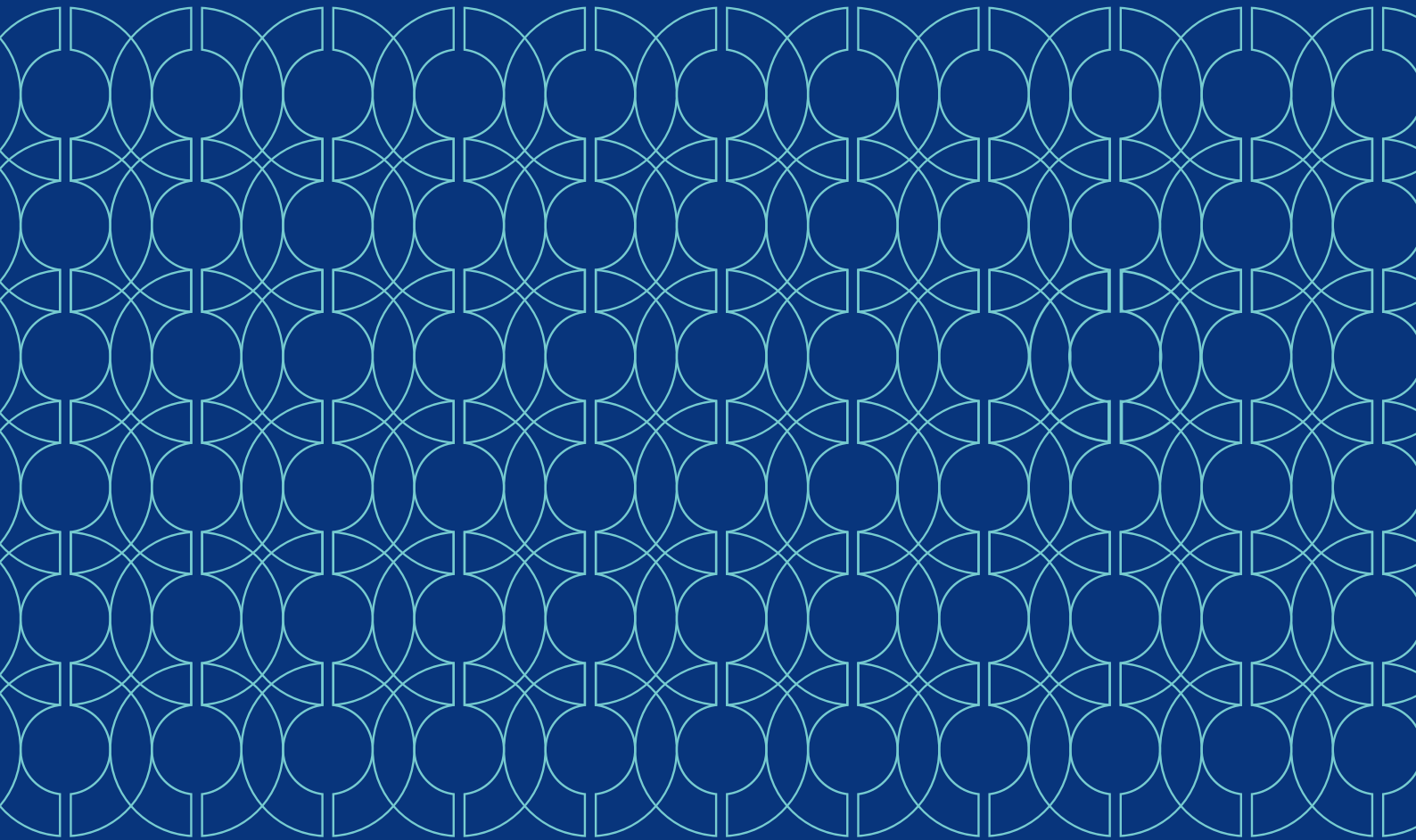


Schroders

Schroder QEP Global Core Fund

Final Report and Accounts

October 2018



## Schroder QEP Global Core Fund

October 2018

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<sup>1</sup> Collectively these comprise the Manager's report.

# Fund Information

## Investment objective and policy

The Schroder QEP Global Core Fund's (the 'fund') investment objective is to achieve the optimum overall return of capital and income in sterling terms through flexible global investment management.

The fund will invest internationally in equities quoted on recognised stock exchanges.

The fund may also invest in a wide range of investments including transferable securities, collective investment schemes, warrants and money market instruments.

## Financial highlights

	15.10.18	13.10.17	% change
<b>Dealing price</b>			
<b>A Income units</b>	102.70p	99.67p	3.04
<b>A Accumulation units</b>	118.90p	113.10p	5.13
<b>D Income units</b>	52.69p	50.15p	5.06
<b>D Accumulation units</b>	52.69p	50.15p	5.06
<b>I Income units</b>	319.30p	309.80p	3.07
<b>I Accumulation units</b>	476.20p	452.90p	5.14
<b>X Accumulation units</b>	138.80p	131.70p	5.39
	15.12.18	15.12.17	
<b>Final distribution per I Income unit</b>	6.6004p	6.0990p	

## Fund information

<b>Launch date</b>	24 May 1989	
<b>Launch price</b>	50.00p per I Income unit	
	50.00p per I Accumulation unit	
<b>Launch date</b>	16 April 2007	
<b>Launch price</b>	50.00p per X Accumulation unit	
<b>Launch date</b>	16 November 2010	
<b>Launch price</b>	50.00p per A Income unit	
	50.00p per A Accumulation unit	
<b>Launch date</b>	1 September 2017	
<b>Launch price</b>	50.00p per D Income unit	
	50.00p per D Accumulation unit	
	Interim	Final
<b>Accounting dates</b>	15 April	15 October
<b>Revenue allocation date</b>		15 December

# Fund Information (continued)

## Ongoing charges figure

	For the year to 15.10.18	For the period from 16.10.17	For the year to 15.10.17
<b>A Income units<sup>1</sup></b>	0.32%	0.32% <sup>2</sup>	0.39%
<b>A Accumulation units<sup>1</sup></b>	0.32%	0.32% <sup>2</sup>	0.39%
<b>D Income units</b>	0.21%	0.21% <sup>2</sup>	0.36% <sup>3</sup>
<b>D Accumulation units</b>	0.21%	0.21% <sup>2</sup>	0.36% <sup>3</sup>
<b>I Income units</b>	0.29%	0.29% <sup>2</sup>	0.36%
<b>I Accumulation units</b>	0.29%	0.29% <sup>2</sup>	0.36%
<b>X Accumulation units<sup>4</sup></b>	0.02%	0.02%	0.02%

1 The expenses of A Income units and A Accumulation units have been capped during the year (Note 4).

2 The Ongoing charges figure is a projected figure based on the latest expenses of these unit classes.

3 The Ongoing charges figure is annualised based on the fees incurred during the accounting year.

4 The Annual management charge for X Accumulation units is invoiced directly to unitholders and is therefore not included in the Ongoing charges figure for that unit class.

With effect from 1 September 2017, the Annual management charge for A Income units, A Accumulation units, I Income units and I Accumulation units was reduced from 0.35% to 0.27%.

# Review of Investment Activities

**From 13 October 2017 to 15 October 2018, the price of I Accumulation units on a dealing price to dealing price basis rose 5.14%. In comparison, the MSCI World Index generated a net return of 4.55%<sup>1</sup> in sterling terms.**

<sup>1</sup> Source: Thomson Reuters Datastream.

Global equities gained over the period under review and the fund outperformed the index. By region, stock selection in North America made the greatest positive contribution to relative returns. As health care stocks recovered, our long held positions in US pharmaceutical stocks and health care providers were notable tailwinds.

Elsewhere, the firmer oil price over the twelve months provided a boost to our positions in oil and gas. Technology also supported relative performance with notable contributions coming from our stock selection in semiconductors and IT services. Within financials, our holdings in complex banks proved profitable as did our overweight exposure to consumer finance as the industry performed strongly through the period.

Positioning in the consumer discretionary sector was a drag on relative returns. Within the sector, our underweight exposure to Netflix and Amazon.com was a detractor. We do not favour these companies on our business quality and valuation metrics.

The positioning of the fund continues to reflect where we have identified the best trade off between valuation and business quality. At a sector level, our main overweight position is in information technology, particularly in the US where we favour high quality 'boring' companies with strong balance sheets and rising dividends. Many of these stocks have been left behind as the market has almost exclusively chased growth, at least until recently. Our main underweight position is in financials. In Canada and Australia, valuations are still rich relative to underlying quality, whereas in Continental Europe very cheap valuations are offset by their much weaker financial strength.

**Fund Manager:**  
**Justin Abercrombie**



Based in London

Joined Schroders in 1996 and was a founding member of the QEP Investment Team

Justin is the lead fund manager for all of the team's strategies

His investment career began in 1993 at the Pareto Partners, developing currency, bond and equity strategies

He holds a Degree in Business Economics from the University of Reading and an MSc in Econometrics

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

# Risk Profile

## Risk and reward indicator



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

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

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

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

## Specific risks

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

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

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

The fund invests in smaller companies which may be less liquid than larger companies and price swings may therefore be greater than in larger company funds.

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

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

# Statement of the Manager's Responsibilities

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

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

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

The Manager's report and accounts for the year ended 15 October 2018 were signed on 13 December 2018 on behalf of the Manager by:

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

**P. Chislett**

# Report of the Trustee

## **Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the Schroder QEP Global Core Fund ('the fund') for the year ended 15 October 2018**

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

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

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

The Trustee must ensure that:

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

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

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

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

### **J.P. Morgan Europe Limited**

Trustee  
Bournemouth  
5 November 2018



# Independent Auditors' Report to the Unitholders of Schroder QEP Global Core Fund

## Report on the audit of the financial statements

### Opinion

In our opinion, Schroder QEP Global Core Fund's financial statements:

- give a true and fair view of the financial position of the fund as at 15 October 2018 and of the net revenue and the net capital gains on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Final Report and Accounts (the 'Annual Report'), which comprise: the balance sheet as at 15 October 2018; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the notes to the financial statements, which include a description of the significant accounting policies, and the distribution tables.

