	117.8	95.29

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Managed Fund (continued)

### Comparative tables (continued)

for the year ended 31 January 2019

Class 3 Net Income Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	179.11	157.71	136.75
Return before operating charges*	7.55	25.04	24.11
Operating charges	(0.79)	(0.71)	(0.62)
Return after operating charges	6.76	24.33	23.49
Distributions	(2.95)	(2.93)	(2.53)
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>182.92</b>	<b>179.11</b>	<b>157.71</b>
After transaction costs of	(0.17)	(0.13)	(0.18)
<b>Performance</b>			
Return after charges	3.77%	15.43%	17.18%
<b>Other information</b>			
Closing net asset value (£'000)	659,400	612,585	530,491
Closing number of shares	360,484,066	342,014,376	336,365,470
Operating charges**	0.43%	0.41%	0.42%
Direct transaction costs	0.09%	0.08%	0.12%
<b>Prices</b>			
Highest share price	193.7	184.2	162.2
Lowest share price	170.4	157.5	127.3

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Managed Fund (continued)

## Comparative tables (continued)

for the year ended 31 January 2019

Class 6 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	167.77	145.74	124.66
Return before operating charges*	7.20	23.39	22.23
Operating charges	(1.52)	(1.36)	(1.15)
Return after operating charges	5.68	22.03	21.08
Distributions	(2.16)	(2.20)	(1.94)
Retained distributions on accumulation shares	2.16	2.20	1.94
<b>Closing net asset value per share</b>	<b>173.45</b>	<b>167.77</b>	<b>145.74</b>
After transaction costs of	(0.16)	(0.12)	(0.16)
<b>Performance</b>			
Return after charges	3.39%	15.12%	16.91%
<b>Other information</b>			
Closing net asset value (£'000)	63,938	30,583	10,201
Closing number of shares	36,862,906	18,229,194	6,999,363
Operating charges**	0.88%	0.85%	0.85%
Direct transaction costs	0.09%	0.08%	0.12%
<b>Prices</b>			
Highest share price	182.8	171.4	148.9
Lowest share price	159.5	145.5	116.1

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Managed Fund (continued)

### Comparative tables (continued)

for the year ended 31 January 2019

Class 7 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	170.79	147.89	126.15
Return before operating charges*	7.16	23.57	22.32
Operating charges	(0.76)	(0.67)	(0.58)
Return after operating charges	6.40	22.90	21.74
Distributions	(2.82)	(2.76)	(2.36)
Retained distributions on accumulation shares	2.82	2.76	2.36
<b>Closing net asset value per share</b>	<b>177.19</b>	<b>170.79</b>	<b>147.89</b>
After transaction costs of	(0.17)	(0.13)	(0.17)
<b>Performance</b>			
Return after charges	3.75%	15.48%	17.24%
<b>Other information</b>			
Closing net asset value (£'000)	1,509	1,476	1,123
Closing number of shares	851,358	864,349	759,101
Operating charges**	0.43%	0.41%	0.42%
Direct transaction costs	0.09%	0.08%	0.12%
<b>Prices</b>			
Highest share price	186.4	174.5	151.1
Lowest share price	162.5	147.7	117.5

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future Managed Fund (continued)

## Statement of Total Return

for the year ended 31 January 2019

	Notes	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
Income					
Net capital gains	2		15,336		80,452
Revenue	3	16,720		14,810	
Expenses	4	(4,008)		(2,980)	
Interest payable and similar charges	6	(5)		—	
Net revenue before taxation		12,707		11,830	
Taxation	5	(778)		(1,050)	
Net revenue after taxation			11,929		10,780
<b>Total return before distributions</b>			<b>27,265</b>		<b>91,232</b>
Distributions	7		(11,929)		(10,780)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>15,336</b>		<b>80,452</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 January 2019

	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Opening net assets attributable to shareholders</b>		<b>715,302</b>		<b>585,024</b>
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	146,047		69,401	
Amounts paid on cancellation of shares	(14,667)		(19,878)	
		131,380		49,523
Dilution Adjustment		1		1
Change in net assets attributable to shareholders from investment activities		15,336		80,452
Retained distribution on accumulation shares		662		302
<b>Closing net assets attributable to shareholders</b>		<b>862,681</b>		<b>715,302</b>

## Sustainable Future Managed Fund (continued)

## Balance Sheet

as at 31 January 2019

	Notes	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Assets</b>			
<b>Fixed Assets</b>			
Investments		835,492	668,057
<b>Current assets:</b>			
Debtors	8	16,784	3,279
Cash and bank balances	9	34,159	48,931
<b>Total other assets</b>		<b>50,943</b>	<b>52,210</b>
<b>Total assets</b>		<b>886,435</b>	<b>720,267</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Distribution Payable	10	(4,798)	(4,361)
Other creditors	10	(18,956)	(604)
<b>Total liabilities</b>		<b>(23,754)</b>	<b>(4,965)</b>
<b>Net assets attributable to shareholders</b>		<b>862,681</b>	<b>715,302</b>

The notes on pages 201 to 213 form an integral part of these financial statements. The distribution per share is set out in the table on page 214.

## Sustainable Future Managed Fund (continued)

## Notes to the financial statements

for the year ended 31 January 2019

**1 Accounting policies**

The accounting policies for the Sub-fund are set out on pages 13 to 14.

**2 Net capital gains**

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Non-derivative securities	16,030	80,867
Foreign currency losses	(689)	(402)
Forward currency contracts	1	—
Rebate of expenses*	1	1
Transaction costs	(7)	(14)
<b>Net capital gains</b>	<b>15,336</b>	<b>80,452</b>

**3 Revenue**

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Bank interest	18	1
CIS unfranked	—	10
Interest from overseas fixed income securities	724	609
Interest from UK fixed income securities	3,197	3,485
Management fee rebates on CIS	147	151
Non-taxable overseas dividends	4,980	4,474
Revenue from Liontrust Sustainable Future Corporate Bond Fund	1,979	1,928
Stock dividends	—	27
UK dividends	5,240	3,853
US REIT dividends	435	272
<b>Total revenue</b>	<b>16,720</b>	<b>14,810</b>

\* Rebate of expenses represent the cap applied to the operating charge figure.

## Sustainable Future Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 4 Expenses\*

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's fees	3,638	2,839
Fixed rate administration fees	262	—
Registration fee	70	71
	<b>3,970</b>	<b>2,910</b>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary fee	27	46
Safe custody fee	13	21
	<b>40</b>	<b>67</b>
<b>Other expenses</b>		
Audit fees**	5	9
Accounts printing and postage	(1)	1
Other expenses/Sundry expenses	1	1
Professional service fees	—	1
Rebate of expenses***	(7)	(9)
	<b>(2)</b>	<b>3</b>
<b>Total expenses</b>	<b>4,008</b>	<b>2,980</b>

\* Please refer to page 6 for details of the new fee structure.

\*\* The audit fee for the year, excluding VAT, was £7,700 (2018: £7,500).

\*\*\*Rebate of expenses represent the cap applied to the operating charge figure.



## Sustainable Future Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 5 Taxation

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>a) Analysis of charge in year</b>		
Overseas tax	345	402
Corporation tax	498	695
Less: Double taxation relief	(65)	(47)
<b>Total tax charge for the year (see note 5(b))</b>	<b>778</b>	<b>1,050</b>

**b) Factors affecting tax charge for the year**

The taxation assessed for the year is lower (2018 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Net revenue before taxation	12,707	11,830
Corporation tax at 20% (2018 – 20%)	2,542	2,366
<b>Effects of:</b>		
Double taxation relief	(65)	(47)
Non-taxable overseas dividends	(996)	(895)
Non-taxable stock dividends	—	(5)
Overseas tax	345	402
UK dividends	(1,048)	(771)
<b>Total tax charge for year (see note 5(a))</b>	<b>778</b>	<b>1,050</b>

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

**c) Deferred tax asset**

At 31 January 2019 the Fund had no surplus management expenses (prior year: £Nil). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised (prior year: £Nil).

## 6 Interest payable and similar charges

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interest	5	—
<b>Total interest payable and similar charges</b>	<b>5</b>	<b>—</b>

## Sustainable Future Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 7 Distributions

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interim distribution	7,433	6,483
Final distribution	5,091	4,522
	<b>12,524</b>	<b>11,005</b>
Amounts received on issue of shares	(665)	(326)
Amounts deducted on cancellation of shares	70	101
<b>Net distribution</b>	<b>11,929</b>	<b>10,780</b>
<b>The distribution amount has been calculated as follows:</b>		
Net revenue after taxation for the year	11,929	10,780
<b>Net distribution</b>	<b>11,929</b>	<b>10,780</b>

The distribution per share is set out in the table on page 214.

## 8 Debtors

	31.1.2019 (£'000)	31.1.2018 (£'000)
Accrued revenue	1,816	1,586
Amounts receivable on issue of shares	1,779	625
Foreign currency contracts awaiting settlement	5,716	—
Overseas withholding tax	870	433
Rebate of expenses	18	10
Sales awaiting settlement	6,585	625
<b>Total debtors</b>	<b>16,784</b>	<b>3,279</b>

## Sustainable Future Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 9 Cash and bank balances

	31.1.2019 (£'000)	31.1.2018 (£'000)
Cash and bank balances	34,159	48,931
<b>Total cash and bank balances</b>	<b>34,159</b>	<b>48,931</b>

## 10 Creditors

	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Distribution Payable</b>		
Net distribution payable	4,798	4,361
	<b>4,798</b>	<b>4,361</b>
<b>Other creditors</b>		
Accrued expenses	407	297
Amounts payable on cancellation of shares	86	1
Corporation tax payable	268	306
Foreign currency contracts awaiting settlement	5,747	—
Purchases awaiting settlement	12,448	—
<b>Total creditors</b>	<b>18,956</b>	<b>604</b>

## 11 Related party transactions

Liontrust Asset Management Plc is regarded as a controlling party by virtue of being the ultimate parent company of the ACD\*, Liontrust Fund Partners LLP, giving the ability to act in concert in respect of the operations of the Company.

The revenue received from Liontrust Sustainable Future Corporate Bond Fund is shown in note 3.

The ACD's periodic charge and registration fees paid to Liontrust Fund Partners LLP and its associates are shown in note 4, and details of shares issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Net Assets Attributable to Shareholders.

The balance due to/from the ACD at the year end are included within Notes 8 and 10.

The balance due to Liontrust Fund Partners LLP and its associates at the year end was £400,000 (prior year: £280,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £3,970,000 (prior year: £2,910,000).

The total rebate of expenses paid by Liontrust Fund Partners LLP and its associates for the year was £8,000 (prior year: £10,000).

As at 31 January 2019 the Sub-fund held 13.9% (44,357,932 shares with a market value of £48,417,000) of the Class 3 Gross Income shares of the Liontrust Sustainable Future Corporate Bond Fund, a sub fund of the Company. (Prior year: 14.7% (44,357,932 shares with a market value of £51,100,000) of the Class 9 Gross Income shares).

As at 31 January 2019 the Sub-fund held 100% (3,000,000 shares with a market value of £26,082,000) of the Class A8 Accumulating Euro shares of the Liontrust GF Sustainable Future European Corporate Bond Fund, which is also managed by Liontrust Fund Partners LLP. (Prior year: 0.0% (Nil shares with a market value of £Nil)).

