

Schroder High Yield Opportunities Fund

July 2019

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1 Collectively these comprise the Manager's report.

Fund Information

Investment objective and policy

The Schroder High Yield Opportunities Fund (the 'fund') aims to provide income by investing in fixed and floating rate securities worldwide. The Fund also aims to provide capital growth.

The Fund invests at least 80% of its assets in fixed and floating rate securities (denominated in or hedged back into Sterling) issued by governments, government agencies, supra-nationals and companies worldwide. As the Fund is index-unconstrained it is managed without reference to an index.

The Fund invests at least 50% of its assets in Pan-European fixed and floating rate securities.

The Fund invests at least 80% of its assets in below investment grade securities (as measured by Standard & Poor's or any other equivalent credit rating agencies) or in unrated securities.

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

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

Financial highlights

Dealing price ¹	26.7.19	27.7.18	% change
A Income units	45.56p	47.98p	(5.04)
A Accumulation units	138.50p	136.80p	1.24
X Accumulation units	56.29p	54.39p	3.49
Z Income units	52.15p	54.07p	(3.55)
Z Accumulation units	85.29p	82.97p	2.80
	26.2.19 to 25.8.19	26.2.18 to 25.8.18	
Distribution per Z Income unit	1.6913p	1.5321p	

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

Fund information

Launch date	14 February 2000
Launch price	50.00p per A Income unit
	50.00p per A Accumulation unit
Launch date	22 January 2010
Launch price	50.00p per Z Income unit
Launch date	28 May 2012
Launch price	50.00p per Z Accumulation unit
Launch date	17 February 2017
Launch price	50.00p per X Accumulation unit

Fund Information (continued)

	Interim	Final
Accounting dates	27 January	27 July

The funds Accounting dates are on the 27th of each month with associated revenue allocation dates on the 25th of the following month.

Ongoing charges figure

	For the year to 27.7.19	For the year to 27.7.18
A Income units	1.37%	1.37%
A Accumulation units	1.37%	1.37%
X Accumulation units¹	0.02%	0.02%
Z Income units	0.72%	0.72%
Z Accumulation units	0.72%	0.72%

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

Review of Investment Activities

From 27 July 2018 to 26 July 2019, the price of Z Accumulation units on a selling price to dealing price basis rose 2.80%. In comparison, the Investment Association Sterling High Yield Sector Average generated a total return of 4.86%¹ in sterling terms.

The period saw sharp volatility in Q4 2018 followed by a strong rebound in the first half of 2019. The final three months of 2018 exacted a heavy toll on riskier assets as the US and China implemented trade tariffs in September and the Federal Reserve (Fed) continued to tighten policy. The snapback in sentiment and risk assets in January was strong, occasioned primarily by a pronounced and unexpected dovish “pivot” from the Fed. This proved supportive to both corporate and government bonds.

The portfolio generated a modest positive total return, but lagged the peer group. We found opportunities in B-rated bonds, purchasing new issues particularly from financials (non-banking and insurance) and in consumer companies as well as adding to telecoms. We also added to BBB exposure. We reduced exposure to BB credit and emerging markets.

Markets have moved a long way quickly since the turn of the year leaving valuations looking stretched in some areas, notably in more cyclical industries, particularly in view of moderating economic growth and geopolitical uncertainty. We see scope for further bouts of volatility and will look to take advantage of opportunities arising. In-depth credit research is key to identifying value particularly with the reassertion of idiosyncratic risk and fundamentals at the individual security level.

As of 10 October 2018, Michael Scott’s fund management responsibilities were assumed by Daniel Pearson.

Fund Manager:

Daniel Pearson



Daniel Pearson joined Schroders in 2013 following the acquisition of Cazenove Capital

He focused on Investment grade and High Yield Auto, Business services and Property sectors. Prior to this he worked as a high yield credit analyst

He previously worked at 3i Group plc where he initially worked as a portfolio manager in restructuring/SME team before moving to the European buyout team and focused on all aspects of new investments – origination, appraisal, structuring and debt arrangement. From 1990 to 2002 he worked at Hambros plc

BSc in Business Administration from Bath University and an ACCA qualification

¹ Source: Thomson Reuters Datastream.

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

Risk Profile

Risk and reward indicator



The risk 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 seeks to provide rewards whilst limiting price volatility.