## Basis for opinion

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

### Independence

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

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the fund's ability to continue as a going concern.

# Independent Auditors' Report to the Unitholders of Schroder QEP Global Core Fund (continued)

## Reporting on other information

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

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

### Manager's Report

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

## Responsibilities for the financial statements and the audit

### Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities set out on page 7, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

# Independent Auditors' Report to the Unitholders of Schroder QEP Global Core Fund (continued)

## Use of this report

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

## Other required reporting

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

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

### Collective Investment Schemes sourcebook exception reporting

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

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

We have no exceptions to report arising from this responsibility.

### PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors  
Edinburgh  
13 December 2018

# Comparative Tables

## A Income units

Financial year to 15 October	2018 p per unit	2017 p per unit	2016 p per unit
<b>Change in net asset value</b>			
Opening net asset value	97.86	91.48	70.02
Return before operating charges	5.47	8.69	23.52
Operating charges	(0.33)	(0.38)	(0.31)
<b>Return after operating charges*</b>	<b>5.14</b>	<b>8.31</b>	<b>23.21</b>
Distributions <sup>1</sup>	(2.10)	(1.93)	(1.75)
<b>Closing net asset value</b>	<b>100.90</b>	<b>97.86</b>	<b>91.48</b>
*after direct transaction costs of	(0.09)	(0.08)	(0.08)
<b>Performance</b>			
Return after charges (%)	5.25	9.08	33.15
<b>Other information</b>			
Closing net asset value (£000's)	38,376	34,241	26,913
Closing number of units	38,031,562	34,990,572	29,418,264
Operating charges (%)	0.32	0.39	0.40
Direct transaction costs (%)**	0.09	0.08	0.10
<b>Prices</b>			
Highest dealing price (p)	110.60	101.30	94.00
Lowest dealing price (p)	93.90	87.44	66.83

# Comparative Tables (continued)

## A Accumulation units

Financial year to 15 October	2018 p per unit	2017 p per unit	2016 p per unit
<b>Change in net asset value</b>			
Opening net asset value	113.28	103.84	77.98
Return before operating charges	6.34	9.86	26.21
Operating charges	(0.38)	(0.42)	(0.35)
<b>Return after operating charges*</b>	<b>5.96</b>	<b>9.44</b>	<b>25.86</b>
Distributions <sup>1</sup>	(2.43)	(2.20)	(1.95)
Retained distributions <sup>1</sup>	2.43	2.20	1.95
<b>Closing net asset value</b>	<b>119.24</b>	<b>113.28</b>	<b>103.84</b>
*after direct transaction costs of	(0.11)	(0.09)	(0.09)
<b>Performance</b>			
Return after charges (%)	5.26	9.09	33.16
<b>Other information</b>			
Closing net asset value (£000's)	128,666	130,316	115,146
Closing number of units	107,908,501	115,037,821	110,886,091
Operating charges (%)	0.32	0.39	0.40
Direct transaction costs (%)**	0.09	0.08	0.10
<b>Prices</b>			
Highest dealing price (p)	128.10	114.90	104.70
Lowest dealing price (p)	108.70	99.26	74.44

# Comparative Tables (continued)

Financial year to 15 October	D Income units	
	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>		
Opening net asset value	50.21	50.00
Return before operating charges	2.82	0.24
Operating charges	(0.20)	(0.03)
<b>Return after operating charges*</b>	<b>2.62</b>	<b>0.21</b>
Distributions	Nil <sup>2</sup>	Nil <sup>3</sup>
<b>Closing net asset value</b>	<b>52.83</b>	<b>50.21</b>
*after direct transaction costs of	(0.05)	(0.04)
<b>Performance</b>		
Return after charges (%)	5.22	0.42
<b>Other information</b>		
Closing net asset value (£000's)	1	1
Closing number of units	2,000	2,000
Operating charges (%)	0.37	0.06
Direct transaction costs (%)**	0.09	0.08
<b>Prices</b>		
Highest dealing price (p)	56.75	50.93
Lowest dealing price (p)	48.16	48.17

The unit class was launched on 1 September 2017.

- 2 There will not be a distribution as the total amount distributable was below de minimis.
- 3 There was no distribution as the total amount distributable was below de minimis.

# Comparative Tables (continued)

## D Accumulation units

Financial year to 15 October	2018 p per unit	2017 p per unit
<b>Change in net asset value</b>		
Opening net asset value	50.21	50.00
Return before operating charges	2.82	0.24
Operating charges	(0.20)	(0.03)
<b>Return after operating charges*</b>	<b>2.62</b>	<b>0.21</b>
Distributions	Nil <sup>2</sup>	Nil <sup>3</sup>
Retained distributions	Nil <sup>2</sup>	Nil <sup>3</sup>
<b>Closing net asset value</b>	<b>52.83</b>	<b>50.21</b>
*after direct transaction costs of	(0.05)	(0.04)
<b>Performance</b>		
Return after charges (%)	5.22	0.42
<b>Other information</b>		
Closing net asset value (£000's)	1	1
Closing number of units	2,000	2,000
Operating charges (%)	0.37	0.06
Direct transaction costs (%)**	0.09	0.08
<b>Prices</b>		
Highest dealing price (p)	56.75	50.93
Lowest dealing price (p)	48.16	48.17

The unit class was launched on 1 September 2017.

- 2 There will not be a distribution as the total amount distributable was below de minimis.
- 3 There was no distribution as the total amount distributable was below de minimis.

# Comparative Tables (continued)

Financial year to 15 October	I Income units		
	2018 p per unit	2017 p per unit	2016 p per unit
<b>Change in net asset value</b>			
Opening net asset value	304.04	284.23	217.54
Return before operating charges	17.01	27.00	73.08
Operating charges	(0.94)	(1.09)	(0.89)
<b>Return after operating charges*</b>	<b>16.07</b>	<b>25.91</b>	<b>72.19</b>
Distributions <sup>1</sup>	(6.60)	(6.10)	(5.50)
<b>Closing net asset value</b>	<b>313.51</b>	<b>304.04</b>	<b>284.23</b>
*after direct transaction costs of	(0.29)	(0.24)	(0.24)
<b>Performance</b>			
Return after charges (%)	5.29	9.12	33.18
<b>Other information</b>			
Closing net asset value (£000's)	431,330	460,200	520,733
Closing number of units	137,580,414	151,361,398	183,206,196
Operating charges (%)	0.30	0.36	0.37
Direct transaction costs (%)**	0.09	0.08	0.10
<b>Prices</b>			
Highest dealing price (p)	343.80	314.60	292.10
Lowest dealing price (p)	291.80	271.70	207.70



# Comparative Tables (continued)

## I Accumulation units

Financial year to 15 October	2018 p per unit	2017 p per unit	2016 p per unit
<b>Change in net asset value</b>			
Opening net asset value	453.44	415.54	311.97
Return before operating charges	25.35	39.48	104.85
Operating charges	(1.40)	(1.58)	(1.28)
<b>Return after operating charges*</b>	<b>23.95</b>	<b>37.90</b>	<b>103.57</b>
Distributions <sup>1</sup>	(9.84)	(8.91)	(7.89)
Retained distributions <sup>1</sup>	9.84	8.91	7.89
<b>Closing net asset value</b>	<b>477.39</b>	<b>453.44</b>	<b>415.54</b>
*after direct transaction costs of	(0.43)	(0.35)	(0.35)
<b>Performance</b>			
Return after charges (%)	5.28	9.12	33.20
<b>Other information</b>			
Closing net asset value (£000's)	270,090	304,906	375,588
Closing number of units	56,575,978	67,243,234	90,385,426
Operating charges (%)	0.30	0.36	0.37
Direct transaction costs (%)**	0.09	0.08	0.10
<b>Prices</b>			
Highest dealing price (p)	512.80	460.00	419.00
Lowest dealing price (p)	435.10	397.20	297.80

# Comparative Tables (continued)

	X Accumulation units		
Financial year to 15 October	2018 p per unit	2017 p per unit	2016 p per unit
<b>Change in net asset value</b>			
Opening net asset value	131.84	120.42	90.10
Return before operating charges	7.36	11.45	30.34
Operating charges	(0.03)	(0.03)	(0.02)
<b>Return after operating charges*</b>	<b>7.33</b>	<b>11.42</b>	<b>30.32</b>
Distributions <sup>1</sup>	(3.23)	(3.00)	(2.63)
Retained distributions <sup>1</sup>	3.23	3.00	2.63
<b>Closing net asset value</b>	<b>139.17</b>	<b>131.84</b>	<b>120.42</b>
*after direct transaction costs of	(0.12)	(0.10)	(0.10)
<b>Performance</b>			
Return after charges (%)	5.56	9.48	33.65
<b>Other information</b>			
Closing net asset value (£000's)	187,727	260,114	185,131
Closing number of units	134,892,060	197,301,610	153,734,213
Operating charges (%)	0.02	0.02	0.02
Direct transaction costs (%)**	0.09	0.08	0.10
<b>Prices</b>			
Highest dealing price (p)	149.40	133.70	121.40
Lowest dealing price (p)	126.70	115.10	86.11

1 These figures have been rounded to 2 decimal places.

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

The Operating charges are calculated on an ex-post basis and as such may differ from the Ongoing charges figure where the Ongoing charges figure has been annualised for a unit class that has not been in existence for a full year.