\*Please refer to page 6 for changes to the ACD. Figures disclose relate to both Liontrust Fund Partners LLP and Liontrust Investments Limited

## Sustainable Future Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments

The risks inherent in the Sub-fund's investment portfolio are as follows:

In pursuing its investment objective and investment policy, the Sub-fund holds a number of financial instruments. These may comprise:

- Equity shares, equity related shares, non-equity shares and debt securities. These are held in accordance with the Sub-fund's investment policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operation;
- Shareholders' funds, which represent investors' monies that are invested on their behalf;
- Derivative transactions which the Sub-fund may enter into, the purpose of which is to manage certain aspects of the risks arising from the Sub-fund's investment activities and generate additional capital and revenue;
- Short-term borrowings used to finance operational cash flows;
- Derivatives are also used for investment purposes not just to manage risk/exposures.

The main risks arising from the financial instruments are market price (including "emerging markets price risk"), foreign currency, interest rate, liquidity and counterparty credit risk. The ACD reviews the policies for managing each of these risks and they are summarised below.

These policies have remained unchanged since the beginning of the period to which these financial statements relate.

It should be noted that the ACD has a detailed risk management policy which is reviewed and updated, if necessary, periodically. An independent risk function is also present which monitors all relevant risks appropriately.

#### Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

As at 31 January 2019 and 31 January 2018 the overall market exposure for the Sub-fund was as shown in the Portfolio Statement, other than for derivatives and short positions where the exposure could be greater. The Sub-fund is exposed to market price risk as the assets and liabilities of the fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Sub-fund to market price risk is estimated below which shows the expected change in the market value of the Sub-fund when a representative market index changes by 15%. These percentage movements are based on the Investment Adviser's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Sub-fund has previously changed when that corresponding market index has moved taking into account the Sub-fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 January 2019, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 10.2%.

As at 31 January 2018, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 10.2%.

## Sustainable Future Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Market price risk (continued)

Some limitations of sensitivity analysis are;

- markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

The Sub-fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR). The Sub-fund's global exposure to derivatives at the year-end has been calculated using the Commitment approach.

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statements for the notional values of the forwards and futures contracts.

VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

The Sub-fund did not use derivatives in the year and level of leverage employed by the Sub-fund during the year is not considered to be significant.

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Sub-fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Sub-fund's investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the company's functional and reporting currency.

The ACD has identified three principal areas where foreign currency risk could impact the Sub-fund:

- Movements in exchange rates affecting the value of investments;
- Movements in exchange rates affecting short-term timing differences; and
- Movements in exchange rates affecting the income received.

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific currency risk being identified.

The Sub-fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

The Sub-fund may receive income in currencies other than sterling, and the sterling values of this income can be affected by movements in exchange rates.

## Sustainable Future Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 12 Derivatives and other financial instruments (continued)

## Currency risk (continued)

At 31 January 2019 the Sub-fund's currency exposure was as shown in the table below:

Currency Profile	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Australian Dollar	—	12,639	12,639
Danish Krone	—	8,900	8,900
Euro	136	92,976	93,112
Hong Kong Dollar	—	7,650	7,650
Japanese Yen	—	28,938	28,938
Norwegian Krone	—	15,099	15,099
Swedish Krona	—	7,898	7,898
Swiss Franc	—	13,586	13,586
US Dollar	6	319,407	319,413
	<b>142</b>	<b>507,093</b>	<b>507,235</b>

At 31 January 2018 the Sub-fund's currency exposure was as shown in the table below:

Currency Profile	Net Foreign Currency Assets		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Australian Dollar	—	9,982	9,982
Danish Krone	—	5,682	5,682
Euro	—	71,292	71,292
Hong Kong Dollar	—	12,593	12,593
Japanese Yen	—	29,444	29,444
Norwegian Krone	—	14,122	14,122
Swiss Franc	—	8,829	8,829
US Dollar	950	239,082	240,032
	<b>950</b>	<b>391,026</b>	<b>391,976</b>

If the exchange rate at 31 January 2019 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Sub-fund by approximately £56,359,000/£(46,112,000) respectively.

If the exchange rate at 31 January 2018 between the functional currency and all other currencies had increased or decreased by 10% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Fund by approximately £43,553,000/£(35,634,000) respectively.

## Sustainable Future Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates.

Typically the majority of the Sub-fund's financial assets will be in interest bearing financial assets and liabilities. As a result the Sub-fund is subject to the risk of potentially adverse movements in the prevailing level of market interest rates. The Investment Adviser may from time to time enter into contracts on behalf of the Sub-fund that seeks to mitigate the effects of these movements.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate linked to LIBOR.

The interest rate risk profile of financial assets and liabilities at 31 January 2019 was as follows:

	Floating Rate Investments (£'000)	Fixed Rate Investments (£'000)	Non Interest Bearing Investments (£'000)	Total £'000)
Investment assets	17,580	86,028	731,884	835,492
Investment liabilities	—	—	—	—

The interest rate risk profile of financial assets and liabilities at 31 January 2018 was as follows:

	Floating Rate Investments (£'000)	Fixed Rate Investments (£'000)	Non Interest Bearing Investments (£'000)	Total £'000)
Investment assets	—	78,580	589,477	668,057
Investment liabilities	—	—	—	—

The Investment Adviser monitors the Sub-fund's interest rate exposure on a daily basis as an integral part of the investment process. In particular the Investment Adviser uses the effective duration of the portfolio to provide a sensitivity analysis of the Sub-fund to the fluctuation in market interest rates.

At 31 January 2019, if interest rates had strengthened/weakened by 1% with all other variables held constant this would have increased/decreased the net assets attributable to investors in the Sub-fund by approximately 6.11%.

At 31 January 2018, if interest rates had strengthened/weakened by 1% with all other variables held constant this would have increased/decreased the net assets attributable to investors in the Fund by approximately 3.04%.

##### Liquidity risk

Liquidity risk is the risk that the Sub-fund will not be able to meet its obligations as they fall due. The Sub-fund's assets comprise wholly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Sub-fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the prospectus. Where investments cannot be realised in time to meet any potential liability, the Sub-fund may borrow up to 10% of its value to ensure settlement.

In accordance with the ACD's policy, the Investment Adviser monitors the Sub-funds' liquidity on a daily basis.

## Sustainable Future Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Sub-fund are downgraded.

The Sub-fund may enter into transactions in financial instruments (including derivatives) which exposes it to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Sub-fund will only buy and sell financial instruments through parties that have been approved as acceptable by the ACD. This list is reviewed at least annually.

The Sub-fund may enter into stock lending activities which exposes it to the risk that the counterparty will not deliver the stock or cash after the Sub-fund has fulfilled its obligations. The Sub-fund will only enter into stock lending activities with parties that have been approved as acceptable by the ACD and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

At the balance sheet date, there were no counterparties to open derivative contracts. At the year end collateral of Nil (prior year: Nil) was received; collateral pledged was Nil (prior year: Nil) and none (prior year: none) of the Sub-funds' financial assets were past due or impaired.

The Depositary is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Depositary and Custodian, The Bank of New York Mellon Corporation, as at 31 January 2019 was A (Standard & Poor's rating).

BNYMSA, in the discharge of its delegated Depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of BNYMSA and (ii) all financial instruments that can be physically delivered to BNYMSA. BNYMSA ensures all financial instruments (held in a financial instruments account on the books of BNYMSA) are held in segregated accounts in the name of the Sub-fund, clearly identifiable as belonging to the Sub-fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the Sub-fund on deposit. Such cash is held on the balance sheet of BNYMSA. In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Sub-fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

Insolvency of BNYM and or one of its agents or affiliates may cause the Sub-fund's rights with respect to its assets to be delayed or may result in the Sub-fund not receiving the full value of its assets.



## Sustainable Future Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### 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 as shown in the table below.

##### Valuation of financial investments

	Assets (£'000)	Liabilities (£'000)
<b>31.1.2019</b>		
Quoted prices for identical instruments in active markets	657,035	—
Valuation techniques using observable market data	178,107	—
Valuation techniques using non-observable market data	350	—
	<b>835,492</b>	<b>—</b>
<b>31.1.2018</b>		
Quoted prices for identical instruments in active markets	588,969	—
Valuation techniques using observable market data	78,579	—
Valuation techniques using non-observable market data	509	—
	<b>668,057</b>	<b>—</b>

#### 13 Share movement

For the year ending 31 January 2019

	Opening shares	Shares issued	Shares redeemed	Shares converted	Closing shares
Class 2 Net Income	52,729,110	48,221,351	(225,067)	(4,039)	100,721,355
Class 3 Net Income	342,014,376	24,684,642	(6,214,952)	—	360,484,066
Class 6 Net Accumulation	18,229,194	19,960,465	(1,329,978)	3,225	36,862,906
Class 7 Net Accumulation	864,349	366,836	(379,827)	—	851,358

## Sustainable Future Managed Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs

For the year ending 31 January 2019

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	274,970	109	0.04	562	0.20
Debt instruments (direct)	79,107	—	—	—	—
Collective investment schemes	26,141	—	—	—	—
<b>Total purchases</b>	<b>380,218</b>	<b>109</b>		<b>562</b>	
<b>Total purchases including transaction costs</b>	<b>380,889</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	177,143	77	0.04	6	—
Debt instruments (direct)	52,206	—	—	—	—
<b>Total sales</b>	<b>229,349</b>	<b>77</b>		<b>6</b>	
<b>Total sales net of transaction costs</b>	<b>229,266</b>				
<b>Total transaction costs</b>		<b>186</b>		<b>568</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.02%</b>		<b>0.07%</b>	

## Sustainable Future Managed Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 14 Portfolio transaction costs (continued)

For the year ending 31 January 2018

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	157,824	163	0.10	238	0.15
Debt instruments (direct)	47,632	—	—	—	—
Collective investment schemes	50,349	—	—	—	—
<b>Total purchases</b>	<b>255,805</b>	<b>163</b>		<b>238</b>	
<b>Total purchases including transaction costs</b>	<b>256,206</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	118,743	100	0.08	5	0.00
Debt instruments (direct)	42,863	—	—	—	—
Collective investment schemes	51,036	—	—	—	—
<b>Total sales</b>	<b>212,642</b>	<b>100</b>		<b>5</b>	
<b>Total sales net of transaction costs</b>	<b>212,537</b>				
<b>Total transaction costs</b>		<b>263</b>		<b>243</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.04%</b>	

The above analysis covers any direct transaction costs suffered by the Sub-fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the Sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Sub-fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Sub-fund's daily liquidity position are excluded from the analysis.

Dealing spread costs suffered by the Sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.16% (2018: 0.19%).

## Sustainable Future Managed Fund (continued)

### Distribution tables

for the year ended 31 January 2019

#### Final distribution payable in pence per share

Group 1 - Shares purchased prior to 1 August 2018

Group 2 - Shares purchased 1 August 2018 to 31 January 2019

	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Payable 31.3.2019	Distribution Paid 31.3.2018
<b>Accumulation shares</b>				
Class 6 - Group 1	0.7702	—	0.7702	0.8311
Class 6 - Group 2	0.2145	0.5557	0.7702	0.8311
Class 7 - Group 1	1.1194	—	1.1194	1.1132
Class 7 - Group 2	0.3888	0.7306	1.1194	1.1132
<b>Income shares</b>				
Class 2 - Group 1	0.6105	—	0.6105	0.6533
Class 2 - Group 2	0.1663	0.4442	0.6105	0.6533
Class 3 - Group 1	1.1603	—	1.1603	1.1745
Class 3 - Group 2	0.3791	0.7812	1.1603	1.1745

#### Interim distribution paid in pence per share

Group 1 - Shares purchased prior to 1 February 2018

Group 2 - Shares purchased 1 February 2018 to 31 July 2018

	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Paid 30.9.2018	Distribution Paid 30.9.2017
<b>Accumulation shares</b>				
Class 6 - Group 1	1.3939	—	1.3939	1.3651
Class 6 - Group 2	0.4525	0.9414	1.3939	1.3651
Class 7 - Group 1	1.6974	—	1.6974	1.6456
Class 7 - Group 2	0.1688	1.5286	1.6974	1.6456
<b>Income shares</b>				
Class 2 - Group 1	1.1105	—	1.1105	1.0991
Class 2 - Group 2	0.3920	0.7185	1.1105	1.0991
Class 3 - Group 1	1.7853	—	1.7853	1.7516
Class 3 - Group 2	0.4805	1.3048	1.7853	1.7516

\* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# Sustainable Future UK Growth Fund

Report for the year from 1 February 2018 to 31 January 2019

## Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation through investment, principally in UK equities based on price and prospects of above average earnings growth.