Specific risks

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

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

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

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

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

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

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

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

As a result of the Annual management charge being charged wholly to capital, the distributable revenue of the fund may be higher, but the capital value of the fund may be eroded which may affect future performance.

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

Statement of the Manager's Responsibilities

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

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

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

The Manager's report and accounts for the year ended 27 July 2019 were signed on 20 September 2019 on behalf of the Manager by:

P. Chislett
Directors

P. Middleton

Report of the Trustee

Statement of the Trustee's responsibilities in respect of the Scheme and report of the Trustee to the unitholders of the Schroder High Yield Opportunities Fund ('the fund') for the year ended 27 July 2019

The Trustee of the Schroder High Yield Opportunities 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
20 August 2019

Independent Auditors' Report to the Unitholders of Schroder High Yield Opportunities Fund

Report on the audit of the financial statements

Opinion

In our opinion, Schroder High Yield Opportunities Fund's financial statements:

- give a true and fair view of the financial position of the fund as at 27 July 2019 and of the net revenue and the net capital losses on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Final Report and Accounts (the 'Annual Report'), which comprise: the balance sheet as at 27 July 2019; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the notes to the financial statements, which include a description of the significant accounting policies, and the distribution tables.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Independent Auditors' Report to the Unitholders of Schroder High Yield Opportunities Fund (continued)

Reporting on other information

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

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

Manager's Report

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

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Independent Auditors' Report to the Unitholders of Schroder High Yield Opportunities 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
20 September 2019

Comparative Tables

A Income units

Financial year to 27 July	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	47.31	48.99	46.38
Return before operating charges	1.28	1.94	6.29
Operating charges	(0.62)	(0.67)	(0.66)
Return after operating charges*	0.66	1.27	5.63
Distributions ¹	(2.90)	(2.95)	(3.02)
Closing net asset value	45.07	47.31	48.99
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	1.40	2.59	12.14
Other information			
Closing net asset value (£000's)	53,260	52,434	51,950
Closing number of units	118,178,174	110,835,896	106,038,513
Operating charges (%)	1.37	1.37	1.37
Prices			
Highest dealing price (p) ²	47.77	49.97	49.57
Lowest dealing price (p) ²	43.48	47.16	46.89

Comparative Tables (continued)

A Accumulation units			
Financial year to 27 July	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	135.63	132.18	118.42
Return before operating charges	3.91	5.30	16.42
Operating charges	(1.84)	(1.85)	(1.73)
Return after operating charges*	2.07	3.45	14.69
Distributions ¹	(8.56)	(8.19)	(7.89)
Retained distributions ¹	8.56	8.19	6.96
Closing net asset value	137.70	135.63	132.18
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	1.53	2.61	12.40
Other information			
Closing net asset value (£000's)	37,689	55,921	65,733
Closing number of units	27,371,351	41,229,989	49,731,265
Operating charges (%)	1.37	1.37	1.37
Prices			
Highest dealing price (p) ²	138.60	138.80	133.00
Lowest dealing price (p) ²	128.00	132.50	119.70

Comparative Tables (continued)

X Accumulation units			
Financial year to 27 July	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	54.40	52.29	50.00
Return before operating charges	1.58	2.12	2.29
Operating charges	(0.01)	(0.01)	0.00
Return after operating charges*	1.57	2.11	2.29
Distributions ¹	(8.19)	Nil ³	Nil ³
Retained distributions ¹	8.19	Nil ³	Nil ³
Closing net asset value	55.97	54.40	52.29
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	2.89	4.04	4.58
Other information			
Closing net asset value (£000's)	1	1	1
Closing number of units	1,988	1,988	1,988
Operating charges (%)	0.02	0.02	0.02
Prices			
Highest dealing price (p) ²	56.30	55.29	52.65
Lowest dealing price (p) ²	51.65	52.02	49.70

The unit class was launched on 17 February 2017.