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

# Portfolio Statement

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Equities 98.60% (100.10%)</b>			
<b>Australia 1.95% (1.59%)</b>			
AGL Energy	96,304	964	0.09
ASX	19,515	617	0.06
BHP Billiton	135,159	2,450	0.23
carsales.com	84,381	627	0.06
Charter Hall Group REIT	96,709	354	0.03
Coca-Cola Amatil	73,997	391	0.04
Cochlear	5,146	519	0.05
Computershare	126,400	1,347	0.13
IPH	68,360	213	0.02
IRESS	33,398	204	0.02
Macquarie Group	30,900	1,929	0.18
Perseus Mining	559,064	117	0.01
Platinum Asset Management	62,677	165	0.02
Rio Tinto	59,835	2,520	0.24
Santos	364,243	1,402	0.13
Telstra	1,258,262	2,120	0.20
Woodside Petroleum	236,371	4,640	0.44
		<b>20,579</b>	<b>1.95</b>
<b>Austria 0.05% (0.22%)</b>			
Raiffeisen Bank International	25,594	555	0.05
		<b>555</b>	<b>0.05</b>
<b>Belgium 0.08% (0.27%)</b>			
Ageas	22,361	856	0.08
		<b>856</b>	<b>0.08</b>
<b>Bermuda 0.82% (1.41%)</b>			
Assured Guaranty	16,600	509	0.05
Athene Holding A	27,200	1,006	0.09
Axis Capital Holdings	12,200	511	0.05

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Bermuda (continued)</b>			
Essent Group	16,300	487	0.05
Everest Re Group	6,174	1,006	0.09
Hongkong Land Holdings	97,500	447	0.04
Invesco	162,800	2,536	0.24
Kerry Properties	195,000	481	0.05
RenaissanceRe Holdings	4,400	442	0.04
Signet Jewelers	13,800	610	0.06
Third Point Reinsurance	69,900	618	0.06
		<b>8,653</b>	<b>0.82</b>
<b>Brazil 0.13% (0.07%)</b>			
Ambev	104,900	365	0.04
Cia de Saneamento Basico do Estado de Sao Paulo ADR	60,600	338	0.03
Cielo	248,700	624	0.06
		<b>1,327</b>	<b>0.13</b>
<b>Canada 2.82% (2.87%)</b>			
Argonaut Gold	226,500	219	0.02
Athabasca Oil	289,900	253	0.02
Barrick Gold	76,000	740	0.07
BCE	56,400	1,711	0.16
Birchcliff Energy	161,100	451	0.04
Bonavista Energy	222,400	173	0.02
Canadian National Railway	50,700	3,266	0.31
Canadian Natural Resources	112,500	2,477	0.23
Cardinal Energy	25,791	69	0.01
Cenovus Energy	87,400	568	0.05
Centerra Gold	100,600	314	0.03
CGI Group A	38,489	1,772	0.17
CI Financial	225,700	2,521	0.24
Crescent Point Energy	98,100	424	0.04

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Canada (continued)</b>			
Crew Energy	233,100	211	0.02
Genworth MI Canada	38,836	889	0.08
Goldcorp	67,200	558	0.05
Husky Energy	42,300	494	0.05
Imperial Oil	188,000	4,811	0.46
Linamar	14,100	456	0.04
Magna International	31,800	1,171	0.11
Manulife Financial	113,900	1,346	0.13
Medical Facilities	34,900	296	0.03
Norbord	23,300	487	0.05
Precision Drilling	194,800	450	0.04
ShawCor	9,900	136	0.01
Surge Energy	155,200	218	0.02
Tahoe Resources	128,600	290	0.03
Teck Resources B	32,814	592	0.06
Transcontinental A	68,300	852	0.08
West Fraser Timber	20,200	747	0.07
Westshore Terminals Investment	31,200	471	0.04
Yamana Gold	185,800	381	0.04
		<b>29,814</b>	<b>2.82</b>
<b>Cayman Islands 0.42% (0.01%)</b>			
China Conch Venture Holdings	77,500	183	0.02
CK Asset Holdings	295,000	1,571	0.15
Lifestyle International Holdings	379,500	537	0.05
Sands China	244,400	802	0.08
Wharf Real Estate Investment	234,000	1,090	0.10
Xinyi Glass Holdings	272,000	229	0.02
		<b>4,412</b>	<b>0.42</b>
<b>Chile 0.10% (0.07%)</b>			
Enel Americas ADR	72,974	420	0.04

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Chile (continued)</b>			
Sociedad Quimica y Minera de Chile ADR Preference	18,500	606	0.06
		<b>1,026</b>	<b>0.10</b>
<b>China 0.12% (0.00%)</b>			
Bank of China H	1,263,000	397	0.04
China Construction Bank H	847,000	499	0.05
China Petroleum & Chemical H	566,000	371	0.03
		<b>1,267</b>	<b>0.12</b>
<b>Curacao 0.31% (0.00%)</b>			
Schlumberger	72,500	3,277	0.31
		<b>3,277</b>	<b>0.31</b>
<b>Denmark 0.83% (0.75%)</b>			
Coloplast B	7,374	530	0.05
Novo Nordisk B	170,258	5,497	0.52
Novozymes B	27,004	1,018	0.10
Pandora	26,130	1,297	0.12
William Demant Holding	17,868	423	0.04
		<b>8,765</b>	<b>0.83</b>
<b>Finland 0.32% (0.27%)</b>			
Nokian Renkaat	42,452	1,241	0.12
UPM-Kymmene	79,221	2,100	0.20
		<b>3,341</b>	<b>0.32</b>
<b>France 3.07% (3.31%)</b>			
AXA	123,470	2,458	0.23
BNP Paribas	61,216	2,672	0.25
Cie Generale des Etablissements Michelin	4,708	409	0.04
Dassault Systemes	14,267	1,405	0.13

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>France (continued)</b>			
Gaztransport Et Technigaz	11,509	643	0.06
LVMH Moet Hennessy Louis Vuitton	14,240	3,269	0.31
Metropole Television	61,788	996	0.09
Neopost	20,332	500	0.05
Peugeot	56,378	1,053	0.10
Publicis Groupe	87,288	3,987	0.38
Sanofi	16,164	1,073	0.10
Schneider Electric	71,358	3,922	0.37
Societe BIC	17,028	1,122	0.11
Societe Generale	66,638	2,076	0.20
TOTAL	145,593	6,872	0.65
		<b>32,457</b>	<b>3.07</b>
<b>Germany 2.16% (2.93%)</b>			
BASF	92,062	5,620	0.53
Bayer	38,719	2,663	0.25
Commerzbank	66,977	514	0.05
Continental	7,602	928	0.09
Covestro	52,192	2,872	0.27
Deutsche Bank	161,480	1,356	0.13
Deutsche EuroShop	20,215	475	0.04
ProSiebenSat.1 Media	65,356	1,215	0.12
SAP	50,884	4,402	0.42
Schaeffler Preference	134,935	1,194	0.11
Siltronic	3,571	296	0.03
Wirecard	8,345	1,247	0.12
		<b>22,782</b>	<b>2.16</b>
<b>Guernsey 0.18% (0.03%)</b>			
Amdocs	39,465	1,863	0.18
		<b>1,863</b>	<b>0.18</b>

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Hong Kong 0.43% (1.53%)</b>			
China Mobile	93,500	695	0.07
CLP Holdings	165,000	1,392	0.13
Guangdong Investment	366,000	481	0.05
Hang Lung Properties	227,000	321	0.03
Sun Hung Kai Properties	120,000	1,208	0.11
Wharf Holdings	234,000	431	0.04
		<b>4,528</b>	<b>0.43</b>
<b>India 0.10% (0.11%)</b>			
Infosys ADR	144,200	1,086	0.10
		<b>1,086</b>	<b>0.10</b>
<b>Indonesia 0.09% (0.24%)</b>			
Telekomunikasi Indonesia Persero	5,224,800	954	0.09
		<b>954</b>	<b>0.09</b>
<b>Ireland 1.03% (0.97%)</b>			
Accenture A	10,100	1,220	0.11
Allegion	40,700	2,600	0.25
Eaton	42,500	2,567	0.24
Mallinckrodt	39,900	828	0.08
Medtronic	35,100	2,516	0.24
Seagate Technology	34,700	1,144	0.11
		<b>10,875</b>	<b>1.03</b>
<b>Isle of Man 0.04% (0.21%)</b>			
Playtech	91,795	407	0.04
		<b>407</b>	<b>0.04</b>
<b>Israel 0.41% (0.96%)</b>			
Bank Hapoalim BM	120,959	639	0.06
Bank Leumi Le-Israel BM	232,528	1,118	0.11



# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Israel (continued)</b>			
Check Point Software Technologies	10,900	928	0.09
Ituran Location and Control	13,300	331	0.03
Phoenix Holdings	80,237	365	0.03
Teva Pharmaceutical Industries ADR	59,000	969	0.09
		<b>4,350</b>	<b>0.41</b>
<b>Italy 0.84% (1.23%)</b>			
ASTM	40,603	581	0.05
Enel	375,381	1,426	0.14
Eni	144,578	2,009	0.19
Interpump Group	22,881	496	0.05
Mediobanca Banca di Credito Finanziario	186,381	1,263	0.12
Moncler	29,232	781	0.07
Recordati	35,681	910	0.09
UniCredit	133,141	1,399	0.13
		<b>8,865</b>	<b>0.84</b>
<b>Japan 8.13% (9.53%)</b>			
ABC-Mart	28,200	1,234	0.12
Aica Kogyo	21,600	604	0.06
Aichi Bank	3,400	106	0.01
Aozora Bank	7,000	181	0.02
Astellas Pharma	424,600	5,285	0.50
Awa Bank	14,200	296	0.03
Bank of Kyoto	17,200	629	0.06
Bridgestone	19,000	541	0.05
Central Japan Railway	25,700	3,806	0.36
Chiba Bank	109,000	551	0.05
Chugai Pharmaceutical	13,800	625	0.06
Daicel	166,300	1,416	0.13
Daiwa House Industry	49,100	1,114	0.11
Daiwa Securities Group	305,000	1,360	0.13