Limited investment in UK bond markets may be made from time to time. All investments will be expected to conform to our social and environmental criteria.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

## Sustainable Future UK Growth Fund (continued)

### Investment review

#### Fund review

The Sustainable Future UK Growth Fund returned -3.2% over the 12 months under review, outperforming the IA UK All Companies peer group average of -5.6% and the MSCI UK Index's -3.6% (Source: Financial Express, primary share class, total return, net of fees and income reinvested, 31.01.18 to 31.01.19).

Softcat was once again among our strongest performers over the period, with the value-added software reseller continuing to post solid returns. We wrote previously that we suspected Softcat was potentially positively impacted by Brexit, as customers may have brought forward big purchases before IT vendors hiked prices to counteract weaker sterling. The company continues to take market share and regardless of the macroeconomic environment, small and medium-sized businesses have continued to spend on things like IT security, GDPR compliance, and efficiency-driving software.

The long-term thesis on Softcat remains in place, namely that a relentless focus on both customer and employee satisfaction results in a distinctive organisational culture that will continue to drive strong sales and profitable growth.

Another solid performer was John Laing Group, which owns and manages sustainable infrastructure assets including transport, social infrastructure (hospitals and sports grounds), renewables and waste treatment facilities. The majority of its business is associated with our theme of *Making transportation more efficient* but the company also benefits from exposure to our *Increasing electricity generation from renewable sources* and *Improving recycling and waste treatment* themes.

John Laing tends to have a low correlation with the broader equity market and so was able to maintain performance amid the broad selloff over the fourth quarter of 2018.

Compass Group, a business we have held for over five years, also had another good year in 2018. Compass is the largest catering services provider globally and is exposed to our *Leading ESG management* theme. The business is well managed and, in recent years, has taken significant steps towards measuring and improving the environmental and social impacts it has on society.

Final-year numbers came out on 26 November and the results were stellar across the board, delivering organic revenue growth of 5.5% and underlying EPS growth of 12.5%. Over the last five years, Compass has delivered a total shareholder return of 145%, resulting in a compound annual rate of return of 16.1% compared to the MSCI UK Index's 5.5%.

Digging deeper into these numbers, thanks to a restructuring cost associated with the European business, Compass delivered a rather low earnings per share of 23.5p in 2013. Fast forward to 2018 and this figure was 71.0p, a threefold increase. This serves as a useful reminder that over meaningful time periods, it is the underlying earnings power that drives investment returns.

Over the period, a number of holdings also generated strong performance as a result of being acquired and thereby exiting the portfolio. Each time one of the companies we invest in gets acquired results in mixed feelings on the team. On the one hand, the price paid by the acquirer is usually at a substantial premium to the current share price – this generates a one-off boost to the performance of the fund. On the other, finding wonderful businesses exposed to structural tailwinds at reasonable valuations is challenging. This year there were three such examples.

ZPG Group, the property technology company that owns popular brands such as Zoopla and uSwitch, received a bid approach from the US private equity company Silverlake. Our internal valuation of modelling future expected cash flows led us to value the business at some 22% above the £4.90 bid price and as such, we felt the offer undervalued the prospects of the business. However, as minority shareholders we had to accept it.

Over the third quarter, the standout event for the Fund was the announcement of the acquisition of Jardine Lloyd Thompson by Marsh & McLennan at a significant premium. JLT had been a holding for many years as a beneficiary of our *Insuring a sustainable future* theme, which recognises the positive role well-run insurance businesses play in spreading risk and reducing uncertainty.

## Sustainable Future UK Growth Fund (continued)

### Investment review (continued)

#### Fund review (continued)

The third and final holding acquired during 2018 was BTG – a global healthcare company that focuses on interventional medicine that can help physicians treat patients through minimally invasive procedures. The company spent 2018 providing greater clarification on the future of its various innovative business lines, with Pneum RX now firmly out and Varithena firmly in for example. In the final quarter, the company took the opportunity to change its reporting structure and reframe its innovative portfolio. Ultimately, benefits of our *Enabling innovation in healthcare* theme were recognised as Boston Scientific choose to buy the company at a 37% premium.

In terms of detractors over the period, Smurfit Kappa, an integrated paper and paperboard manufacturer and converter, has been hit by fears of a slowdown in the global economy. The company sits within our theme of *Improving industrial and agricultural processes* as paper and cardboard packaging has very high recycling rates (83% in the EU versus 40% for plastics), it biodegrades and competes with plastic on weight, cost and functionality.

Fears of a slowdown in the global economy and concerns of pricing pressure in the packaging industry has led to a sharp selloff and Smurfit Kappa has been no different. We believe the fears are short term in nature and see considerable value in the shares over a longer timeframe. It seems we are not alone in believing Smurfit is worth considerably more: in March 2018, the company rejected a revised bid from US firm International Paper, which valued the business at EU37.54 per share, some 50% higher than the current share price.

Keller, the world's largest ground engineering company, was among the weakest holdings over the period, as poor execution in its Asia-Pacific and Australian businesses offset good performance in Europe and the United States. Keller is exposed to our *Leading ESG management* theme as the company has industry-leading environmental protection and health and safety standards and performance. Following the profit warning in October, the company is currently under review.

Buys and sells over the period included Intertek, one of the largest and oldest testing companies in the world: it provides complex and thorough testing, inspection and certification services on thousands of products across many industries. The company benefits from structural growth in increasing safety standards, outsourcing, regulations, and sustainability. Intertek is also increasing its value-add to customers by adding forward-looking risk mitigation services.

We also took advantage of the market sell off in Q4 to start a new position in a company that had been on our watch list but the valuation had previously been too rich. Halma is a holding company benefitting from exposure to our change to *Improving industrial and agricultural processes* theme, owning a diverse collection of businesses providing products that save lives, prevent injuries and protect people and assets. The company has long-term relationships with clients, a thoughtful approach to asset allocation, and is exposed to structurally growing markets.

Earlier in the year, we sold our position in Melrose. Melrose had been a wonderful investment: in the three years to the end of 2017, the company delivered a total shareholder return in excess of 300% versus the MSCI UK index of 30% adding some 531bps of relative outperformance to the fund. Unfortunately, the acquisition of GKN resulted in the company breaching our screen criteria with respect to defence exposure.

#### Market review

The MSCI UK Index returned -3.6% over the 12 months under review, with only the healthcare and utility sectors able to register positive returns. In a tough period for risk assets, with a correction in February and a particularly difficult fourth quarter, the finance, IT and communication services sector were the hardest hit.

Following the dip in February, markets began their ascent again but sentiment generally remained fragile through the period, with trade wars, Brexit and a contentious election Italy among the contributing factors. Heading into the end of the year, October and December saw markets globally sell off with the MSCI UK Index no exception.

January saw something of a recovery in most markets – although a variety of economic questions remain unresolved. The three-month trade ceasefire between the US and China is now over and we wait to see if the two countries can come to an agreement before tariffs are due to rise in March. Meanwhile, a pledge from the Federal Reserve to be patient on rate rises over 2019 was positive for risk assets as the month ended.

# Sustainable Future UK Growth Fund (continued)

## Investment review (continued)

### Market review (continued)

In the UK, Brexit still dominates the news agenda and the situation continues to develop, with the scheduled exit date of 29 March passing without resolution.

As ever, we follow economics and politics with interest but continue to focus on our core competence that we believe has enabled us to deliver outperformance: to identify businesses exposed to strong sustainability trends that will endure and grow their value per share regardless of the economic backdrop. Our process targets businesses that can grow structurally, driven by the shift towards a global economy that is more efficient, provides a higher quality of life and is more resilient.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

### Material portfolio changes by value

Purchases	Sales
Smurfit Kappa	Jardine Lloyd Thompson
Intertek	Zoopla Property
RELX	BTG
St. James's Place Capital	Melrose Industries
Legal & General	Legal & General
IP	Kerry class 'A' shares
Halma	Compass
Prudential	Standard Chartered
GB	Abcam
Mortgage Advice Bureau	Vectura

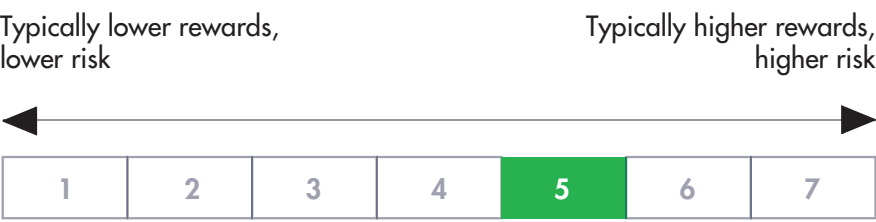


## Sustainable Future UK Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund’s ranking on the risk and reward indicator.



The Sub-fund is ranked at 5 because Sub-funds of this type have experienced medium to high rises and falls in value in the past.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- The Sub-fund can invest in derivatives. Derivatives are used to protect against currency, credit and interest rate movements or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG<sup>†</sup> grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.
- The Sub-fund will invest in smaller companies and may invest a small proportion (less than 10%) of the Sub-fund in unlisted securities. There may be liquidity constraints in these securities from time to time, i.e. in certain circumstances, the Sub-fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the Sub-fund to defer or suspend redemptions of its shares.

<sup>†</sup> Environmental, Social and Governance ("ESG").