3 There was no distribution as the total amount distributable was below de minimis.

Comparative Tables (continued)

Z Income units			
Financial year to 27 July	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	53.79	55.35	52.05
Return before operating charges	1.47	2.18	7.09
Operating charges	(0.37)	(0.39)	(0.39)
Return after operating charges*	1.10	1.79	6.70
Distributions ¹	(3.31)	(3.35)	(3.40)
Closing net asset value	51.58	53.79	55.35
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	2.04	3.23	12.87
Other information			
Closing net asset value (£000's)	193,294	191,277	137,653
Closing number of units	374,744,484	355,571,768	248,709,100
Operating charges (%)	0.72	0.72	0.72
Prices			
Highest dealing price (p) ²	54.15	56.64	56.00
Lowest dealing price (p) ²	49.58	53.15	52.04

Comparative Tables (continued)

Z Accumulation units			
Financial year to 27 July	2019 p per unit	2018 p per unit	2017 p per unit
Change in net asset value			
Opening net asset value	83.00	80.36	71.52
Return before operating charges	2.40	3.23	9.95
Operating charges	(0.59)	(0.59)	(0.55)
Return after operating charges*	1.81	2.64	9.40
Distributions ¹	(5.26)	(4.99)	(4.78)
Retained distributions ¹	5.26	4.99	4.22
Closing net asset value	84.81	83.00	80.36
*after direct transaction costs of	0.00	0.00	0.00
Performance			
Return after charges (%)	2.18	3.29	13.14
Other information			
Closing net asset value (£000's)	313,561	406,185	223,324
Closing number of units	369,726,925	489,402,952	277,915,224
Operating charges (%)	0.72	0.72	0.72
Prices			
Highest dealing price (p) ²	85.34	84.65	80.91
Lowest dealing price (p) ²	78.55	79.91	71.51

1 These figures have been rounded to 2 decimal places.

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

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 27.7.19	Market Value £000's	% of net assets
Government Bonds 1.12% (6.37%)			
Argentina 1.12% (1.63%)			
Argentina Government Bond 3.375% 15/01/2023	€3,749,000	2,659	0.44
Argentina Government Bond 5.875% 11/01/2028	US\$1,929,000	1,195	0.20
Argentina Government Bond 5.25% 15/01/2028	€4,334,000	2,866	0.48
		6,720	1.12
Brazil 0.00% (0.42%)			
Ecuador 0.00% (0.77%)			
Romania 0.00% (0.78%)			
Spain 0.00% (2.77%)			
Government Bonds total		6,720	1.12
Corporate Bonds 92.99% (91.40%)			
Argentina 0.53% (0.42%)			
YPF 8.5% 28/07/2025	US\$4,000,000	3,158	0.53
		3,158	0.53
Belgium 0.05% (0.04%)			
KBC Bank FRN 6.202% Perpetual	£280,000	285	0.05
		285	0.05
Bermuda 0.56% (0.75%)			
Digicel 6.75% 01/03/2023	US\$8,000,000	3,347	0.56
		3,347	0.56

Portfolio Statement (continued)

	Holding at 27.7.19	Market Value £000's	% of net assets
Canada 0.35% (0.85%)			
Bausch Health 4.5% 15/05/2023	€2,338,000	2,116	0.35
		2,116	0.35
Cayman Islands 3.16% (0.00%)			
Mizzen Bondco 7% 01/05/2021	£9,345,943	9,164	1.53
Global Aircraft Leasing 6.5% 15/09/2024	US\$5,040,000	4,055	0.68
Phoenix Group Holdings 6.625% 18/12/2025	£5,120,000	5,704	0.95
		18,923	3.16
Czech Republic 0.38% (1.10%)			
Residomo 3.375% 15/10/2024	€2,464,000	2,303	0.38
		2,303	0.38
Denmark 0.29% (0.22%)			
DKT Finance 9.375% 17/06/2023	US\$1,980,000	1,726	0.29
		1,726	0.29
France 7.42% (7.26%)			
Casino Guichard Perrachon 5.976% 26/05/2021	€5,100,000	4,339	0.72
Parts Europe FRN 5.576% 01/05/2022	€1,613,000	1,450	0.24
Casino Guichard Perrachon 1.865% 13/06/2022	€2,000,000	1,488	0.25
Newco GB 8% 15/12/2022	€2,029,189	1,876	0.31
La Financiere Atalian 4% 15/05/2024	€4,751,000	3,030	0.51
Louvre Bidco 4.25% 30/09/2024	€4,307,000	3,823	0.64
Louvre Bidco FRN 5.375% 30/09/2024	€1,463,000	1,315	0.22
La Financiere Atalian 5.125% 15/05/2025	€6,661,000	4,236	0.71
La Financiere Atalian 6.625% 15/05/2025	£8,809,000	6,255	1.05
Altice France 7.375% 01/05/2026	US\$2,403,000	2,017	0.34
Altice France 7.375% 01/05/2026 (Private Placement)	US\$9,405,000	7,897	1.32