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Japan (continued)</b>			
en-japan	15,700	562	0.05
Goldcrest	20,300	244	0.02
GungHo Online Entertainment	356,700	515	0.05
Hachijuni Bank	188,500	635	0.06
Haseko	36,300	354	0.03
Horiba	18,700	680	0.06
Hoya	37,200	1,545	0.15
Hyakugo Bank	44,400	127	0.01
Inaba Denki Sangyo	6,800	211	0.02
Inpex	107,900	1,014	0.10
Isuzu Motors	38,600	409	0.04
ITOCHU	167,400	2,452	0.23
Iyo Bank	68,000	306	0.03
Japan Exchange Group	73,800	935	0.09
Japan Petroleum Exploration	16,900	282	0.03
Japan Post Bank	63,700	564	0.05
JXTG Holdings	234,700	1,268	0.12
Kajima	73,000	754	0.07
Kakaku.com	23,100	327	0.03
Kaken Pharmaceutical	8,800	342	0.03
Kanamoto	8,800	233	0.02
KDDI	187,700	3,730	0.35
Keihin	20,400	310	0.03
Keyence	900	350	0.03
KOMEDA Holdings	23,100	361	0.03
Kyokuto Kaihatsu Kogyo	15,500	175	0.02
Lintec	9,900	180	0.02
Maeda Road Construction	48,800	719	0.07
Marubeni	97,600	644	0.06
Mazda Motor	35,000	302	0.03
Mitsubishi	69,900	1,613	0.15
Mitsubishi Chemical Holdings	171,900	1,118	0.11

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Japan (continued)</b>			
Mitsubishi Gas Chemical	25,500	367	0.03
Mitsubishi UFJ Financial Group	185,400	848	0.08
Mitsui	110,100	1,467	0.14
Mitsui Sugar	19,100	388	0.04
Mixi	26,000	462	0.04
Mizuho Financial Group	1,106,300	1,431	0.14
NHK Spring	34,200	251	0.02
Nikon	62,400	835	0.08
Nippon Telegraph & Telephone	117,600	3,822	0.36
Nitto Denko	19,300	1,029	0.10
Nomura Holdings	443,400	1,603	0.15
Nomura Real Estate Holdings	17,300	252	0.02
Nomura Research Institute	25,100	902	0.09
NTT DOCOMO	306,300	5,896	0.56
Obayashi	73,900	515	0.05
Obic	7,600	528	0.05
Oracle Corp Japan	8,700	478	0.05
Resona Holdings	91,400	371	0.03
Sakai Moving Service	7,200	289	0.03
Seven Bank	321,200	733	0.07
Shin-Etsu Chemical	43,700	2,693	0.25
Shinsei Bank	44,000	515	0.05
Shizuoka Bank	116,000	776	0.07
SMC	4,600	1,053	0.10
Stanley Electric	43,200	1,106	0.10
Subaru	73,300	1,609	0.15
Sumitomo	59,000	721	0.07
Sumitomo Chemical	212,000	849	0.08
Sumitomo Mitsui Financial Group	78,900	2,334	0.22
Sumitomo Mitsui Trust Holdings	13,700	412	0.04
Sumitomo Seika Chemicals	4,300	171	0.02
Suzuki Motor	22,200	872	0.08

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Japan (continued)</b>			
Taiheiyo Cement	23,200	524	0.05
Taisei	19,600	653	0.06
Toagosei	41,800	324	0.03
Tocalo	63,600	435	0.04
Tosoh	85,600	929	0.09
Toyota Boshoku	29,000	389	0.04
Toyota Tsusho	16,600	464	0.04
Trend Micro	11,100	509	0.05
TS Tech	5,800	129	0.01
Ube Industries	33,500	609	0.06
Ulvac	11,600	302	0.03
Unicharm	77,200	1,719	0.16
Unipres	13,800	204	0.02
USS	39,700	532	0.05
Wakita	54,900	483	0.05
Yamaha Motor	20,800	399	0.04
Yamanashi Chuo Bank	7,800	93	0.01
Zeon	78,000	618	0.06
		<b>85,902</b>	<b>8.13</b>
<b>Jersey 0.25% (0.00%)</b>			
Centamin	240,977	250	0.02
Delphi Technologies	20,300	364	0.04
WPP	194,765	2,040	0.19
		<b>2,654</b>	<b>0.25</b>
<b>Luxembourg 0.14% (0.28%)</b>			
APERAM	9,797	312	0.03
RTL Group	17,373	912	0.09
Subsea 7	22,829	239	0.02
		<b>1,463</b>	<b>0.14</b>

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Malaysia 0.05% (0.00%)</b>			
Petronas Chemicals Group	276,000	475	0.05
		<b>475</b>	<b>0.05</b>
<b>Marshall Islands 0.06% (0.08%)</b>			
International Seaways	30,600	481	0.05
Scorpio Tankers	107,800	144	0.01
		<b>625</b>	<b>0.06</b>
<b>Mexico 0.08% (0.02%)</b>			
Grupo Aeroportuario del Pacifico ADR	11,400	878	0.08
		<b>878</b>	<b>0.08</b>
<b>Netherlands 1.09% (1.09%)</b>			
Aegon	151,798	704	0.07
Intertrust	15,713	202	0.02
Koninklijke Vopak	18,160	656	0.06
LyondellBasell Industries A	25,300	1,888	0.18
Mylan	74,400	1,826	0.17
NN Group	48,819	1,639	0.15
Unilever CVA	116,151	4,639	0.44
		<b>11,554</b>	<b>1.09</b>
<b>New Zealand 0.00% (0.01%)</b>			
<b>Norway 0.37% (0.40%)</b>			
Salmar	31,384	1,268	0.12
Telenor	155,364	2,196	0.21
TGS NOPEC Geophysical	15,605	428	0.04
		<b>3,892</b>	<b>0.37</b>

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Poland 0.04% (0.06%)</b>			
Polski Koncern Naftowy ORLEN	21,875	427	0.04
		<b>427</b>	<b>0.04</b>
<b>Portugal 0.27% (0.00%)</b>			
Galp Energia	210,431	2,888	0.27
		<b>2,888</b>	<b>0.27</b>
<b>Puerto Rico 0.00% (0.02%)</b>			
<b>Russia 0.26% (0.18%)</b>			
Gazprom ADR	94,687	361	0.03
LUKOIL ADR	18,902	1,043	0.10
Novatek GDR	6,945	941	0.09
Tatneft ADR	7,568	414	0.04
		<b>2,759</b>	<b>0.26</b>
<b>Singapore 0.78% (0.75%)</b>			
CapitalLand	171,500	291	0.03
Jardine Cycle & Carriage	16,600	262	0.02
Singapore Exchange	188,800	717	0.07
Singapore Telecommunications	3,093,300	5,322	0.50
UOL Group	149,200	512	0.05
Yangzijiang Shipbuilding Holdings	1,345,300	923	0.09
Yanlord Land Group	283,000	197	0.02
		<b>8,224</b>	<b>0.78</b>
<b>South Africa 0.13% (0.19%)</b>			
Tiger Brands	36,284	485	0.04
Truworths International	101,312	435	0.04
Vodacom Group	78,157	493	0.05
		<b>1,413</b>	<b>0.13</b>

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>South Korea 0.45% (0.43%)</b>			
Hankook Tire	11,497	357	0.03
KB Financial Group	8,162	288	0.03
Samsung Electronics	43,515	1,277	0.12
Shinhan Financial Group	15,508	453	0.04
SK Hynix	12,355	582	0.06
SK Innovation	3,602	518	0.05
SK Telecom	6,805	1,226	0.12
		<b>4,701</b>	<b>0.45</b>
<b>Spain 1.16% (0.99%)</b>			
Aena SME	26,303	3,221	0.31
Bolsas y Mercados Espanoles	22,534	514	0.05
Corp. Financiera Alba	5,885	226	0.02
Enagas	49,882	979	0.09
Mapfre	203,015	460	0.04
Mediaset Espana Comunicacion	145,239	772	0.07
Red Electrica	137,203	2,137	0.20
Repsol	203,325	2,937	0.28
Zardoya Otis	195,706	1,043	0.10
		<b>12,289</b>	<b>1.16</b>
<b>Sweden 0.95% (1.08%)</b>			
Assa Abloy B	141,198	2,038	0.19
Atlas Copco A	82,652	1,595	0.15
Epiroc A	82,652	653	0.06
Sandvik	96,060	1,144	0.11
SKF B	303,988	3,973	0.38
Swedish Match	9,269	347	0.03
Tethys Oil	34,373	264	0.03
		<b>10,014</b>	<b>0.95</b>

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Switzerland 4.59% (3.90%)</b>			
Flughafen Zurich	16,767	2,438	0.23
Garmin	65,800	3,141	0.30
Nestle	176,577	10,732	1.01
Novartis	156,235	9,924	0.94
Oriflame Holding	15,365	284	0.03
Roche Holding	50,510	9,153	0.87
Sonova Holding	6,677	824	0.08
TE Connectivity	74,600	4,486	0.42
Transocean	118,100	1,178	0.11
UBS Group	328,539	3,560	0.34
Zurich Insurance Group	12,012	2,795	0.26
		<b>48,515</b>	<b>4.59</b>
<b>Taiwan 0.29% (0.43%)</b>			
Catcher Technology	118,000	830	0.08
Chunghwa Telecom	299,000	783	0.07
Elite Material	167,000	289	0.03
Taiwan Semiconductor Manufacturing ADR	39,200	1,158	0.11
		<b>3,060</b>	<b>0.29</b>
<b>Thailand 0.00% (0.13%)</b>			
<b>Turkey 0.02% (0.10%)</b>			
TAV Havalimanlari Holding	70,271	259	0.02
		<b>259</b>	<b>0.02</b>
<b>United Kingdom 7.29% (7.18%)</b>			
Acacia Mining	182,372	291	0.03
Anglo American	99,991	1,700	0.16
Antofagasta	56,023	441	0.04
ARRIS International	23,400	401	0.04
Babcock International Group	51,331	322	0.03



# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
Barclays	1,317,845	2,153	0.20
Barratt Developments	197,052	996	0.09
Berkeley Group Holdings	28,930	970	0.09
BHP Billiton	86,558	1,374	0.13
British American Tobacco	125,518	4,180	0.40
Burberry Group	68,379	1,186	0.11
Close Brothers Group	49,002	724	0.07
Diageo	156,191	3,975	0.38
Dialog Semiconductor	26,734	505	0.05
EMIS Group <sup>#</sup>	37,011	349	0.03
GlaxoSmithKline	475,531	6,959	0.66
Greggs	53,613	605	0.06
Halma	58,290	733	0.07
HSBC Holdings	246,211	1,547	0.15
IG Group Holdings	46,405	279	0.03
IMI	112,272	1,117	0.11
Imperial Brands	59,041	1,527	0.14
Intertek Group	21,978	969	0.09
Legal & General Group	2,207,010	5,405	0.51
Next	27,621	1,472	0.14
Noble	146,000	762	0.07
Persimmon	40,724	900	0.09
Prudential	77,791	1,220	0.12
RELX	149,984	2,250	0.21
Rightmove	105,050	447	0.04
Rio Tinto	127,875	4,777	0.45
Rowan A	64,400	934	0.09
Royal Bank of Scotland Group	978,782	2,380	0.23
Royal Dutch Shell A (GBP)	142,180	3,553	0.34
Royal Dutch Shell A (EUR)	40,642	1,014	0.09
Royal Dutch Shell B	111,962	2,845	0.27
Royal Mail	131,851	450	0.04

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>United Kingdom (continued)</b>			
RWS Holdings#	48,927	211	0.02
Sage Group	452,330	2,550	0.24
Smith & Nephew	108,599	1,391	0.13
Smiths Group	64,212	857	0.08
Spectris	87,830	1,843	0.17
Standard Chartered	470,322	2,654	0.25
Tullow Oil	171,804	424	0.04
Unilever	96,337	3,857	0.37
Victrex	58,315	1,530	0.14
		<b>77,029</b>	<b>7.29</b>
<b>United States of America 55.90% (54.20%)</b>			
3M	34,041	5,172	0.49
AbbVie	123,534	8,423	0.80
Adobe Systems	13,300	2,431	0.23
Affiliated Managers Group	29,600	2,823	0.27
Aflac	162,700	5,438	0.51
Air Products & Chemicals	13,900	1,670	0.16
Allison Transmission Holdings	40,561	1,527	0.14
Alphabet A	12,570	10,618	1.01
Alphabet C	13,145	11,012	1.04
Altria Group	127,544	6,033	0.57
Amazon.com	11,000	14,735	1.40
AMC Networks A	27,100	1,218	0.12
American International Group Warrant 19/01/2021	765	7	0.00
American National Insurance	4,260	390	0.04
AMETEK	15,300	844	0.08
Amgen	55,525	8,327	0.79
Amphenol A	19,700	1,272	0.12
ANSYS	7,100	848	0.08
Antero Resources	30,600	442	0.04
Apple	170,826	28,425	2.69

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Applied Materials	53,800	1,376	0.13
AT&T	106,855	2,644	0.25
Automatic Data Processing	27,500	2,944	0.28
AutoZone	2,600	1,548	0.15
Bank of America	449,960	9,567	0.91
Bed Bath & Beyond	47,100	501	0.05
Berkshire Hathaway B	12,040	1,881	0.18
Biogen	20,300	5,074	0.48
Booking Holdings	2,100	2,895	0.27
BorgWarner	34,600	1,006	0.10
Brinker International	9,200	320	0.03
Bristol-Myers Squibb	92,500	4,076	0.39
Broadridge Financial Solutions	6,400	569	0.05
Buckle	30,224	455	0.04
Capital One Financial	34,800	2,398	0.23
CARBO Ceramics	31,100	152	0.01
Carter's	8,100	585	0.06
Caterpillar	6,500	703	0.07
CBL & Associates Properties REIT	84,900	228	0.02
Celanese	35,900	2,688	0.25
Celgene	34,500	2,162	0.20
Cerner	28,900	1,377	0.13
Chemed	1,300	302	0.03
Chevron	96,384	8,631	0.82
Chico's FAS	88,500	521	0.05
Cigna	26,800	4,188	0.40
Cirrus Logic	15,553	428	0.04
Cisco Systems	289,893	9,940	0.94
Citigroup	102,039	5,397	0.51
Clorox	19,700	2,214	0.21
CNA Financial	11,900	396	0.04
Coca-Cola	69,800	2,398	0.23

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Cognizant Technology Solutions A	49,600	2,727	0.26
Colgate-Palmolive	53,600	2,564	0.24
Comcast A	136,400	3,682	0.35
Copart	10,200	390	0.04
Cummins	39,100	4,347	0.41
Curtiss-Wright	7,400	669	0.06
CVS Health	89,700	5,042	0.48
Deluxe	43,300	1,703	0.16
Diamond Offshore Drilling	65,400	967	0.09
Discover Financial Services	33,300	1,875	0.18
Discovery A	17,600	432	0.04
Dover	25,000	1,573	0.15
Dril-Quip	12,200	431	0.04
Dun & Bradstreet	7,696	831	0.08
eBay	192,900	4,691	0.44
Edgewell Personal Care	8,900	314	0.03
Eli Lilly	78,700	6,631	0.63
Emerson Electric	63,200	3,454	0.33
Energizer Holdings	22,200	1,008	0.10
Equifax	8,600	809	0.08
Express Scripts Holding	40,000	2,871	0.27
Exxon Mobil	218,540	13,474	1.28
Facebook A	78,800	9,259	0.88
FactSet Research Systems	7,900	1,269	0.12
Fair Isaac	6,900	1,084	0.10
Federated Investors B	77,600	1,332	0.13
Fifth Third Bancorp	198,300	4,035	0.38
Fiserv	44,700	2,625	0.25
FleetCor Technologies	7,900	1,255	0.12
Foot Locker	22,200	849	0.08
Ford Motor	144,300	971	0.09
Fortive	28,500	1,714	0.16

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Franklin Resources	166,800	3,678	0.35
GameStop A	70,500	802	0.08
Gap	40,700	843	0.08
Garrett Motion	3,400	39	0.00
Generac Holdings	19,800	838	0.08
General Dynamics	17,300	2,542	0.24
Gentex	123,265	1,809	0.17
Gilead Sciences	97,576	5,441	0.52
Goldman Sachs Group	29,935	4,899	0.46
Graco	27,900	849	0.08
Gray Television	41,000	525	0.05
Greenbrier	12,700	574	0.05
H&R Block	94,400	1,863	0.18
Hershey	45,600	3,642	0.34
Hewlett Packard Enterprise	97,000	1,137	0.11
HollyFrontier	7,200	357	0.03
Home Depot	24,117	3,522	0.33
Honeywell International	24,400	2,912	0.28
Hubbell	23,000	2,139	0.20
Huntington Ingalls Industries	2,549	455	0.04
IDEX	14,600	1,509	0.14
IDEXX Laboratories	3,900	648	0.06
Illinois Tool Works	42,000	4,192	0.40
Ingredion	11,900	921	0.09
Intel	272,518	9,326	0.88
International Flavors & Fragrances	11,700	1,174	0.11
Intuit	10,900	1,736	0.16
Johnson & Johnson	120,904	12,366	1.17
JPMorgan Chase	130,926	10,657	1.01
Kellogg	55,700	2,926	0.28
KeyCorp	173,900	2,442	0.23
Kimberly-Clark	58,300	4,910	0.46

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
KLA-Tencor	20,300	1,420	0.13
Kohl's	10,500	572	0.05
Lam Research	13,600	1,480	0.14
Lamb Weston Holdings	22,500	1,249	0.12
Las Vegas Sands	64,600	2,757	0.26
Lear	19,800	2,027	0.19
Leggett & Platt	13,600	403	0.04
Lincoln National	40,200	1,957	0.19
Lockheed Martin	4,300	1,084	0.10
Louisiana-Pacific	48,500	859	0.08
Lowe's	41,600	3,332	0.32
Macy's	37,000	943	0.09
Mastercard A	35,500	5,446	0.52
Maxim Integrated Products	26,700	1,054	0.10
McDonald's	4,100	512	0.05
McKesson	15,500	1,556	0.15
MEDNAX	22,600	778	0.07
Merck	180,432	9,593	0.91
Michaels	30,800	385	0.04
Micron Technology	52,500	1,688	0.16
Microsoft	271,382	22,459	2.13
MKS Instruments	11,500	658	0.06
Morgan Stanley	22,100	732	0.07
Mosaic	24,700	621	0.06
MSC Industrial Direct A	19,500	1,213	0.11
National Western Life Group A	1,859	404	0.04
NetApp	22,600	1,309	0.12
NIKE B	21,100	1,214	0.11
Norfolk Southern	22,400	2,900	0.27
NVIDIA	7,500	1,368	0.13
Omnicom Group	34,800	1,848	0.17
ON Semiconductor	46,300	585	0.06

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Oracle	235,694	8,500	0.80
Packaging Corp of America	52,900	3,549	0.34
Park Hotels & Resorts REIT	19,900	443	0.04
Parsley Energy A	34,900	772	0.07
Paychex	43,100	2,245	0.21
PepsiCo	70,400	5,704	0.54
Pfizer	360,737	11,952	1.13
Philip Morris International	88,244	5,683	0.54
Pitney Bowes	57,827	307	0.03
Praxair	14,400	1,726	0.16
Principal Financial Group	61,690	2,574	0.24
Procter & Gamble	117,886	7,184	0.68
QUALCOMM	81,896	4,043	0.38
Quest Diagnostics	8,695	663	0.06
Raytheon	16,500	2,416	0.23
ResMed	28,800	2,258	0.21
Rockwell Automation	12,000	1,550	0.15
Ross Stores	22,900	1,683	0.16
Sally Beauty Holdings	47,649	670	0.06
Sinclair Broadcast Group A	22,900	505	0.05
Snap-on	13,900	1,790	0.17
Sonoco Products	11,495	453	0.04
State Street	15,900	986	0.09
Stryker	24,700	3,205	0.30
Synaptics	11,400	319	0.03
Synchrony Financial	69,900	1,586	0.15
Tech Data	6,400	347	0.03
Texas Instruments	44,000	3,348	0.32
Thermo Fisher Scientific	4,300	750	0.07
Thor Industries	19,000	1,169	0.11
Tiffany	12,300	1,051	0.10
TJX	13,400	1,124	0.11

# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>United States of America (continued)</b>			
Toro	27,600	1,180	0.11
Total System Services	14,300	1,011	0.10
Tupperware Brands	32,064	763	0.07
United Technologies	10,100	1,002	0.09
United Therapeutics	9,200	864	0.08
UnitedHealth Group	30,185	5,992	0.57
Universal Insurance Holdings	12,726	441	0.04
Unum Group	99,000	2,799	0.26
Valero Energy	27,200	2,168	0.21
Varian Medical Systems	40,600	3,268	0.31
Verisk Analytics	15,700	1,359	0.13
Verizon Communications	202,383	8,309	0.79
Viacom B	63,500	1,546	0.15
Visa A	85,700	9,039	0.86
Vishay Intertechnology	21,900	304	0.03
VMware A	15,300	1,696	0.16
Walgreens Boots Alliance	37,900	2,163	0.20
Walt Disney	86,900	7,553	0.72
Waters	9,900	1,376	0.13
Wells Fargo	247,556	9,999	0.95
Western Digital	49,500	2,083	0.20
Whiting Petroleum	27,750	905	0.09
Xilinx	31,500	1,825	0.17
		<b>590,376</b>	<b>55.90</b>
<b>Equities total</b>		<b>1,041,436</b>	<b>98.60</b>



# Portfolio Statement (continued)

	Holding at 15.10.18	Market Value £000's	% of net assets
<b>Forward Foreign Currency Contracts 0.00% (0.00%)</b>			
Buy USD 1,599,200 Sell GBP 1,228,999 14/11/2018	USD 1,599,200	(17)	0.00
Sell ZAR 24,120,700 Buy GBP 1,279,982 14/11/2018	ZAR (24,120,700)	18	0.00
<b>Forward Foreign Currency Contracts total</b>		<b>1</b>	<b>0.00</b>
<b>Futures (0.04)% (0.00%)</b>			
S&P 500 Emini Index December 2018	91	(477)	(0.04)
<b>Futures total</b>		<b>(477)</b>	<b>(0.04)</b>
Portfolio of investments		<b>1,040,960</b>	<b>98.56</b>
Net other assets		15,231	1.44
<b>Net assets attributable to unitholders</b>		<b>1,056,191</b>	<b>100.00</b>

The comparative percentage figures in brackets are as at 15 October 2017.

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

#Security traded on another regulated market.

# Summary of Portfolio Transactions

## Largest purchases

For the year ended 15 October 2018		Cost £000's
Unilever CVA		7,860
Bank of America		7,536
Exxon Mobil		7,030
Bristol-Myers Squibb		6,539
Cisco Systems		6,044
Schneider Electric		5,941
Novo Nordisk B		5,809
Canadian National Railway		5,777
PepsiCo		5,767
Unilever		5,680

## Largest sales

For the year ended 15 October 2018		Proceeds £000's
Apple		13,109
International Business Machines		9,037
Coca-Cola		8,913
Bank of America		8,768
HP		8,593
AT&T		8,110
American Express		7,795
Novo Nordisk B		7,553
Microsoft		6,950
Citigroup		6,923

# Statement of Total Return

For the year ended 15 October 2018

	Notes	2018		2017	
		£000's	£000's	£000's	£000's
<b>Income</b>					
Net capital gains	2		37,722		84,873
Revenue	3	28,957		34,125	
Expenses	4	(2,723)		(3,656)	
Net revenue before taxation		<b>26,234</b>		<b>30,469</b>	
Taxation	5	(2,877)		(3,932)	
Net revenue after taxation			<b>23,357</b>		<b>26,537</b>
<b>Total return before distributions</b>			<b>61,079</b>		<b>111,410</b>
Distributions	6		(23,425)		(26,446)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>37,654</b>		<b>84,964</b>

# Statement of Change in Net Assets Attributable to Unitholders

For the year ended 15 October 2018

	2018		2017	
	£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders		1,189,779		1,223,511
Amounts receivable on issue of units	101,335		210,854	
Amounts payable on cancellation of units	(285,254)		(344,183)	
		<b>(183,919)</b>		<b>(133,329)</b>
Dilution adjustment		134		190
Change in net assets attributable to unitholders from investment activities		37,654		84,964
Retained distribution on Accumulation units		12,542		14,442
Unclaimed distributions		1		1
<b>Closing net assets attributable to unitholders</b>		<b>1,056,191</b>		<b>1,189,779</b>

# Balance Sheet

As at 15 October 2018

		2018	2017
	Notes	£000's	£000's
<b>Assets</b>			
Investments		1,041,454	1,190,936
<b>Current assets</b>			
Debtors	8	6,610	5,034
Cash and bank balances	9	19,299	5,895
<b>Total assets</b>		<b>1,067,363</b>	<b>1,201,865</b>
<b>Liabilities</b>			
Investment liabilities		(494)	0
<b>Creditors</b>			
Bank overdrafts	10	0	(15)
Distributions payable		(9,878)	(9,907)
Other creditors	11	(800)	(2,164)
<b>Total liabilities</b>		<b>(11,172)</b>	<b>(12,086)</b>
<b>Net assets attributable to unitholders</b>			
		<b>1,056,191</b>	<b>1,189,779</b>

# Notes to the Accounts

## 1 Accounting policies

### Basis of preparation

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

### Revenue

Dividends and real estate income distributions receivable from equity investments are recognised net of attributable tax credits and are credited to revenue when they are first quoted ex-dividend. Dividends from US Real Estate Investment Trusts are initially accounted for at an estimated 70% revenue and 30% capital split when the security goes ex-dividend. Following the end of the calendar year, US REIT companies publish the split between revenue and capital of the dividends they have previously declared. When this information is received the initial estimated allocation is adjusted to reflect the published split between revenue and capital. The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the fund. Any enhancement above the cash dividend is treated as capital. Interest receivable from bank balances and futures clearing houses and brokers is accounted for on an accruals basis.

### Special dividends

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

### Expenses

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

It has been agreed that certain expenses may be borne by the Manager to ensure that the Ongoing charges figure for A Income units and A Accumulation units does not exceed 0.32%.

### Taxation

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

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

### Distributions

The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. This revenue is distributed annually on 15 December to Income unitholders. For Accumulation units this revenue is not distributed but automatically reinvested in the fund and is reflected in the value of these units. The ordinary element of scrip dividends is treated as revenue but does not form part of the distribution. The distribution is in accordance with the COLL.

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

### Dilution adjustment

In certain circumstances the Manager may apply a dilution adjustment on subscriptions and redemptions of units. If applied, the dilution adjustment is paid to the fund. See Prospectus for further details.

# Notes to the Accounts (continued)

## Valuation

Listed investments of the fund have been valued at market value at 18:00 on the balance sheet date. Market value is defined by the SORP as fair value which generally is the bid value of each security and the offer value for short positions. Unquoted, illiquid and suspended investments are valued by the Investment Adviser by an independent broker at a best assessment of fair value. Suspended securities which have previously been reported as having no value and expected to have no value in the future, are not included within the Portfolio Statement.

## Forward foreign currency contracts

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

## Futures contracts

Open futures contracts are shown in the Portfolio Statement at market value and the net gains are reflected within Derivative contracts under Net capital gains in the Notes to the Accounts.

## Foreign currencies

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

## 2 Net capital gains

The net capital gains during the year comprise:

	2018 £000's	2017 £000's
Non-derivative securities	37,769	83,809
Derivative contracts	56	1,144
Forward foreign currency contracts	(231)	(357)
Foreign currency gains	164	334
Transaction costs	(36)	(57)
<b>Net capital gains</b>	<b>37,722</b>	<b>84,873</b>

## 3 Revenue

	2018 £000's	2017 £000's
UK dividends	2,804	2,841
Overseas dividends	25,879	30,778
Real estate income distributions	246	354
Scrip dividends	0	116
Bank interest	28	36
<b>Total revenue</b>	<b>28,957</b>	<b>34,125</b>

# Notes to the Accounts (continued)

## 4 Expenses

	2018 £000's	2017 £000's
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Annual management charge <sup>1</sup>	2,439	3,373
Administration charge	51	47
	<b>2,490</b>	<b>3,420</b>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Trustee's fees	86	87
Safe custody fees	49	62
Dividend expenses	9	17
Interest payable	1	33
	<b>145</b>	<b>199</b>
<b>Other expenses:</b>		
Audit fee	14	14
Professional fee	74	23
	<b>88</b>	<b>37</b>
<b>Total expenses</b>	<b>2,723</b>	<b>3,656</b>

1 The Annual management charge has been reduced by £8,937 (2017 – Nil) to ensure the Ongoing charges figure for A Income units and A Accumulation units does not exceed 0.32%. This amount has been borne by the Manager.

## 5 Taxation

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

	2018 £000's	2017 £000's
Overseas withholding tax	2,877	3,933
Prior year adjustment	0	(1)
<b>Total current tax (Note 5(b))</b>	<b>2,877</b>	<b>3,932</b>

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

# Notes to the Accounts (continued)

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

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

	2018 £000's	2017 £000's
<b>Net revenue before taxation</b>	<b>26,234</b>	<b>30,469</b>
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	5,247	6,094
<b>Effects of:</b>		
Revenue not subject to corporation tax	(5,661)	(6,663)
Movement in excess management expenses	435	583
Irrecoverable overseas withholding tax	2,877	3,933
Expensed withholding tax incurred	(15)	(18)
Movement in revenue taxable in different periods	(6)	4
Prior year adjustment	0	(1)
<b>Current tax charge for the year (Note 5(a))</b>	<b>2,877</b>	<b>3,932</b>

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

At the balance sheet date, there is a potential deferred tax asset of £3,130,481 (2017 – £2,695,600) in respect of unutilised management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year or prior year.



# Notes to the Accounts (continued)

## 6 Distributions

### Distributions

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

	2018 £000's	2017 £000's
Final Dividend distribution	22,420	24,349
Add: Revenue deducted on cancellation of units	1,949	4,057
Deduct: Revenue received on issue of units	(944)	(1,960)
<b>Distributions</b>	<b>23,425</b>	<b>26,446</b>
Net revenue after taxation	23,357	26,537
Scrip dividends not distributed	0	(116)
Expenses taken to capital	71	4
Tax relief on capital gains	(3)	(2)
Equalisation on conversions	0	23
<b>Distributions</b>	<b>23,425</b>	<b>26,446</b>

Details of the distribution per unit are set out in the Distribution Table on page 63.