# Sustainable Future UK Growth Fund (continued)

## Portfolio Statement

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>CHANNEL ISLANDS; GUERNSEY (2.02%)</b>		
	<b>Financial Services (2.02%)</b>	<b>10,529</b>	<b>2.97</b>
4,556,995	Renewables Infrastructure	5,377	1.52
1,918,792	Syncona	5,152	1.45
	<b>CHANNEL ISLANDS; JERSEY (0.00%)</b>		
	<b>Financial Services (0.00%)</b>	<b>2,962</b>	<b>0.84</b>
1,511,278	Trufin	2,962	0.84
	<b>IRELAND; REPUBLIC OF (7.67%)</b>	<b>29,478</b>	<b>8.32</b>
	<b>Containers &amp; Packaging (0.00%)</b>	<b>10,761</b>	<b>3.04</b>
489,593	Smurfit Kappa	10,761	3.04
	<b>Constructions &amp; Materials (4.71%)</b>	<b>14,086</b>	<b>3.97</b>
450,067	Kingspan	14,086	3.97
	<b>Food Producers (2.96%)</b>	<b>4,631</b>	<b>1.31</b>
59,155	Kerry class 'A' shares	4,631	1.31
	<b>UNITED KINGDOM (86.48%)</b>	<b>295,956</b>	<b>83.48</b>
	<b>Banks (1.28%)</b>		
	<b>Chemicals (2.48%)</b>	<b>8,331</b>	<b>2.35</b>
172,810	Croda International	8,331	2.35
	<b>Construction &amp; Materials (3.48%)</b>	<b>1,452</b>	<b>0.41</b>
280,211	Keller	1,452	0.41
	<b>Electricity (0.00%)</b>	<b>1,345</b>	<b>0.38</b>
865,097	Ceres Power	1,345	0.38
	<b>Electronic &amp; Electrical Equipment (0.00%)</b>	<b>5,332</b>	<b>1.50</b>
381,128	Halma	5,332	1.50

## Sustainable Future UK Growth Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>Equity Investment Instruments (0.77%)</b>	<b>5,335</b>	<b>1.51</b>
3,987,370	Greencoat UK Wind	5,335	1.51
	<b>Financial Services (13.10%)</b>	<b>55,876</b>	<b>15.77</b>
1,187,717	3i	10,086	2.85
610,170	Capital for Colleagues	244	0.07
348,691	Hargreaves Lansdown	5,694	1.61
7,623,878	IP	8,081	2.28
3,150,114	John Laing	11,183	3.15
208,386	London Stock Exchange	9,538	2.69
770,239	Mortgage Advice Bureau	4,606	1.30
1,500,653	Paragon	6,225	1.76
1,349,412	Xeros Technology	219	0.06
	<b>Food Producers (4.71%)</b>	<b>20,485</b>	<b>5.78</b>
895,061	Dairy Crest	4,327	1.22
1,403,470	Rightmove	6,624	1.87
239,298	Unilever	9,534	2.69
	<b>General Retailers (3.27%)</b>	<b>8,567</b>	<b>2.42</b>
681,093	CVS	2,731	0.77
2,515,549	DFS Furniture	5,836	1.65
	<b>Household Goods &amp; Home Construction (3.99%)</b>	<b>9,943</b>	<b>2.80</b>
2,634,655	Crest Nicholson	9,943	2.80
	<b>Industrial Engineering (2.10%)</b>	<b>7,301</b>	<b>2.06</b>
1,604,589	Porvair	7,301	2.06
	<b>Life Insurance (7.70%)</b>	<b>30,559</b>	<b>8.62</b>
3,384,763	Legal & General	8,780	2.48
1,069,519	Prudential	15,882	4.48
628,681	St. James's Place Capital	5,897	1.66

# Sustainable Future UK Growth Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>Media (7.24%)</b>	<b>17,256</b>	<b>4.86</b>
1,259,895	Informa	8,522	2.40
518,310	RELX	8,734	2.46
	<b>Non-Life Insurance (2.70%)</b>	<b>698</b>	<b>0.20</b>
628,900	Thrive Renewables*	698	0.20
	<b>Pharmaceuticals &amp; Biotechnology (14.58%)</b>	<b>45,842</b>	<b>12.93</b>
970,917	Abcam	12,836	3.62
1,252,263	GlaxoSmithKline	18,494	5.22
73,314	GW Pharmaceuticals ADR	7,956	2.24
962,758	Oxford Biomedica	6,556	1.85
	<b>Real Estate Investment &amp; Services (0.15%)</b>	<b>313</b>	<b>0.09</b>
382,000	Ethical Property*	313	0.09
	<b>Real Estate Investment Trusts (0.61%)</b>	<b>3,631</b>	<b>1.02</b>
3,735,491	PRS REIT†	3,631	1.02
	<b>Software &amp; Computer Services (7.96%)</b>	<b>24,837</b>	<b>7.00</b>
989,406	GB	4,536	1.28
566,259	Sage	3,545	1.00
1,265,864	Softcat	8,798	2.48
2,360,067	Sophos	7,958	2.24
	<b>Support Services (3.55%)</b>	<b>24,481</b>	<b>6.91</b>
202,003	Intertek	9,914	2.80
5,243,721	Learning Technologies	3,943	1.11
964,665	Sanne	4,823	1.36
884,263	Smart Metering Systems	5,801	1.64
	<b>Travel &amp; Leisure (6.81%)</b>	<b>24,372</b>	<b>6.87</b>
2,546,605	Cineworld	6,626	1.87
713,462	Compass	11,630	3.27
2,891,569	Gym	6,116	1.73

## Sustainable Future UK Growth Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>UNITED STATES OF AMERICA (3.41%)</b>		
	<b>Support Services (3.41%)</b>	<b>8,420</b>	<b>2.38</b>
132,826	Worldpay	8,420	2.38
	<b>Portfolio of investments</b>	<b>347,345</b>	<b>97.99</b>
	<b>Net other assets</b>	<b>7,137</b>	<b>2.01</b>
	<b>Net assets</b>	<b>354,482</b>	<b>100.00</b>

All investments are approved securities being either officially listed in a member state or under the rules of an eligible market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2018.

Stocks shown as ADRs represent American Depositary Receipts.

† Real Estate Investment Trust (REIT).

\* Unquoted securities.

## Sustainable Future UK Growth Fund (continued)

### Comparative tables

for the year ended 31 January 2019

Class 2 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	203.64	168.83	148.66
Return before operating charges*	(5.00)	36.43	21.51
Operating charges	(1.81)	(1.62)	(1.34)
Return after operating charges	(6.81)	34.81	20.17
Distributions	(3.16)	(2.65)	(2.93)
Retained distributions on accumulation shares	3.16	2.65	2.93
<b>Closing net asset value per share</b>	<b>196.83</b>	<b>203.64</b>	<b>168.83</b>
After transaction costs of	(0.41)	(0.35)	(0.47)
<b>Performance</b>			
Return after charges	(3.34)%	20.62%	13.57%
<b>Other information</b>			
Closing net asset value (£'000)	153,296	127,636	91,681
Closing number of shares	77,881,435	62,677,806	54,302,901
Operating charges**	0.88%	0.85%	0.85%
Direct transaction costs	0.20%	0.18%	0.30%
<b>Prices</b>			
Highest share price	221.3	207.4	173.3
Lowest share price	186.4	169.2	136.6

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future UK Growth Fund (continued)

## Comparative tables (continued)

for the year ended 31 January 2019

Class 3 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	289.47	238.97	209.53
Return before operating charges*	(7.18)	51.64	30.38
Operating charges	(1.26)	(1.14)	(0.94)
Return after operating charges	(8.44)	50.50	29.44
Distributions	(5.78)	(4.92)	(5.09)
Retained distributions on accumulation shares	5.78	4.92	5.09
<b>Closing net asset value per share</b>	<b>281.03</b>	<b>289.47</b>	<b>238.97</b>
After transaction costs of	(0.59)	(0.49)	(0.67)
<b>Performance</b>			
Return after charges	(2.92)%	21.13%	14.05%
<b>Other information</b>			
Closing net asset value (£'000)	201,186	184,085	147,584
Closing number of shares	71,589,441	63,593,410	61,757,590
Operating charges**	0.43%	0.42%	0.42%
Direct transaction costs	0.20%	0.18%	0.30%
<b>Prices</b>			
Highest share price	315.4	294.8	244.9
Lowest share price	266.1	239.5	192.5

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## Sustainable Future UK Growth Fund (continued)

## Statement of Total Return

for the year ended 31 January 2019

	Notes	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
Income					
Net capital (losses)/gains	2		(18,254)		47,351
Revenue	3	7,963		6,300	
Expenses	4	(2,055)		(1,650)	
Interest payable and similar charges	6	(1)		—	
Net revenue before taxation		5,907		4,650	
Taxation	5	—		—	
Net revenue after taxation			5,907		4,650
<b>Total return before distributions</b>			<b>(12,347)</b>		<b>52,001</b>
Distributions	7		(5,907)		(4,650)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(18,254)</b>		<b>47,351</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 January 2019

	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Opening net assets attributable to shareholders</b>		<b>311,721</b>		<b>239,265</b>
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	67,471		32,278	
Amounts paid on cancellation of shares	(12,651)		(11,930)	
		54,820		20,348
Dilution adjustment		—		50
Change in net assets attributable to shareholders from investment activities		(18,254)		47,351
Retained distribution on accumulation shares		6,195		4,707
<b>Closing net assets attributable to shareholders</b>		<b>354,482</b>		<b>311,721</b>



## Sustainable Future UK Growth Fund (continued)

## Balance Sheet

as at 31 January 2019

	Notes	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Assets</b>			
<b>Fixed Assets</b>			
Investments		347,345	310,418
<b>Current assets:</b>			
Debtors	8	1,503	588
Cash and bank balances	9	7,461	1,535
<b>Total other assets</b>		<b>8,964</b>	<b>2,123</b>
<b>Total assets</b>		<b>356,309</b>	<b>312,541</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Other creditors	10	(1,827)	(820)
<b>Total liabilities</b>		<b>(1,827)</b>	<b>(820)</b>
<b>Net assets attributable to shareholders</b>		<b>354,482</b>	<b>311,721</b>

The notes on pages 228 to 238 form an integral part of these financial statements. The distribution per share is set out in the table on page 239.

## Sustainable Future UK Growth Fund (continued)

## Notes to the financial statements

for the year ended 31 January 2019

**1 Accounting policies**

The accounting policies for the Sub-fund are set out on pages 13 to 14.

**2 Net capital (losses)/gains**

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Non-derivative securities	(18,218)	47,379
Foreign currency losses	(33)	(25)
Transaction costs	(5)	(5)
Rebate of expenses*	2	2
<b>Net capital (losses)/gains</b>	<b>(18,254)</b>	<b>47,351</b>

**3 Revenue**

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Bank interest	2	—
Non-taxable overseas dividends	405	524
CIS unfranked	37	24
UK dividends	7,478	5,676
Stock dividends	41	76
<b>Total revenue</b>	<b>7,963</b>	<b>6,300</b>

\* Rebate of expenses represent the cap applied to the operating charge figure.

## Sustainable Future UK Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 4 Expenses\*

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's fees	1,819	1,515
Fixed rate administration fee	141	—
Registration fee	78	112
	<b>2,038</b>	<b>1,627</b>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary fee	23	25
Safe custody fee	2	3
	<b>25</b>	<b>28</b>
<b>Other expenses</b>		
Audit fees**	5	9
Printing and postage fees	(1)	1
Rebate of expenses***	(12)	(15)
	<b>(8)</b>	<b>(5)</b>
<b>Total expenses</b>	<b>2,055</b>	<b>1,650</b>

\* Please refer to page 6 for details of the new fee structure.

\*\* The audit fee for the year, excluding VAT, was £7,700 (2018: £7,500).

\*\*\* Rebate of expenses represent the cap applied to the operating charge figure.

## Sustainable Future UK Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 5 Taxation

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>a) Analysis of charge in year</b>		
Overseas tax	—	—
<b>Total tax charge for the year (see note 5(b))</b>	<b>—</b>	<b>—</b>

**b) Factors affecting tax charge for the year**

The taxation assessed for the year is lower (2018 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Net revenue before taxation	5,907	4,650
Corporation tax at 20% (2018 – 20%)	1,181	930
<b>Effects of:</b>		
Revenue not subject to tax	(1,585)	(1,255)
Movement in excess management expenses	404	325
<b>Total tax charge for year (see note 5(a))</b>	<b>—</b>	<b>—</b>

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

**c) Deferred tax asset**

At 31 January 2019 the Sub-fund had surplus management expenses of £13,735,000 (prior year: £11,718,000). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore, a deferred tax asset of £2,747,000 (prior year: £2,343,000) has not been recognised.

## 6 Interest payable and similar charges

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interest	1	—
<b>Total interest payable and similar charges</b>	<b>1</b>	<b>—</b>

## Sustainable Future UK Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 7 Distributions

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interim distribution	3,277	2,561
Final distribution	2,918	2,146
	<b>6,195</b>	<b>4,707</b>
Amounts received on issue of shares	(367)	(125)
Amounts deducted on cancellation of shares	79	68
<b>Net distribution</b>	<b>5,907</b>	<b>4,650</b>
<b>The distribution amount has been calculated as follows:</b>		
Net revenue after taxation for the year	5,907	4,650
<b>Net distribution</b>	<b>5,907</b>	<b>4,650</b>

The distribution per share is set out in the table on page 239.