Portfolio Statement (continued)

	Holding at 27.7.19	Market Value £000's	% of net assets
France (continued)			
Altice France 5.875% 01/02/2027	€2,335,000	2,290	0.38
Electricite de France FRN 6% Perpetual	£200,000	219	0.04
Caisse Nationale de Reassurance Mutuelle Agricole Groupama FRN 6.375% Perpetual	€3,900,000	4,134	0.69
		44,369	7.42
Germany 1.69% (1.79%)			
Safari Verwaltungs 5.375% 30/11/2022	€12,681,000	10,107	1.69
		10,107	1.69
Hungary 0.14% (0.12%)			
OTP Bank FRN 2.692% Perpetual	€1,000,000	814	0.14
		814	0.14
Ireland 4.02% (2.53%)			
Virgin Media Receivables Financing Notes II 5.75% 15/04/2023	£3,937,000	4,070	0.68
Virgin Media Receivables Financing Notes I 5.5% 15/09/2024	£8,180,000	8,434	1.41
Bank of Ireland Group FRN 3.125% 19/09/2027	£5,030,000	4,973	0.83
Bank of Ireland Group FRN 4.125% 19/09/2027	US\$1,772,000	1,394	0.24
Aryzta Euro Finance FRN 4.5% Perpetual	€5,983,000	5,144	0.86
		24,015	4.02
Isle of Man 0.17% (0.00%)			
Playtech 3.75% 12/10/2023	€1,069,000	1,000	0.17
		1,000	0.17
Italy 9.55% (10.18%)			
Officine Maccaferri 5.75% 01/06/2021	€12,676,000	8,117	1.36
Almaviva-The Italian Innovation 7.25% 15/10/2022	€12,588,000	9,948	1.66

Portfolio Statement (continued)

	Holding at 27.7.19	Market Value £000's	% of net assets
Italy (continued)			
Sisal Group 7% 31/07/2023	€6,413,000	6,016	1.01
EVOCA 7% 15/10/2023	€4,788,000	4,502	0.75
Wind Tre FRN 2.75% 20/01/2024	€3,639,000	3,243	0.54
Bormioli Pharma Bidco FRN 3.5% 15/11/2024	€1,805,000	1,498	0.25
International Design Group 6.5% 15/11/2025	€1,425,000	1,295	0.22
Intesa Sanpaolo 5.71% 15/01/2026	US\$1,628,000	1,346	0.23
Banca Farmafactoring FRN 5.875% 02/03/2027	€1,850,000	1,615	0.27
Superstrada Pedemontana Veneta 8% 30/06/2027	€5,192,000	4,325	0.72
Banca IFIS FRN 4.5% 17/10/2027	€10,512,000	8,319	1.39
Banca Monte dei Paschi di Siena FRN 5.375% 18/01/2028	€8,965,000	5,518	0.92
Assicurazioni Generali FRN 6.269% Perpetual	£1,000,000	1,070	0.18
UniCredit FRN 9.375% Perpetual	€281,000	269	0.05
		57,081	9.55
Jersey 4.98% (1.82%)			
Adient Global Holdings 3.5% 15/08/2024	€6,257,000	4,553	0.76
LHC3 4.125% 15/08/2024	€13,217,632	12,211	2.04
TVL Finance FRN 6.137% 15/07/2025	£2,107,000	2,070	0.35
Galaxy Bidco 6.5% 31/07/2026	£1,120,000	1,117	0.19
Galaxy Finco 9.25% 31/07/2027	£2,500,000	2,375	0.40
AA Bond 4.875% 31/07/2043	£4,253,000	4,191	0.70
AA Bond 5.5% 31/07/2043	£3,900,000	3,228	0.54
		29,745	4.98
Luxembourg 10.81% (11.20%)			
Altice Luxembourg 7.25% 15/05/2022	€33,241	31	0.01
Atento Luxco 1 6.125% 10/08/2022	US\$4,047,000	3,305	0.55
Garfunkelux Holdco 3 8.5% 01/11/2022	£2,000,000	1,841	0.31

Portfolio Statement (continued)