## 7 Fair value hierarchy

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

Basis of valuation	2018		2017	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	1,041,436	(477)	1,190,936	0
Level 2: Observable market data	18	(17)	0	0
Level 3: Unobservable data	0	0	0	0
<b>Total</b>	<b>1,041,454</b>	<b>(494)</b>	<b>1,190,936</b>	<b>0</b>

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

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

Level 3: Valuation techniques using unobservable inputs.

# Notes to the Accounts (continued)

## Unobservable data

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

## 8 Debtors

	2018 £000's	2017 £000's
Amounts receivable for issue of units	3,460	2,237
Sales awaiting settlement	669	245
Accrued UK dividends	252	127
Accrued overseas dividends	1,572	1,867
Accrued bank interest	1	0
Overseas withholding tax recoverable	656	558
<b>Total debtors</b>	<b>6,610</b>	<b>5,034</b>

## 9 Cash and bank balances

	2018 £000's	2017 £000's
Cash and bank balances	18,356	5,880
Amounts held at futures clearing houses and brokers	943	15
<b>Total cash and bank balances</b>	<b>19,299</b>	<b>5,895</b>

## 10 Bank overdrafts

	2018 £000's	2017 £000's
Amounts overdrawn at futures clearing houses and brokers	0	15
<b>Total bank overdrafts</b>	<b>0</b>	<b>15</b>

# Notes to the Accounts (continued)

## 11 Other creditors

	2018		2017	
	£000's	£000's	£000's	£000's
Amounts payable for cancellation of units		443		1,086
Purchases awaiting settlement		0		705
<b>Accrued expenses</b>				
<b>Manager and Agents</b>				
Annual management charge	295		294	
Administration charge	6		6	
		<b>301</b>		<b>300</b>
<b>Trustee and Agents</b>				
Trustee's fees	18		25	
Safe custody fees	13		18	
Transaction costs	11		16	
		<b>42</b>		<b>59</b>
Other accrued expenses		14		14
<b>Total other creditors</b>		<b>800</b>		<b>2,164</b>

## 12 Contingent assets

As a result of a 2012 European Court of Justice ruling that French dividend withholding tax should not have been applied to portfolio dividends paid to foreign investment funds, the Manager has lodged claims with the French tax authorities for repayment of tax on dividends that was withheld between 2007 and 2009. Notwithstanding the judgement in favour of foreign funds, the Manager believes that due to political and economic uncertainty there is insufficient evidence to recognise the reclaim as an asset under accounting regulations and accordingly has treated the reclaim as a contingent asset. The value of the reclaim is £351,219 (2017 – £355,030).

For the purposes of daily pricing, to ensure the interests of incoming, ongoing and exiting investors is appropriately balanced, the Manager has made a proportionate adjustment to the value of units to reflect this asset.

## 13 Contingent liabilities

The aggregate contingent liabilities not provided for at the balance sheet date are:

	2018 £000's	2017 £000's
Nil paid rights	0	1
Warrants	25	26
<b>Total contingent liabilities</b>	<b>25</b>	<b>27</b>

# Notes to the Accounts (continued)

## 14 Related party transactions

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

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

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

Units held or managed by the Manager or associates of the Manager as a percentage of the fund's net asset value at the balance sheet date were 44.16% (2017 – 41.81%).

## 15 Unit classes

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

A Income units	0.27%
A Accumulation units	0.27%
D Income units	0.19%
D Accumulation units	0.19%
I Income units	0.27%
I Accumulation units	0.27%

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

The closing net asset value of each unit class, the closing net asset value per unit and the closing number of units in issue are given in the Comparative Tables on pages 12 to 18. The distribution per unit class is given in the Distribution Table on page 63. All classes have the same rights on winding up.

## 16 Derivative and other financial instruments

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

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

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

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

# Notes to the Accounts (continued)

## Market price risk

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

## Foreign currency risk

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

Revenue received in other currencies is translated to sterling on or near the date of receipt. The fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

## Currency risk profile

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

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
<b>Australian dollar</b>			
2018	1	20,579	20,580
2017	1	18,707	18,708
<b>Brazilian real</b>			
2018	9	989	998
2017	8	877	885
<b>Canadian dollar</b>			
2018	40	29,814	29,854
2017	32	34,158	34,190
<b>Czech koruna</b>			
2018	1	0	1
2017	1	0	1
<b>Danish krone</b>			
2018	93	8,765	8,858
2017	81	8,907	8,988
<b>Euro</b>			
2018	698	96,866	97,564
2017	769	116,221	116,990
<b>Hong Kong dollar</b>			
2018	7	10,688	10,695
2017	1	18,953	18,954

# Notes to the Accounts (continued)

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
<b>Hungarian forint</b>			
2018	1	0	1
2017	1	0	1
<b>Indonesian rupiah</b>			
2018	0	954	954
2017	0	2,835	2,835
<b>Israeli new shekels</b>			
2018	11	2,122	2,133
2017	1	5,287	5,288
<b>Japanese yen</b>			
2018	962	85,902	86,864
2017	1	113,383	113,384
<b>Malaysian ringgit</b>			
2018	0	475	475
2017	0	0	0
<b>Mexican peso</b>			
2018	1	0	1
2017	1	213	214
<b>New Zealand dollar</b>			
2018	1	0	1
2017	1	168	169
<b>Norwegian krone</b>			
2018	130	4,131	4,261
2017	112	6,239	6,351
<b>Polish zloty</b>			
2018	16	427	443
2017	11	673	684
<b>Singapore dollar</b>			
2018	1	8,224	8,225
2017	76	8,984	9,060
<b>South African rand</b>			
2018	(1,261)	1,413	152
2017	1	2,212	2,213

# Notes to the Accounts (continued)

Currency	Monetary exposure £000's	Non-monetary exposure £000's	Total £000's
<b>South Korean won</b>			
2018	8	4,701	4,709
2017	0	5,138	5,138
<b>Sterling</b>			
2018	12,399	73,860	86,259
2017	(2,521)	85,734	83,213
<b>Swedish krona</b>			
2018	1	10,298	10,299
2017	1	12,909	12,910
<b>Swiss franc</b>			
2018	1	39,426	39,427
2017	1	43,461	43,462
<b>Taiwan dollar</b>			
2018	37	1,902	1,939
2017	9	3,264	3,273
<b>Thailand baht</b>			
2018	0	0	0
2017	0	1,534	1,534
<b>Turkish lira</b>			
2018	0	259	259
2017	1	1,230	1,231
<b>US dollar</b>			
2018	2,075	639,164	641,239
2017	254	699,849	700,103

## Liquidity risk

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

## Interest rate risk

Interest receivable on bank balances and amounts held or overdrawn at futures clearing houses and brokers will be affected by fluctuations in interest rates.

# Notes to the Accounts (continued)

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

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

Currency	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
<b>Australian dollar</b>			
2018	1	20,579	20,580
2017	1	18,707	18,708
<b>Brazilian real</b>			
2018	7	991	998
2017	8	877	885
<b>Canadian dollar</b>			
2018	33	29,821	29,854
2017	32	34,158	34,190
<b>Czech koruna</b>			
2018	1	0	1
2017	1	0	1
<b>Danish krone</b>			
2018	1	8,857	8,858
2017	1	8,987	8,988
<b>Euro</b>			
2018	315	97,249	97,564
2017	417	116,572	116,989
<b>Hong Kong dollar</b>			
2018	1	10,694	10,695
2017	1	18,953	18,954
<b>Hungarian forint</b>			
2018	1	0	1
2017	1	0	1
<b>Indonesian rupiah</b>			
2018	0	954	954
2017	0	2,835	2,835
<b>Israeli new shekels</b>			
2018	1	2,132	2,133
2017	1	5,287	5,288



# Notes to the Accounts (continued)

Currency	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
<b>Japanese yen</b>			
2018	1	86,863	86,864
2017	1	113,383	113,384
<b>Malaysian ringgit</b>			
2018	0	475	475
2017	0	0	0
<b>Mexican peso</b>			
2018	1	0	1
2017	1	213	214
<b>New Zealand dollar</b>			
2018	1	0	1
2017	1	168	169
<b>Norwegian krone</b>			
2018	1	4,260	4,261
2017	1	6,350	6,351
<b>Polish zloty</b>			
2018	1	442	443
2017	1	683	684
<b>Singapore dollar</b>			
2018	1	8,224	8,225
2017	76	8,984	9,060
<b>South African rand</b>			
2018	2	1,412	1,414
2017	1	2,212	2,213
<b>South Korean won</b>			
2018	0	4,709	4,709
2017	0	5,138	5,138
<b>Sterling</b>			
2018	19,264	78,903	98,167
2017	5,087	90,211	95,298

# Notes to the Accounts (continued)

Currency	Floating rate financial assets £000's	Financial assets not carrying interest £000's	Total £000's
<b>Swedish krona</b>			
2018	1	10,298	10,299
2017	1	12,909	12,910
<b>Swiss franc</b>			
2018	1	39,426	39,427
2017	1	43,462	43,463
<b>Taiwan dollar</b>			
2018	5	1,934	1,939
2017	9	3,265	3,274
<b>Thailand baht</b>			
2018	0	0	0
2017	0	1,534	1,534
<b>Turkish lira</b>			
2018	0	259	259
2017	1	1,230	1,231
<b>US dollar</b>			
2018	238	642,056	642,294
2017	251	699,852	700,103

Currency	Floating rate financial liabilities £000's	Financial liabilities not carrying interest £000's	Total £000's
<b>South African rand</b>			
2018	0	1,262	1,262
2017	0	0	0
<b>Sterling</b>			
2018	0	11,908	11,908
2017	15	12,071	12,086
<b>US dollar</b>			
2018	579	476	1,055
2017	0	0	0

# Notes to the Accounts (continued)

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

## Floating rate financial assets and financial liabilities

Sterling denominated bank balances bear interest at rates based on the Sterling Overnight Index Average rate. Foreign currency bank balances and amounts held or overdrawn at futures clearing houses and brokers bear interest at rates based on the London Interbank Offer Rate or its international equivalent.