## 8 Debtors

	31.1.2019 (£'000)	31.1.2018 (£'000)
Accrued revenue	468	384
Amounts receivable on issue of shares	834	80
Income tax recoverable	8	34
Overseas withholding tax	84	69
Prepaid expenses	26	5
Rebates of expenses	2	16
Sales awaiting settlement	81	—
<b>Total debtors</b>	<b>1,503</b>	<b>588</b>

## Sustainable Future UK Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 9 Cash and bank balances

	31.1.2019 (£'000)	31.1.2018 (£'000)
Cash and bank balances	7,461	1,535
<b>Total cash and bank balances</b>	<b>7,461</b>	<b>1,535</b>

## 10 Creditors

	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Other creditors</b>		
Accrued expenses	198	166
Amounts payable on cancellation of shares	—	654
Purchases awaiting settlement	1,629	—
<b>Total creditors</b>	<b>1,827</b>	<b>820</b>

## 11 Related party transactions

Liontrust Asset Management Plc is regarded as a controlling party by virtue of being the ultimate parent company of the ACD\*, Liontrust Fund Partners LLP, giving the ability to act in concert in respect of the operations of the Company.

The ACD's periodic charge and registration fees paid to Liontrust Fund Partners LLP and its associates are shown in note 4, and details of shares issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Net Assets Attributable to Shareholders.

The balance due to/from the ACD at the year end are included within Notes 8 and 10.

The balance due to Liontrust Fund Partners LLP and its associates at the year end was £192,000 (prior year: £154,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £2,038,000 (prior year: £1,627,000).

The total rebate of expenses paid by Liontrust Fund Partners LLP and its associates for the year was £14,000 (prior year: £17,000).

\*Please refer to page 6 for changes to the ACD. Figures disclose relate to both Liontrust Fund Partners LLP and Liontrust Investments Limited

## Sustainable Future UK Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments

The risks inherent in the Sub-fund's investment portfolio are as follows:

In pursuing its investment objective and investment policy, the Sub-fund holds a number of financial instruments. These may comprise:

- Equity shares, equity related shares, non-equity shares and debt securities. These are held in accordance with the Sub-fund's investment policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operation;
- Shareholders' funds, which represent investors' monies that are invested on their behalf;
- Derivative transactions which the Sub-fund may enter into, the purpose of which is to manage certain aspects of the risks arising from the Sub-fund's investment activities and generate additional capital and revenue;
- Short-term borrowings used to finance operational cash flows;
- Derivatives are also used for investment purposes not just to manage risk/exposures.

The main risks arising from the financial instruments are market price (including "emerging markets price risk"), foreign currency, interest rate, liquidity and counterparty credit risk. The ACD reviews the policies for managing each of these risks and they are summarised below.

These policies have remained unchanged since the beginning of the period to which these financial statements relate.

It should be noted that the ACD has a detailed risk management policy which is reviewed and updated, if necessary, periodically. An independent risk function is also present which monitors all relevant risks appropriately.

#### Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

As at 31 January 2019 and 31 January 2018 the overall market exposure for the Sub-fund was as shown in the Portfolio Statement, other than for derivatives and short positions where the exposure could be greater. The Sub-fund is exposed to market price risk as the assets and liabilities of the fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Sub-fund to market price risk is estimated below which shows the expected change in the market value of the Sub-fund when a representative market index changes by 15%. These percentage movements are based on the Investment Adviser's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Sub-fund has previously changed when that corresponding market index has moved taking into account the Sub-fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 January 2019, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 10.5%.

As at 31 January 2018, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 8.7%.

## Sustainable Future UK Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Market price risk (continued)

Some limitations of sensitivity analysis are;

- markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

The Sub-fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR). The Sub-fund's global exposure to derivatives at the year-end has been calculated using the Commitment approach.

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statements for the notional values of the forwards and futures contracts.

VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

The Sub-fund did not use derivatives in the year and level of leverage employed by the Sub-fund during the year is not considered to be significant.

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Sub-fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Sub-fund's investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the company's functional and reporting currency.

The ACD has identified three principal areas where foreign currency risk could impact the Sub-fund:

- Movements in exchange rates affecting the value of investments;
- Movements in exchange rates affecting short-term timing differences; and
- Movements in exchange rates affecting the income received.

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific currency risk being identified.

The Sub-fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.



## Sustainable Future UK Growth Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Currency risk (continued)

The Sub-fund may receive income in currencies other than sterling, and the sterling values of this income can be affected by movements in exchange rates.

The majority of the Sub-fund's financial assets and liabilities are denominated in the Sub-fund's functional currency. As a result, the Sub-fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of currency exchange rates. Therefore, no exchange rate sensitivity analysis has been prepared for these.

##### Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates.

The majority of the Sub-fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate linked to LIBOR.

As a result, the fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. Therefore, no interest rate sensitivity analysis has been prepared for these.

##### Liquidity risk

Liquidity risk is the risk that the Sub-fund will not be able to meet its obligations as they fall due. The majority of the Sub-fund's assets are readily realisable securities which can be sold to meet liquidity requirements, a small proportion may be less readily realisable or unlisted. There may be liquidity constraints in these less liquid securities from time to time, i.e. in certain circumstances, the fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the fund to defer or suspend redemptions of its shares. The main liquidity risk of the Sub-fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the prospectus. Where investments cannot be realised in time to meet any potential liability, the Sub-fund may borrow up to 10% of its value to ensure settlement.

In accordance with the ACD's policy, the Investment Adviser monitors the Sub-funds' liquidity on a daily basis.

##### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Sub-fund are downgraded.

The Sub-fund may enter into transactions in financial instruments (including derivatives) which exposes it to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Sub-fund will only buy and sell financial instruments through parties that have been approved as acceptable by the ACD. This list is reviewed at least annually.

The Sub-fund may enter into stock lending activities which exposes it to the risk that the counterparty will not deliver the stock or cash after the Sub-fund has fulfilled its obligations. The Sub-fund will only enter into stock lending activities with parties that have been approved as acceptable by the ACD and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

## Sustainable Future UK Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 12 Derivatives and other financial instruments (continued)

## Counterparty credit risk (continued)

At the balance sheet date, there were no counterparties to open derivative contracts. At the year end collateral of Nil (prior year: Nil) was received; collateral pledged was Nil (prior year: Nil) and none (prior year: none) of the Sub-funds' financial assets were past due or impaired.

The Depositary is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Depositary and Custodian, The Bank of New York Mellon Corporation, as at 31 January 2019 was A (Standard & Poor's rating).

BNYMSA, in the discharge of its delegated Depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of BNYMSA and (ii) all financial instruments that can be physically delivered to BNYMSA. BNYMSA ensures all financial instruments (held in a financial instruments account on the books of BNYMSA) are held in segregated accounts in the name of the Sub-fund, clearly identifiable as belonging to the Sub-fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the Sub-fund on deposit. Such cash is held on the balance sheet of BNYMSA. In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Sub-fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

Insolvency of BNYM and or one of its agents or affiliates may cause the Sub-fund's rights with respect to its assets to be delayed or may result in the Sub-fund not receiving the full value of its assets.

## 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 as shown in the table below.

## Valuation of financial investments

	Assets (£'000)	Liabilities (£'000)
<b>31.1.2019</b>		
Quoted prices for identical instruments in active markets	346,334	—
Valuation techniques using observable data	—	—
Valuation techniques using non-observable data	1,011	—
	<b>347,345</b>	<b>—</b>
	Assets (£'000)	Liabilities (£'000)
<b>31.1.2018</b>		
Quoted prices for identical instruments in active markets	308,870	—
Valuation techniques using non-observable data	1,548	—
	<b>310,418</b>	<b>—</b>

## Sustainable Future UK Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 13 Share movement

For the year ending 31 January 2019

	Opening shares	Shares issued	Shares redeemed	Shares converted	Closing shares
Class 2 Net Accumulation	62,677,806	18,160,651	(2,957,022)	—	77,881,435
Class 3 Net Accumulation	63,593,410	10,329,858	(2,333,827)	—	71,589,441

## 14 Portfolio transaction costs

For the year ending 31 January 2019

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	134,176	62	0.05	557	0.42
Collective investment schemes	2,489	1	0.04	12	0.48
<b>Total purchases</b>	<b>136,665</b>	<b>63</b>		<b>569</b>	
<b>Total purchases including transaction costs</b>	<b>137,297</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	84,927	42	0.05	—	—
<b>Total sales</b>	<b>84,927</b>	<b>42</b>		<b>—</b>	
<b>Total sales net of transaction costs</b>	<b>84,885</b>				
<b>Total transaction costs</b>		<b>105</b>		<b>569</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.17%</b>	

## Sustainable Future UK Growth Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs (continued)

For the year ending 31 January 2018

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	107,204	71	0.07	389	0.36
Collective investment schemes	1,962	3	0.15	—	—
<b>Total purchases</b>	<b>109,166</b>	<b>74</b>		<b>389</b>	
<b>Total purchases including transaction costs</b>	<b>109,629</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	78,550	52	0.07	—	—
Collective investment schemes	1,701	1	0.05	—	—
<b>Total sales</b>	<b>80,251</b>	<b>53</b>		<b>—</b>	
<b>Total sales net of transaction costs</b>	<b>80,198</b>				
<b>Total transaction costs</b>		<b>127</b>		<b>389</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.14%</b>	

The above analysis covers any direct transaction costs suffered by the Sub-fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the Sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Sub-fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Sub-fund's daily liquidity position are excluded from the analysis.

Dealing spread costs suffered by the Sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.30% (2018: 0.32%).

## Sustainable Future UK Growth Fund (continued)

### Distribution tables

for the year ended 31 January 2019

#### Final distribution payable in pence per share

Group 1 - Shares purchased prior to 1 August 2018

Group 2 - Shares purchased 1 August 2018 to 31 January 2019

Accumulation shares	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Payable 31.3.2019	Distribution Paid 31.3.2018
Class 2 - Group 1	1.3556	—	1.3556	1.1488
Class 2 - Group 2	0.3830	0.9726	1.3556	1.1488
Class 3 - Group 1	2.6008	—	2.6008	2.2421
Class 3 - Group 2	0.9372	1.6636	2.6008	2.2421

#### Interim distribution paid in pence per share

Group 1 - Shares purchased prior to 1 February 2018

Group 2 - Shares purchased 1 February 2018 to 31 July 2018

Accumulation shares	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Paid 30.9.2018	Distribution Paid 30.9.2017
Class 2 - Group 1	1.8020	—	1.8020	1.5024
Class 2 - Group 2	0.6611	1.1409	1.8020	1.5024
Class 3 - Group 1	3.1840	—	3.1840	2.6777
Class 3 - Group 2	1.1242	2.0598	3.1840	2.6777

\* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# UK Ethical Fund

Report for the year from 1 February 2018 to 31 January 2019

## Investment objective and policy

The Sub-fund aims to achieve long term capital appreciation through diversified investment within the UK equity market.

Individual security selections will be based on price and long term total return prospects of companies which meet defined ethical considerations and which will benefit from improvements in environmental standards and a shift towards a more sustainable economic system.

The Sub-fund may invest in any of the following financial instruments in order to achieve its investment objective: transferable securities, money market instruments, units in collective investment schemes, deposits and derivatives and forward transactions.