	Holding at 27.7.19	Market Value £000's	% of net assets
Luxembourg (continued)			
ARD Securities Finance 8.75% 31/01/2023	US\$962,652	796	0.13
Matterhorn Telecom Holding 4.875% 01/05/2023	€1,275,000	1,156	0.19
Odyssey Europe Holdco 8% 15/05/2023	€6,955,000	5,793	0.97
Kleopatra Holdings 1 9.25% 30/06/2023	€7,443,545	3,733	0.63
Garfunkelux Holdco 2 11% 01/11/2023	£10,000,000	8,964	1.50
Amigo Luxembourg 7.625% 15/01/2024	£4,250,000	4,367	0.73
Gazprom 4.25% 06/04/2024	£1,947,000	2,082	0.35
Hercule Debtco 6.75% 30/06/2024	€5,490,000	4,607	0.77
Intralot Capital Luxembourg 5.25% 15/09/2024	€7,230,000	3,328	0.56
Hidrovias International Finance 5.95% 24/01/2025	US\$6,539,000	5,398	0.90
Samsonite Finco 3.5% 15/05/2026	€1,147,000	1,052	0.18
Altice Luxembourg 8% 15/05/2027	€1,109,000	1,030	0.17
Altice Luxembourg 10.5% 15/05/2027	US\$1,590,000	1,331	0.22
Matterhorn Telecom 4% 15/11/2027	€10,001,000	8,979	1.50
Minerva Luxembourg 5.875% 19/01/2028	US\$4,431,000	3,494	0.58
Eurofins Scientific FRN 3.25% Perpetual	€4,002,000	3,342	0.56
		64,629	10.81
Mexico 2.48% (2.55%)			
Petroleos Mexicanos 4.875% 24/01/2022	US\$1,500,000	1,210	0.20
Petroleos Mexicanos 1.875% 21/04/2022	€1,500,000	1,307	0.22
Petroleos Mexicanos 3.75% 21/02/2024	€3,100,000	2,780	0.47
TV Azteca 8.25% 09/08/2024	US\$2,460,000	1,965	0.33
Cemex 2.75% 05/12/2024	€456,000	422	0.07

Portfolio Statement (continued)

	Holding at 27.7.19	Market Value £000's	% of net assets
Mexico (continued)			
Petroleos Mexicanos 3.75% 16/11/2025	£6,350,000	5,886	0.98
Petroleos Mexicanos 5.35% 12/02/2028	US\$1,733,000	1,254	0.21
		14,824	2.48
Netherlands 8.26% (10.71%)			
IPD 3 4.5% 15/07/2022	€4,476,000	4,104	0.69
Promontoria Holding 264 6.75% 15/08/2023	€11,046,000	9,171	1.53
Selecta Group FRN 5.375% 01/02/2024	€2,580,000	2,331	0.39
Selecta Group 5.875% 01/02/2024	€1,500,000	1,394	0.23
Teva Pharmaceutical Finance Netherlands II 4.5% 01/03/2025	€4,626,000	3,791	0.63
Kongsberg Actuation Systems 5% 15/07/2025	€2,560,000	2,281	0.38
Teva Pharmaceutical Finance Netherlands III 3.15% 01/10/2026	US\$7,000,000	4,299	0.72
Petrobras Global Finance 6.25% 14/12/2026	£2,256,000	2,622	0.44
Ziggo 4.25% 15/01/2027	€2,970,000	2,859	0.48
Petrobras Global Finance 5.375% 01/10/2029	£3,500,000	3,759	0.63
Telefonica Europe FRN 2.625% Perpetual	€7,200,000	6,570	1.10
Telefonica Europe FRN 3.75% Perpetual	€1,800,000	1,707	0.29
Telefonica Europe FRN 3.875% Perpetual	€4,200,000	4,007	0.67
Telefonica Europe FRN 4.436% Perpetual	€500,000	490	0.08
		49,385	8.26
Norway 0.80% (0.42%)			
B2Holding FRN 4.25% 14/11/2022	€3,409,000	2,931	0.49
B2Holding FRN 6.35% 28/05/2024	€2,095,000	1,876	0.31
		4,807	0.80

Portfolio Statement (continued)