## Fair value of financial assets and financial liabilities

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

## Derivatives

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

## Global risk exposure

### Commitment approach

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

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

The global risk exposure of the fund is calculated using the commitment approach. During the year ended 15 October 2018 the global risk exposure of the fund did not exceed 100% of its Net Asset Value. The lowest, highest, average and actual level of leverage for the fund as at the balance sheet date was as follows:

### Leverage

	Lowest	Highest	Average	Leverage at 15 October
<b>2018</b>	0.00%	2.24%	0.73%	1.00%
<b>2017</b>	0.00%	5.28%	0.72%	0.03%

# Notes to the Accounts (continued)

## 17 Direct transaction costs

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

2018	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	897,771	254	450	898,475	0.03	0.05
<b>Sales</b>						
Equities	1,086,068	(318)	(57)	1,085,693	(0.03)	(0.01)
Total cost of the fund's average net asset value (%)		<b>0.05</b>	<b>0.05</b>			

2017	Principal £000's	Commissions £000's	Taxes £000's	Total cost £000's	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Equities	964,564	306	469	965,339	0.03	0.05
<b>Sales</b>						
Equities	1,083,179	(314)	(55)	1,082,810	(0.03)	(0.01)
Total cost of the fund's average net asset value (%)		<b>0.05</b>	<b>0.04</b>			

### Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 0.09% (2017 – 0.07%).

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

# Notes to the Accounts (continued)

## 18 Units in issue reconciliation

	Number of units in issue as at 15.10.17	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue as at 15.10.18
A Income units	34,990,572	7,615,360	(4,669,242)	94,872	38,031,562
A Accumulation units	115,037,821	9,628,419	(16,059,594)	(698,145)	107,908,501
D Income units	2,000	0	0	0	2,000
D Accumulation units	2,000	0	0	0	2,000
I Income units	151,361,398	20,016,533	(33,817,200)	19,683	137,580,414
I Accumulation units	67,243,234	4,218,747	(15,026,760)	140,757	56,575,978
X Accumulation units	197,301,610	101,986	(62,511,536)	0	134,892,060

## 19 Counterparty exposure

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

Counterparty	Forward foreign currency contracts £000's	Futures contracts £000's	Total £000's
<b>Citibank</b>			
2018	18	0	18
2017	0	0	0
<b>Standard Chartered</b>			
2018	(17)	0	(17)
2017	0	0	0
<b>UBS</b>			
2018	0	(477)	(477)
2017	0	0	0

At the balance sheet date no collateral was held or pledged by the fund or on behalf of the counterparties in respect of the above.

# Remuneration

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

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

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

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

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

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

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

- The total amount of remuneration paid by SUTL to its staff was nil as SUTL has no employees. SUTL has an independent Non Executive Director who receives fees in respect of his role on the Board of SUTL<sup>1</sup>. Employees of other Schroders Group entities who serve as Directors of SUTL receive no additional fees in respect of their role on the Board of SUTL.
- The following disclosures relate to UCITS MRTs of SUTL. Most of those UCITS MRTs were employed by and provided services to other Schroders group companies and clients. As a result, only a portion of remuneration for those individuals is included in the aggregate remuneration figures that follow, based on an objective apportionment to reflect the balance of each role using relevant regulated AUM as a proportion of the total AUM within the scope of each role. The aggregate total remuneration paid to the 135 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2017, and attributed to SUTL or the UCITS funds that it manages, is £11.8 million, of which £1.8 million was paid to senior management, £8.9 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and £1.1 million was paid to other UCITS MRTs.

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

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

# Distribution Table

## Final distribution for the year ended 15 October 2018

**Group 1** Units purchased prior to 16 October 2017  
**Group 2** Units purchased on or after 16 October 2017

	Net revenue 2018 p per unit	Equalisation 2018 p per unit	Distribution payable 15.12.18 p per unit	Distribution paid 15.12.17 p per unit
<b>A Income units</b>				
Group 1	2.0976	–	2.0976	1.9312
Group 2	1.0817	1.0159	2.0976	1.9312
<b>A Accumulation units</b>				
Group 1	2.4286	–	2.4286	2.1969
Group 2	1.3841	1.0445	2.4286	2.1969
<b>D Income units</b>				
Group 1	0.0000	–	0.0000 <sup>1</sup>	0.0000 <sup>2</sup>
Group 2	0.0000	0.0000	0.0000 <sup>1</sup>	0.0000 <sup>2</sup>
<b>D Accumulation units</b>				
Group 1	0.0000	–	0.0000 <sup>1</sup>	0.0000 <sup>2</sup>
Group 2	0.0000	0.0000	0.0000 <sup>1</sup>	0.0000 <sup>2</sup>
<b>I Income units</b>				
Group 1	6.6004	–	6.6004	6.0990
Group 2	3.5323	3.0681	6.6004	6.0990
<b>I Accumulation units</b>				
Group 1	9.8406	–	9.8406	8.9129
Group 2	6.0524	3.7882	9.8406	8.9129
<b>X Accumulation units</b>				
Group 1	3.2277	–	3.2277	3.0010
Group 2	1.2802	1.9475	3.2277	3.0010

- 1 There will not be a distribution for D Income units and D Accumulation units as the total amount distributable was below de minimis.
- 2 There was no distribution for D Income units and D Accumulation units as the total amount distributable was below de minimis.

## Corporate unitholders (unaudited)

Corporate unitholders receive the dividend distribution payments as detailed below:  
 100.00% of the total distribution is received as franked investment income.

# Distribution Table (continued)

## Equalisation

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

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



# General Information

## Manager<sup>1</sup>

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

Authorised and regulated by the Financial Conduct Authority

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

Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU

Authorised and regulated by the Financial Conduct Authority

## Trustee

J.P. Morgan Europe Limited  
Chaseside  
Bournemouth BH7 7DA

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority

## Registrar<sup>1</sup>

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

Authorised and regulated by the Financial Conduct Authority

## Administration Details

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## Independent Auditors

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144 Morrison Street  
Edinburgh EH3 8EX

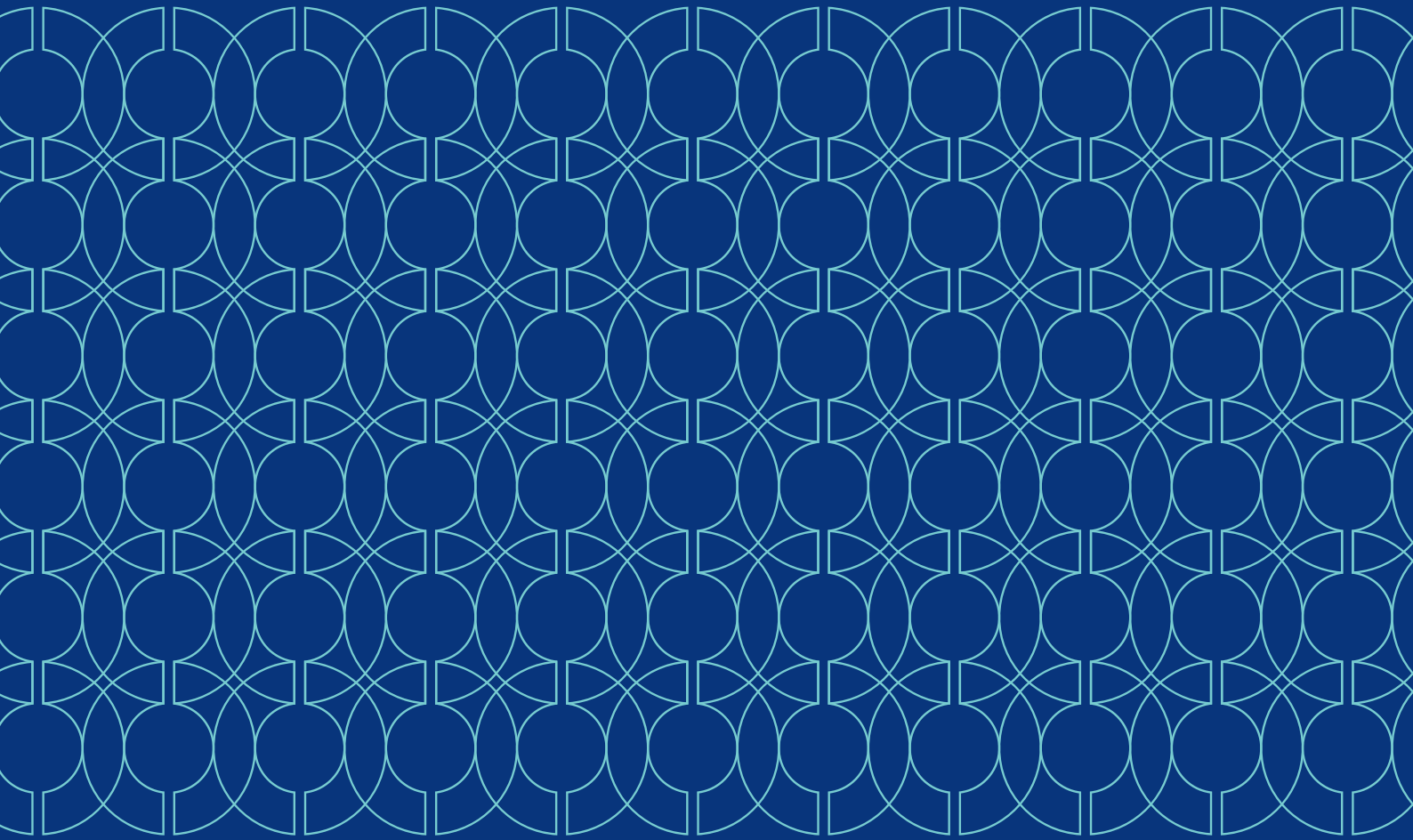
<sup>1</sup> With effect from 4 September 2018, Schroder Unit Trusts Limited and Schroder Investment Management Limited changed address, previously it was 31 Gresham Street, London EC2V 7QA.

## Authorisation

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

## Other information

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



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