## UK Ethical Fund (continued)

### Investment review

#### Fund review

The UK Ethical Fund returned -2.3% over the 12 months under review, outperforming the IA UK All Companies peer group average of -5.6% and the MSCI UK Index's -3.6% (Source: Financial Express, primary share class, total return, net of fees and income reinvested, 31.01.18 to 31.01.19).

Softcat was once again among our strongest performers over the period, with the value-added software reseller continuing to post solid returns. We wrote previously that we suspected Softcat was potentially positively impacted by Brexit, as customers may have brought forward big purchases before IT vendors hiked prices to counteract weaker sterling. The company continues to take market share and regardless of the macroeconomic environment, small and medium-sized businesses have continued to spend on things like IT security, GDPR compliance, and efficiency-driving software.

The long-term thesis on Softcat remains in place, namely that a relentless focus on both customer and employee satisfaction results in a distinctive organisational culture that will continue to drive strong sales and profitable growth.

Another solid performer was John Laing Group, which owns and manages sustainable infrastructure assets including transport, social infrastructure (hospitals and sports grounds), renewables and waste treatment facilities. The majority of its business is associated with our theme of *Making transportation more efficient* but the company also benefits from exposure to our *Increasing electricity generation from renewable sources* and *Improving recycling and waste treatment* themes.

John Laing tends to have a low correlation with the broader equity market and so was able to maintain performance amid the broad selloff over the fourth quarter of 2018.

Compass Group, a business we have held for over five years, also had another good year in 2018. Compass is the largest catering services provider globally and is exposed to our *Leading ESG management* theme. The business is well managed and, in recent years, has taken significant steps towards measuring and improving the environmental and social impacts it has on society.

Final-year numbers came out on 26 November and the results were stellar across the board, delivering organic revenue growth of 5.5% and underlying EPS growth of 12.5%. Over the last five years, Compass has delivered a total shareholder return of 145%, resulting in a compound annual rate of return of 16.1% compared to the MSCI UK Index's 5.5%.

Digging deeper into these numbers, thanks to a restructuring cost associated with the European business, Compass delivered a rather low earnings per share of 23.5p in 2013. Fast forward to 2018 and this figure was 71.0p, a threefold increase. This serves as a useful reminder that over meaningful time periods, it is the underlying earnings power that drives investment returns.

Over the period, a number of holdings also generated strong performance as a result of being acquired and thereby exiting the portfolio. Each time one of the companies we own gets acquired results in mixed feelings on the team. On the one hand, the price paid by the acquirer is usually at a substantial premium to the current share price, which generates a one-off boost to performance; on the other, finding businesses exposed to structural tailwinds at reasonable valuations is challenging. This year, there were two such examples.

ZPG Group, the property technology company that owns popular brands such as Zoopla and uSwitch, received a bid approach from the US private equity company Silverlake. Our internal valuation of modelling future expected cash flows led us to value the business at some 22% above the £4.90 bid price and as such, we felt the offer undervalued the prospects of the business. However, as minority shareholders we had to accept it.

Over the third quarter, the standout event for the Fund was the announcement of the acquisition of Jardine Lloyd Thompson by Marsh & McLennan at a significant premium. JLT had been a holding for many years as a beneficiary of our *Insuring a sustainable future* theme, which recognises the positive role well-run insurance businesses play in spreading risk and reducing uncertainty.

## UK Ethical Fund (continued)

### Investment review (continued)

#### Fund review (continued)

JLT was an example of how patience is often rewarded in the equity market. From 2014 to 2016, the share price was disappointing, underperforming the market and hitting lows below £8 at the start of 2016. Our regular meetings with management, however, gave us confidence the headwinds the company had faced were dissipating and our belief in a strong sustainability theme kept us invested. Following the bid which valued the shares at £19.15, a 38% premium to the three-month average share price, we sold our holding and reinvested the proceeds.

In terms of detractors over the period, Smurfit Kappa, an integrated paper and paperboard manufacturer and converter, has been hit by fears of a slowdown in the global economy. The company sits within our theme of *Improving industrial and agricultural processes* as paper and cardboard packaging has very high recycling rates (83% in the EU versus 40% for plastics), it biodegrades and competes with plastic on weight, cost and functionality.

Fears of a slowdown in the global economy and concerns of pricing pressure in the packaging industry has led to a sharp selloff and Smurfit Kappa has been no different. We believe the fears are short term in nature and see considerable value in the shares over a longer timeframe. It seems we are not alone in believing Smurfit is worth considerably more: in March 2018, the company rejected a revised bid from US firm International Paper, which valued the business at EU37.54 per share, some 50% higher than the current share price.

Keller, the world's largest ground engineering company, was among the weakest holdings over the period, as poor execution in its Asia-Pacific and Australian businesses offset good performance in Europe and the United States. Keller is exposed to our *Leading ESG management* theme as the company has industry-leading environmental protection and health and safety standards and performance. Following the profit warning in October, the company is currently under review.

Buys and sells over the period included Intertek, one of the largest and oldest testing companies in the world: it provides complex and thorough testing, inspection and certification services on thousands of products across many industries. The company benefits from structural growth in increasing safety standards, outsourcing, regulations, and sustainability. Intertek is also increasing its value-add to customers by adding forward-looking risk mitigation services.

We also took advantage of the market sell off in Q4 to start a new position in a company that had been on our watch list but the valuation had previously been too rich. Halma is a holding company benefitting from exposure to our *change to Improving industrial and agricultural processes* theme, owning a diverse collection of businesses providing products that save lives, prevent injuries and protect people and assets. The company has long-term relationships with clients, a thoughtful approach to asset allocation, and is exposed to structurally growing markets.

Earlier in the year, we sold our position in Melrose. Melrose had been a wonderful investment: in the three years to the end of 2017, the company delivered a total shareholder return in excess of 300% versus the MSCI UK index of 30% adding some 531bps of relative outperformance to the fund. Unfortunately, the acquisition of GKN resulted in the company breaching our screen criteria with respect to defence exposure.

#### Market review

The MSCI UK Index returned -3.6% over the 12 months under review, with only the healthcare and utility sectors able to register positive returns. In a tough period for risk assets, with a correction in February and a particularly difficult fourth quarter, the finance, IT and communication services sector were the hardest hit.

Following the dip in February, markets began their ascent again but sentiment generally remained fragile through the period, with trade wars, Brexit and a contentious election Italy among the contributing factors. Heading into the end of the year, October and December saw markets globally sell off with the MSCI UK Index no exception.

January 2019 saw something of a recovery in most markets – although a variety of economic questions remain unresolved. The three-month trade ceasefire between the US and China is now over and we wait to see if the two countries can come to an agreement before tariffs are due to rise in March. Meanwhile, a pledge from the Federal Reserve to be patient on rate rises over 2019 was positive for risk assets as the month ended.



# UK Ethical Fund (continued)

## Investment review (continued)

### Market review (continued)

In the UK, Brexit still dominates the news agenda and the situation continues to develop, with the scheduled exit date of 29 March passing without resolution.

As ever, we follow economics and politics with interest but continue to focus on our core competence that we believe has enabled us to deliver outperformance: to identify businesses exposed to strong sustainability trends that will endure and grow their value per share regardless of the economic backdrop. Our process targets businesses that can grow structurally, driven by the shift towards a global economy that is more efficient, provides a higher quality of life and is more resilient.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested. **Past performance is not a guide to future performance.**

### Material portfolio changes by value

#### Purchases

Smurfit Kappa  
Intertek  
RELX  
Sophos  
Smart Metering Systems  
John Laing  
Halma  
Legal & General  
Cineworld  
St. James's Place Capital

#### Sales

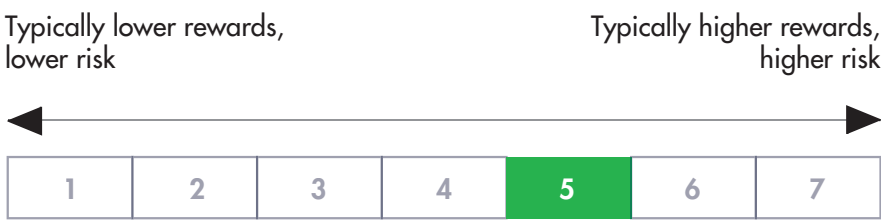
Jardine Lloyd Thompson  
ZPG  
Melrose Industries  
Porvair  
Compass  
Worldpay  
Sage  
Standard Chartered  
Biffa  
RELX

UK Ethical Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund’s ranking on the risk and reward indicator.



The Fund is categorised 5 primarily because of its exposure to UK equities.

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in the Sub-fund:

- The Fund may, under certain circumstances, make use of derivative instruments but it is not intended that their use will materially affect volatility.
- The Fund may invest in companies listed on the Alternative Investment Market (AIM) which is primarily for emerging or smaller companies. The rules are less demanding than those of the official List of the London Stock Exchange and therefore companies listed on AIM may carry a greater risk than a company with a full listing.
- The Fund will invest in smaller companies and may invest a small proportion (less than 10%) of the Fund in unlisted securities. There may be liquidity constraints in these securities from time to time, i.e. in certain circumstances, the fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the fund to defer or suspend redemptions of its shares.
- Sub-funds which undertake ethical screening to meet their investment aims are unable to invest in certain sectors and companies. Our exclusion of some areas of the market (on ESG<sup>†</sup> grounds) may result in periods of under-performance with respect to relevant benchmarks. For instance if tobacco stocks were enjoying extremely strong returns we would not be able to participate in their gains.

<sup>†</sup> Environmental, Social and Governance ("ESG").

## UK Ethical Fund (continued)

## Portfolio Statement

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>CHANNEL ISLANDS; GUERNSEY (1.71%)</b>		
	<b>Equity Investment Instruments (1.71%)</b>	<b>9,352</b>	<b>2.32</b>
7,925,846	Renewables Infrastructure	9,352	2.32
	<b>CHANNEL ISLANDS; JERSEY (0.00%)</b>		
	<b>Financial Services (0.00%)</b>	<b>3,949</b>	<b>0.98</b>
2,015,037	Trufin	3,949	0.98
	<b>IRELAND; REPUBLIC OF (5.28%)</b>		
	<b>Construction &amp; Materials (5.28%)</b>	<b>33,593</b>	<b>8.34</b>
651,411	Kingspan	20,388	5.06
600,784	Smurfit Kappa	13,205	3.28
	<b>UNITED KINGDOM (86.67%)</b>	<b>335,650</b>	<b>83.38</b>
	<b>Banks (1.95%)</b>		
	<b>Chemicals (1.02%)</b>	<b>5,507</b>	<b>1.37</b>
1,323,841	Trealt	5,507	1.37
	<b>Construction &amp; Materials (1.87%)</b>	<b>3,099</b>	<b>0.77</b>
598,358	Keller	3,099	0.77
	<b>Electronic &amp; Electrical Equipment (0.00%)</b>	<b>6,143</b>	<b>1.52</b>
439,124	Halma	6,143	1.52
	<b>Equity Investment Instruments (0.95%)</b>	<b>9,262</b>	<b>2.30</b>
6,921,909	Greencoat UK Wind	9,262	2.30
	<b>Financials (15.65%)</b>	<b>68,856</b>	<b>17.10</b>
915,253	Capital for Colleagues	366	0.09
664,074	Hargreaves Lansdown	10,844	2.69
4,686,799	John Laing	16,638	4.13
441,541	London Stock Exchange	20,209	5.02
1,129,645	Mortgage Advice Bureau	6,755	1.68
3,321,901	Paragon	13,779	3.42
1,633,574	Xeros Technology	265	0.07