	Holding at 27.7.19	Market Value £000's	% of net assets
Portugal 0.04% (0.98%)			
Banco Espirito Santo 4% 21/01/2019 ^s	€1,200,000	215	0.04
		215	0.04
Singapore 0.87% (0.00%)			
Mulhacen 6.5% 01/08/2023	€6,210,000	5,178	0.87
		5,178	0.87
Spain 2.27% (1.23%)			
Naviera Armas FRN 4.25% 15/11/2024	€3,737,000	2,594	0.44
Ibercaja Banco FRN 5% 28/07/2025	€3,700,000	3,426	0.57
Abanca Corp. Bancaria FRN 6.125% 18/01/2029	€7,900,000	7,544	1.26
		13,564	2.27
Supranational 0.14% (0.00%)			
Panther BF Aggregator 2 4.375% 15/05/2026	€929,000	857	0.14
		857	0.14
Sweden 0.37% (0.91%)			
Intrum 2.75% 15/07/2022	€1,034,000	935	0.16
Dometic Group 3% 13/09/2023	€1,374,000	1,291	0.21
		2,226	0.37
Switzerland 0.00% (0.26%)			
United Kingdom 26.74% (26.41%)			
Pizzaexpress Financing 2 6.625% 01/08/2021	£4,724,000	4,128	0.69
Jerrold Finco 6.25% 15/09/2021	£3,460,000	3,492	0.58
Stonegate Pub Co. Financing FRN 7.037% 15/03/2022	£1,711,000	1,714	0.29
Thomas Cook Group 6.25% 15/06/2022	£4,450,000	984	0.16
Mclaren Finance 5% 01/08/2022	£5,018,000	4,786	0.80

Portfolio Statement (continued)

	Holding at 27.7.19	Market Value £000's	% of net assets
United Kingdom (continued)			
Pizzaexpress Financing 1 8.625% 01/08/2022	£4,000,000	1,709	0.29
IDH Finance 6.25% 15/08/2022	£1,700,000	1,513	0.25
Shop Direct Funding 7.75% 15/11/2022	£5,072,000	4,612	0.77
Algeco Global Finance FRN 6.25% 15/02/2023	€1,135,000	1,024	0.17
Algeco Global Finance 6.5% 15/02/2023	€6,693,000	6,258	1.05
Algeco Global Finance 8% 15/02/2023	US\$1,786,000	1,477	0.25
EnQuest 7% 15/04/2023	£7,998,953	6,879	1.15
Anglian Water Osprey Financing 5% 30/04/2023	£1,400,000	1,415	0.24
Voyage Care BondCo 5.875% 01/05/2023	£1,300,000	1,261	0.21
Provident Financial 7% 04/06/2023	£2,791,000	2,819	0.47
William Hill 4.875% 07/09/2023	£1,146,000	1,212	0.20
Arqiva Broadcast Finance 6.75% 30/09/2023	£942,000	1,010	0.17
EnQuest FRN 7% 15/10/2023	US\$10,141,137	6,724	1.13
Jerrold Finco 6.125% 15/01/2024	£5,564,000	5,606	0.94
Heathrow Finance 4.75% 01/03/2024	£3,551,000	3,775	0.63
EI Group 7.5% 15/03/2024	£1,575,000	1,673	0.28
Saga 3.375% 12/05/2024	£10,746,000	9,230	1.54
Co-Operative Group 5.125% 17/05/2024	£750,000	791	0.13
Iceland Bondco 6.75% 15/07/2024	£1,532,000	1,500	0.25
Ithaca Energy North Sea 9.375% 15/07/2024	US\$2,758,000	2,281	0.38
Viridian Group FinanceCo 4.75% 15/09/2024	£4,030,000	4,064	0.68
eG Global Finance 4.375% 07/02/2025	€1,400,000	1,257	0.21
eG Global Finance 6.75% 07/02/2025	US\$866,000	693	0.12
Iceland Bondco 4.625% 15/03/2025	£6,279,000	5,603	0.94

Portfolio Statement (continued)