# UK Ethical Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>Gas, Water &amp; Multiutilities (3.84%)</b>	<b>13,791</b>	<b>3.42</b>
1,124,322	Ceres Power	1,748	0.43
627,226	National Grid	5,176	1.28
900,252	Pennon	6,867	1.71
	<b>General Retailers (3.57%)</b>	<b>18,355</b>	<b>4.56</b>
4,183,430	DFS Furniture	9,706	2.41
4,089,289	Gym	8,649	2.15
	<b>Household Goods &amp; Home Construction (3.86%)</b>	<b>12,804</b>	<b>3.18</b>
3,392,638	Crest Nicholson	12,804	3.18
	<b>Industrial Engine (5.03%)</b>		
	<b>Life Insurance (11.91%)</b>	<b>50,829</b>	<b>12.62</b>
8,292,852	Legal & General	21,512	5.34
1,367,725	Prudential	20,311	5.04
960,148	St. James's Place Capital	9,006	2.24
	<b>Media (9.85%)</b>	<b>33,840</b>	<b>8.41</b>
1,657,907	Informa	11,214	2.79
728,364	RELX	12,273	3.05
2,193,400	Rightmove	10,353	2.57
	<b>Non-life Insurance (4.68%)</b>	<b>1,117</b>	<b>0.28</b>
1,006,700	Thrive Renewables*	1,117	0.28
	<b>Real Estate Investment &amp; Services (0.83%)</b>	<b>5,824</b>	<b>1.45</b>
788,000	Ethical Property*	646	0.16
5,327,651	PRS REIT	5,178	1.29
	<b>Software &amp; Computer Services (9.09%)</b>	<b>35,366</b>	<b>8.79</b>
1,113,823	GB	5,107	1.27
756,648	Sage	4,737	1.18
1,950,637	Softcat	13,557	3.37
3,548,284	Sophos	11,965	2.97

## UK Ethical Fund (continued)

## Portfolio Statement (continued)

as at 31 January 2019

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>Support Services (3.86%)</b>	<b>30,754</b>	<b>7.65</b>
251,678	Intertek	12,352	3.07
5,979,695	Learning Technologies	4,497	1.12
1,204,699	Sanne	6,024	1.50
1,201,405	Smart Metering Systems	7,881	1.96
	<b>Travel &amp; Leisure (8.71%)</b>	<b>40,103</b>	<b>9.96</b>
3,554,027	Cineworld	9,248	2.30
1,032,016	Compass	16,822	4.18
3,561,586	National Express	14,033	3.48
	<b>UNITED STATES OF AMERICA (4.27%)</b>		
	<b>Support Services (4.27%)</b>	<b>12,540</b>	<b>3.11</b>
197,811	Worldpay	12,540	3.11
	<b>Portfolio of investments</b>	<b>395,084</b>	<b>98.13</b>
	<b>Net other assets</b>	<b>7,527</b>	<b>1.87</b>
	<b>Total net assets</b>	<b>402,611</b>	<b>100.00</b>

All investments are approved securities being either officially listed in a member state or under the rules of an eligible market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Note: comparative figures in brackets show percentages for each category of holding at 31 January 2018.

\* Unquoted securities.

## UK Ethical Fund (continued)

### Comparative tables

for the year ended 31 January 2019

Class 2 Net Accumulation Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	261.19	217.33	196.67
Return before operating charges*	(4.39)	45.85	22.32
Operating charges	(2.19)	(1.99)	(1.66)
Return after operating charges	(6.58)	43.86	20.66
Distributions	(5.16)	(4.42)	(4.52)
Retained distributions on accumulation shares	5.16	4.42	4.52
<b>Closing net asset value per share</b>	<b>254.61</b>	<b>261.19</b>	<b>217.33</b>
After transaction costs of	(0.45)	(0.35)	(0.65)
<b>Performance</b>			
Return after charges	(2.52)%	20.18%	10.50%
<b>Other information</b>			
Closing net asset value (£'000)	103,001	71,290	53,794
Closing number of shares	40,453,864	27,293,801	24,752,259
Operating charges**	0.83%	0.81%	0.82%
Direct transaction costs	0.17%	0.14%	0.32%
<b>Prices</b>			
Highest share price	283.1	267.1	220.6
Lowest share price	238.9	217.8	178.0

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## UK Ethical Fund (continued)

## Comparative tables (continued)

for the year ended 31 January 2019

Class 3 Net Income Accounting year ended	31 January 2019 per share (p)	31 January 2018 per share (p)	31 January 2017 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	248.37	210.30	194.50
Return before operating charges*	(4.02)	44.26	21.86
Operating charges	(0.95)	(0.88)	(0.74)
Return after operating charges	(4.97)	43.38	21.12
Distributions	(5.99)	(5.31)	(5.32)
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>237.41</b>	<b>248.37</b>	<b>210.30</b>
After transaction costs of	(0.42)	(0.34)	(0.64)
<b>Performance</b>			
Return after charges	(2.00)%	20.63%	10.86%
<b>Other information</b>			
Closing net asset value (£'000)	299,610	311,274	269,448
Closing number of shares	126,198,723	125,325,102	128,124,008
Operating charges**	0.38%	0.37%	0.37%
Direct transaction costs	0.17%	0.14%	0.32%
<b>Prices</b>			
Highest share price	266.4	256.3	215.5
Lowest share price	225.2	210.7	176.3

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Sub-fund and share class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the Sub-fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The Operating Charges figure includes the ACD's periodic charge and all charges which are deducted directly from the Sub-fund. The Operating Charges figure is expressed as an annual percentage rate.

## UK Ethical Fund (continued)

## Statement of Total Return

for the year ended 31 January 2019

	Notes	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
Income					
Net capital (losses)/gains	2		(17,344)		58,124
Revenue	3	11,203		9,428	
Expenses	4	(1,926)		(1,592)	
Interest payable and similar charges	6	(2)		—	
Net revenue before taxation		9,275		7,836	
Taxation	5	—		—	
Net revenue after taxation			9,275		7,836
<b>Total return before distributions</b>			<b>(8,069)</b>		<b>65,960</b>
Distributions	7		(9,275)		(7,836)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(17,344)</b>		<b>58,124</b>

## Statement of change in net assets attributable to shareholders

for the year ended 31 January 2019

	(£'000)	1.2.2018 to 31.1.2019 (£'000)	(£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Opening net assets attributable to shareholders</b>		<b>382,564</b>		<b>323,242</b>
Movement due to issue and cancellation of shares:				
Amounts received on issue of shares	51,236		20,713	
Amounts paid on cancellation of shares	(15,854)		(20,701)	
		35,382		12
Dilution adjustment		98		21
Change in net assets attributable to shareholders from investment activities		(17,344)		58,124
Retained distribution on accumulation shares		1,911		1,165
<b>Closing net assets attributable to shareholders</b>		<b>402,611</b>		<b>382,564</b>



## UK Ethical Fund (continued)

## Balance Sheet

as at 31 January 2019

	Notes	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Assets</b>			
<b>Fixed Assets</b>			
Investments		395,084	374,655
<b>Current assets:</b>			
Debtors	8	1,532	1,852
Cash and bank balances	9	9,621	9,359
<b>Total other assets</b>		<b>11,153</b>	<b>11,211</b>
<b>Total assets</b>		<b>406,237</b>	<b>385,866</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Distribution payable	10	(3,336)	(2,895)
Other creditors	10	(290)	(407)
<b>Total liabilities</b>		<b>(3,626)</b>	<b>(3,302)</b>
<b>Net assets attributable to shareholders</b>		<b>402,611</b>	<b>382,564</b>

The notes on pages 252 to 262 form an integral part of these financial statements. The distribution per share is set out in the table on page 263.

## UK Ethical Fund (continued)

## Notes to the financial statements

for the year ended 31 January 2019

**1 Accounting policies**

The accounting policies for the Sub-fund are set out on pages 13 to 14.

**2 Net capital (losses)/gains**

	<b>1.2.2018 to 31.1.2019 (£'000)</b>	<b>1.2.2017 to 31.1.2018 (£'000)</b>
Non-derivative securities	(17,311)	58,155
Foreign currency losses	(30)	(27)
Transaction costs	(3)	(4)
<b>Net capital (losses)/gains</b>	<b>(17,344)</b>	<b>58,124</b>

**3 Revenue**

	<b>1.2.2018 to 31.1.2019 (£'000)</b>	<b>1.2.2017 to 31.1.2018 (£'000)</b>
Bank interest	4	—
Non-taxable overseas dividends	868	979
Stock dividends	186	91
UK dividends	10,145	8,326
CIS unfranked	—	32
<b>Total revenue</b>	<b>11,203</b>	<b>9,428</b>

## UK Ethical Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 4 Expenses\*

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's fees	1,720	1,478
Fixed rate administration fee	129	—
Registration fee	49	63
	<b>1,898</b>	<b>1,541</b>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary fee	23	36
Safe custody fee	2	4
	<b>25</b>	<b>40</b>
<b>Other expenses</b>		
Audit fees**	5	9
Accounts printing and postage	(2)	2
	<b>3</b>	<b>11</b>
<b>Total expenses</b>	<b>1,926</b>	<b>1,592</b>

\* Please refer to page 6 for details of the new fee structure.

\*\* The audit fee for the year, excluding VAT, was £7,700 (2018: £7,500).

## UK Ethical Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 5 Taxation

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
<b>a) Analysis of charge in year</b>		
Overseas tax	—	—
<b>Total tax charge for the year (see note 5(b))</b>	<b>—</b>	<b>—</b>

**b) Factors affecting tax charge for the year**

The taxation assessed for the year is lower (2018 - lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Net revenue before taxation	9,275	7,836
Corporation tax at 20% (2018 – 20%)	1,855	1,567
<b>Effects of:</b>		
Expenses not deductible for tax purposes	385	312
Non-taxable overseas dividends	(174)	(196)
Non-taxable stock dividends	(37)	(18)
UK dividends not subject to corporation tax	(2,029)	(1,665)
<b>Total tax charge for year (see note 5(a))</b>	<b>—</b>	<b>—</b>

Authorised investment companies with variable capital are exempt from tax on capital gains. Therefore any capital return is not included in the above reconciliation.

**c) Deferred tax asset**

At 31 January 2019 the Sub-fund had surplus management expenses of £8,629,000 (prior year: £6,703,000). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore, a deferred tax asset of £1,726,000 (prior year: £1,341,000) has not been recognised.

## 6 Interest payable and similar charges

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interest	2	—
<b>Total interest payable and similar charges</b>	<b>2</b>	<b>—</b>

## UK Ethical Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 7 Distributions

	1.2.2018 to 31.1.2019 (£'000)	1.2.2017 to 31.1.2018 (£'000)
Interim distribution	5,235	4,434
Final distribution	4,228	3,397
	<b>9,463</b>	<b>7,831</b>
Amounts received on issue of shares	(289)	(129)
Amounts deducted on cancellation of shares	101	134
<b>Net distribution</b>	<b>9,275</b>	<b>7,836</b>
<b>The distribution amount has been calculated as follows:</b>		
Net revenue after taxation for the year	9,275	7,836
<b>Net distribution</b>	<b>9,275</b>	<b>7,836</b>

The distribution per share is set out in the table on page 263.

#### 8 Debtors

	31.1.2019 (£'000)	31.1.2018 (£'000)
Accrued revenue	967	823
Amounts receivable on issue of shares	258	327
Income tax recoverable	12	47
Overseas withholding tax	121	110
Sales awaiting settlement	174	545
<b>Total debtors</b>	<b>1,532</b>	<b>1,852</b>

#### 9 Cash and bank balances

	31.1.2019 (£'000)	31.1.2018 (£'000)
Cash and bank balances	9,621	9,359
<b>Total cash and bank balances</b>	<b>9,621</b>	<b>9,359</b>

## UK Ethical Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 10 Creditors

	31.1.2019 (£'000)	31.1.2018 (£'000)
<b>Distribution Payable</b>		
Net Distribution payable	3,336	2,895
<b>Total creditors</b>	<b>3,336</b>	<b>2,895</b>
<b>Other creditors</b>		
Accrued expenses	181	156
Amounts payable on cancellation of shares	109	251
<b>Total creditors</b>	<b>290</b>	<b>407</b>

## 11 Related party transactions

Liontrust Asset Management Plc is regarded as a controlling party by virtue of being the ultimate parent company of the ACD\*, Liontrust Fund Partners LLP, giving the ability to act in concert in respect of the operations of the Company.

The ACD's periodic charge and registration fees paid to Liontrust Fund Partners LLP and its associates are shown in note 4, and details of shares issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Net Assets Attributable to Shareholders.

The balance due to/from the ACD at the year end are included within Notes 8 and 10.

The balance due to Liontrust Fund Partners LLP and its associates at the year end was £175,000 (prior year: £143,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £1,898,000 (prior year: £1,541,000).

## 12 Derivatives and other financial instruments

The risks inherent in the Sub-fund's investment portfolio are as follows:

In pursuing its investment objective and investment policy, the Sub-fund holds a number of financial instruments. These may comprise:

- Equity shares, equity related shares, non-equity shares and debt securities. These are held in accordance with the Sub-fund's investment policies;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operation;
- Shareholders' funds, which represent investors' monies that are invested on their behalf;
- Derivative transactions which the Sub-fund may enter into, the purpose of which is to manage certain aspects of the risks arising from the Sub-fund's investment activities and generate additional capital and revenue;
- Short-term borrowings used to finance operational cash flows;
- Derivatives are also used for investment purposes not just to manage risk/exposures.

The main risks arising from the financial instruments are market price (including "emerging markets price risk"), foreign currency, interest rate, liquidity and counterparty credit risk. The ACD reviews the policies for managing each of these risks and they are summarised below.

\*Please refer to page 6 for changes to the ACD. Figures disclose relate to both Liontrust Fund Partners LLP and Liontrust Investments Limited

## UK Ethical Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

These policies have remained unchanged since the beginning of the period to which these financial statements relate. It should be noted that the ACD has a detailed risk management policy which is reviewed and updated, if necessary, periodically. An independent risk function is also present which monitors all relevant risks appropriately.

##### Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

As at 31 January 2019 and 31 January 2018 the overall market exposure for the Sub-fund was as shown in the Portfolio Statement, other than for derivatives and short positions where the exposure could be greater. The Sub-fund is exposed to market price risk as the assets and liabilities of the fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Sub-fund to market price risk is estimated below which shows the expected change in the market value of the Sub-fund when a representative market index changes by 15%. These percentage movements are based on the Investment Adviser's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Sub-fund has previously changed when that corresponding market index has moved taking into account the Sub-fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 January 2019, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 8.9%.

As at 31 January 2018, had the representative market index increased/decreased by 15% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 7.4%.

Some limitations of sensitivity analysis are;

- markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

The Sub-fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR). The Sub-fund's global exposure to derivatives at the year-end has been calculated using the Commitment approach.

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statements for the notional values of the forwards and futures contracts.

VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

## UK Ethical Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Market price risk (continued)

The Sub-fund did not use derivatives in the year and level of leverage employed by the Sub-fund during the year is not considered to be significant.

##### Currency risk

Currency risk is the risk that the revenue and net asset value of the Sub-fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Sub-fund's investments can be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than sterling, which is the company's functional and reporting currency.

The ACD has identified three principal areas where foreign currency risk could impact the Sub-fund:

- Movements in exchange rates affecting the value of investments;
- Movements in exchange rates affecting short-term timing differences; and
- Movements in exchange rates affecting the income received.

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific currency risk being identified.

The Sub-fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

The Sub-fund may receive income in currencies other than sterling, and the sterling values of this income can be affected by movements in exchange rates.

The majority of the Sub-fund's financial assets and liabilities are denominated in the Sub-fund's functional currency. As a result, the Sub-fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of currency exchange rates. Therefore, no exchange rate sensitivity analysis has been prepared for these.

##### Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates.

The majority of the Sub-fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate linked to LIBOR.

As a result, the fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. Therefore, no interest rate sensitivity analysis has been prepared for these.



## UK Ethical Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 January 2019

#### 12 Derivatives and other financial instruments (continued)

##### Liquidity risk

Liquidity risk is the risk that the Sub-fund will not be able to meet its obligations as they fall due. The majority of the Sub-fund's assets are readily realisable securities which can be sold to meet liquidity requirements, a small proportion may be less readily realisable or unlisted. There may be liquidity constraints in these less liquid securities from time to time, i.e. in certain circumstances, the fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the fund to defer or suspend redemptions of its shares. The main liquidity risk of the Sub-fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the prospectus. Where investments cannot be realised in time to meet any potential liability, the Sub-fund may borrow up to 10% of its value to ensure settlement.

In accordance with the ACD's policy, the Investment Adviser monitors the Sub-funds' liquidity on a daily basis.

##### Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Sub-fund are downgraded.

The Sub-fund may enter into transactions in financial instruments (including derivatives) which exposes it to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Sub-fund will only buy and sell financial instruments through parties that have been approved as acceptable by the ACD. This list is reviewed at least annually.

The Sub-fund may enter into stock lending activities which exposes it to the risk that the counterparty will not deliver the stock or cash after the Sub-fund has fulfilled its obligations. The Sub-fund will only enter into stock lending activities with parties that have been approved as acceptable by the ACD and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

At the balance sheet date, there were no counterparties to open derivative contracts. At the year end collateral of Nil (prior year: Nil) was received; collateral pledged was Nil (prior year: Nil) and none (prior year: none) of the Sub-funds' financial assets were past due or impaired.

The Depositary is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Depositary and Custodian, The Bank of New York Mellon Corporation, as at 31 January 2019 was A (Standard & Poor's rating).

BNYMSA, in the discharge of its delegated Depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of BNYMSA and (ii) all financial instruments that can be physically delivered to BNYMSA. BNYMSA ensures all financial instruments (held in a financial instruments account on the books of BNYMSA) are held in segregated accounts in the name of the Sub-fund, clearly identifiable as belonging to the Sub-fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the Sub-fund on deposit. Such cash is held on the balance sheet of BNYMSA. In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Sub-fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

Insolvency of BNYM and or one of its agents or affiliates may cause the Sub-fund's rights with respect to its assets to be delayed or may result in the Sub-fund not receiving the full value of its assets.

## UK Ethical Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 12 Derivatives and other financial instruments (continued)

## 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 as shown in the table below.

## Valuation of financial investments

	Assets (£'000)	Liabilities (£'000)
<b>31.1.2019</b>		
Quoted prices for identical instruments in active markets	393,321	—
Valuation techniques using observable data	—	—
Valuation techniques using non-observable market data	1,763	—
	<b>395,084</b>	<b>—</b>
<b>31.1.2018</b>		
Quoted prices for identical instruments in active markets	371,967	—
Valuation techniques using non-observable market data	2,688	—
	<b>374,655</b>	<b>—</b>

## 13 Share movement

For the year ending 31 January 2019

	Opening shares	Shares issued	Shares redeemed	Shares converted	Closing shares
Class 2 Net Accumulation	27,293,801	14,805,431	(1,629,616)	(15,752)	40,453,864
Class 3 Net Income	125,325,102	5,490,989	(4,634,088)	16,720	126,198,723

## UK Ethical Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs

For the year ending 31 January 2019

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	121,777	58	0.05	551	0.45
Collective investment schemes	4,821	3	0.06	24	0.50
<b>Total purchases</b>	<b>126,598</b>	<b>61</b>		<b>575</b>	
<b>Total purchases including transaction costs</b>	<b>127,234</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Equity instruments (direct)	93,131	49	0.05	—	—
<b>Total sales</b>	<b>93,131</b>	<b>49</b>		<b>—</b>	
<b>Total sales net of transaction costs</b>	<b>93,082</b>				
<b>Total transaction costs</b>		<b>110</b>		<b>575</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.03%</b>		<b>0.14%</b>	

## UK Ethical Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 January 2019

## 14 Portfolio transaction costs (continued)

For the year ending 31 January 2018

	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Purchases (excluding derivatives)</b>					
Equity instruments (direct)	96,094	84	0.09	369	0.38
Collective investment schemes	226	—	—	1	0.50
<b>Total purchases</b>	<b>96,320</b>	<b>84</b>		<b>370</b>	
<b>Total purchases including transaction costs</b>	<b>96,774</b>				
	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
<b>Sales (excluding derivatives)</b>					
Debt instruments (direct)	88,980	60	0.07	0	0.00
Collective investment schemes	2,287	1	0.05	0	0.00
<b>Total sales</b>	<b>91,267</b>	<b>61</b>		<b>0</b>	
<b>Total sales net of transaction costs</b>	<b>91,206</b>				
<b>Total transaction costs</b>		<b>145</b>		<b>370</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.04%</b>		<b>0.10%</b>	

The above analysis covers any direct transaction costs suffered by the Sub-fund during the year. However it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions & taxes etc) are attributable to the Sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.30% (2018: 0.36%).

## UK Ethical Fund (continued)

### Distribution tables

for the year ended 31 January 2019

#### Final distribution payable in pence per share

Group 1 - Shares purchased prior to 1 August 2018

Group 2 - Shares purchased 1 August 2018 to 31 January 2019

	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Payable 31.3.2019	Distribution Paid 31.3.2018
<b>Accumulation shares</b>				
Class 2 - Group 1	2.2060	—	2.2060	1.8388
Class 2 - Group 2	0.6457	1.5603	2.2060	1.8388
<b>Income Shares</b>				
Class 3 - Group 1	2.6435	—	2.6435	2.3101
Class 3 - Group 2	0.7182	1.9253	2.6435	2.3101

#### Interim distribution paid in pence per share

Group 1 - Shares purchased prior to 1 February 2018

Group 2 - Shares purchased 1 February 2018 to 31 July 2018

	Net Revenue Pence per share	Equalisation Pence per share*	Distribution Paid 30.9.2018	Distribution Paid 30.9.2017
<b>Accumulation shares</b>				
Class 2 - Group 1	2.9574	—	2.9574	2.5850
Class 2 - Group 2	1.8366	1.1208	2.9574	2.5850
<b>Income Shares</b>				
Class 3 - Group 1	3.3500	—	3.3500	3.0038
Class 3 - Group 2	1.3296	2.0204	3.3500	3.0038

\* Equalisation only applies to shares purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

### Additional Information

#### **Important information**

It is important to remember that the price of shares, and the income from them, can fall as well as rise and is not guaranteed and that investors may not get back the amount originally invested. Past performance is not a guide to future performance. The issue of shares may be subject to an initial charge and this is likely to have an impact on the realisable value of your investment, particularly in the short term. You should always regard investment in Funds as long term. The annual management fees of the Liontrust Sustainable Future Cautious Managed Fund and Liontrust Sustainable Future Defensive Managed Fund are deducted from capital. Whilst this results in the dividend paid to investors being higher than would be the case were the annual management fee charged to income, the potential for capital growth may be reduced.





**Liontrust Customer Services Team**

PO Box 373, Darlington, DL1 9RQ



0344 892 0349



Facsimile 020 7964 2562



[liontrustadmin@bnymellon.com](mailto:liontrustadmin@bnymellon.com)

**LIONTRUST** 

Liontrust Fund Partners LLP is authorised and regulated by the Financial Conduct Authority.