	Holding at 27.7.19	Market Value £000's	% of net assets
United Kingdom (continued)			
Tesco Personal Finance Group 3.5% 25/07/2025	£1,557,000	1,580	0.26
Viridian Group FinanceCo 4% 15/09/2025	€8,000,000	7,293	1.22
Anglian Water Osprey Financing 4% 08/03/2026	£6,160,000	5,698	0.95
Virgin Media Secured Finance 5% 15/04/2027	£2,000,000	2,080	0.35
Marks & Spencer 3.25% 10/07/2027	£637,000	638	0.11
Sainsbury's Bank FRN 6% 23/11/2027	£5,585,000	5,638	0.94
Quilter FRN 4.478% 28/02/2028	£3,417,000	3,517	0.59
Metro Bank FRN 5.5% 26/06/2028	£15,391,000	12,205	2.04
Investec Bank FRN 4.25% 24/07/2028	£3,502,000	3,572	0.60
Greene King Finance FRN 2.867% 15/03/2036	£1,740,000	1,383	0.23
Mitchells & Butlers Finance FRN 2.912% 15/06/2036	£2,215,000	1,562	0.26
Tesco 6.15% 15/11/2037	US\$329,000	306	0.05
Prudential FRN 3.875% 20/07/2049	£1,372,000	1,402	0.24
Royal Bank of Scotland Group FRN 4.65% Perpetual	US\$4,300,000	3,291	0.55
Barclays Bank FRN 6.369% Perpetual	£2,000,000	2,040	0.34
Barclays Bank FRN 6.86% Perpetual	US\$3,763,000	3,504	0.59
Royal Bank of Scotland Group FRN 7.648% Perpetual	US\$10,526,000	11,167	1.87
Lloyds Bank FRN 12% Perpetual	US\$3,537,000	3,479	0.58
		159,845	26.74
United States of America 6.92% (9.65%)			
Pyxus International 9.875% 15/07/2021	US\$9,265,000	6,304	1.06
Vertiv Intermediate Holding 12% 15/02/2022	US\$4,555,000	3,463	0.58
Arrow Bidco 9.5% 15/03/2024	US\$2,500,000	2,012	0.34
Vertiv Group 10% 15/05/2024	US\$2,000,000	1,621	0.27

Portfolio Statement (continued)

	Holding at 27.7.19	Market Value £000's	% of net assets
United States of America (continued)			
MPT Operating Partnership REIT 3.325% 24/03/2025	€438,000	434	0.07
Scientific Games International 5.5% 15/02/2026	€7,401,000	6,540	1.09
MPT Operating Partnership REIT 5.25% 01/08/2026	US\$4,000,000	3,347	0.56
Darling Ingredients 5.25% 15/04/2027	US\$1,131,000	944	0.16
MPT Operating Partnership REIT 5% 15/10/2027	US\$1,785,000	1,489	0.25
L Brands 6.75% 01/07/2036	US\$6,000,000	4,215	0.71
Enterprise Products Operating FRN 5.375% 15/02/2078	US\$1,753,000	1,342	0.22
Energy Transfer Operating FRN 6.25% Perpetual	US\$12,856,000	9,650	1.61
		41,361	6.92
Corporate Bonds total		555,880	92.99
Convertible Bonds 1.57% (0.93%)			
France 0.00% (0.93%)			
Jersey 1.57% (0.00%)			
Intu Jersey 2 REIT 2.88% 01/11/2022	£12,300,000	9,378	1.57
		9,378	1.57
Convertible Bonds total		9,378	1.57
Swaps (0.34)% ((0.51)%)			
Credit Default Swap Morgan Stanley Buy Michelin Luxembourg 2.75% 20/06/2019 20/09/2019	EUR 2,000,000	(5)	0.00
Credit Default Swap Citigroup Buy Cable & Wireless International Finance 8.625% 25/03/2019 20/12/2019	EUR 1,310,000	(30)	0.00

Portfolio Statement (continued)

	Holding at 27.7.19	Market Value £000's	% of net assets
Swaps (continued)			
Credit Default Swap Morgan Stanley Buy Cable & Wireless International Finance 8.625% 25/03/2019 20/12/2019	EUR 510,000	(11)	0.00
Credit Default Swap Citigroup Buy Standard Chartered Bank 5.875% 26/09/2017 20/09/2020	EUR 3,500,000	(34)	(0.01)
Credit Default Swap BNP Paribas Buy Air France-KLM 3.875% 18/06/2021 20/12/2020	EUR 2,460,000	(157)	(0.03)
Credit Default Swap Citigroup Buy Volvo Treasury 5% 31/05/2017 20/12/2020	EUR 2,000,000	(24)	0.00
Credit Default Swap Barclays Bank Buy Peugeot 7.375% 06/03/2018 20/06/2021	EUR 1,400,000	(122)	(0.02)
Credit Default Swap Citigroup Buy Standard Chartered Bank 5.875% 26/09/2017 20/06/2022	EUR 5,000,000	(93)	(0.02)
Credit Default Swap Citigroup Buy Rexel 2.125% 15/06/2025 20/06/2024	EUR 3,000,000	(543)	(0.09)
Credit Default Swap BNP Paribas Buy Peugeot 2.375% 14/04/2023 20/06/2024	EUR 5,026,888	(911)	(0.15)
Credit Default Swap BNP Paribas Sell Autostrade per l'Italia 5.875% 09/06/2024 20/06/2021	EUR 5,000,000	35	0.01
Credit Default Swap Barclays Bank Sell SUPERVALU 6.75% 01/06/2021 20/06/2023	USD 1,302,631	37	0.00
Credit Default Swap Goldman Sachs Sell SUPERVALU 6.75% 01/06/2021 20/06/2023	USD 7,697,369	217	0.04
Credit Default Swap BNP Paribas Sell Heathrow Funding 1.875% 23/05/2024 20/06/2024	EUR 3,000,000	29	0.00
Credit Default Swap BNP Paribas Sell Jaguar Land Rover Automotive 5% 15/02/2022 20/06/2024	EUR 6,140,577	(389)	(0.07)
Swaps total		(2,001)	(0.34)

Portfolio Statement (continued)

	Holding at 27.7.19	Market Value £000's	% of net assets
Forward Foreign Currency Contracts 0.14% (0.46%)			
Buy EUR 538,489 Sell GBP 481,980 29/08/2019	EUR 538,489	1	0.00
Buy EUR 1,076,863 Sell GBP 968,986 29/08/2019	EUR 1,076,863	(4)	0.00
Sell EUR 289,953,812 Buy GBP 261,172,417 29/08/2019	EUR (289,953,812)	1,225	0.21
Sell USD 142,119,784 Buy GBP 113,768,866 29/08/2019	USD (142,119,784)	(412)	(0.07)
Forward Foreign Currency Contracts total		810	0.14
Portfolio of investments		570,787	95.48
Net other assets		27,018	4.52
Net assets attributable to unitholders		597,805	100.00

The comparative percentage figures in brackets are as at 27 July 2018.

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

§ Security is currently in default.

Summary of Portfolio Transactions

Largest purchases

For the year ended 27 July 2019	Cost £000's
Intu Jersey 2 REIT 2.88% 01/11/2022	10,242
Mizzen Bondco 7% 01/05/2021	9,158
LHC3 4.125% 15/08/2024	7,940
Mulhacen 6.5% 01/08/2023	7,308
Petrobras Global Finance 6.25% 14/12/2026	7,112
Abanca Corp. Bancaria FRN 6.125% 18/01/2029	6,872
Matterhorn Telecom 4% 15/11/2027	6,609
La Financiere Atalian 6.625% 15/05/2025	5,581
Officine Maccaferri 5.75% 01/06/2021	5,449
Phoenix Group Holdings 6.625% 18/12/2025	5,391

Largest sales

For the year ended 27 July 2019	Proceeds £000's
Spain Government Bond 2.9% 31/10/2046	18,627
Pinnacle Bidco 6.375% 15/02/2025	9,641
Algeco Global Finance 6.5% 15/02/2023	7,193
LKQ European Holdings 4.125% 01/04/2028	6,884
Caixa Geral de Depositos FRN 5.75% 28/06/2028	6,645
Wind Tre 3.125% 20/01/2025	6,561
InterXion Holding 4.75% 15/06/2025	6,465
Vallourec 4.13% 04/10/2022	6,308
Jewel UK Bondco 8.5% 15/04/2023	6,124
Selecta Group 5.875% 01/02/2024	5,779

Statement of Total Return

For the year ended 27 July 2019

		2019		2018	
	Notes	£000's	£000's	£000's	£000's
Income					
Net capital losses	2		(29,367)		(17,263)
Revenue	3	43,887		35,809	
Expenses	4	(5,571)		(4,931)	
Net revenue before taxation		38,316		30,878	
Taxation	5	0		0	
Net revenue after taxation			38,316		30,878
Total return before distributions			8,949		13,615
Distributions	6		(43,000)		(35,105)
Change in net assets attributable to unitholders from investment activities			(34,051)		(21,490)

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 27 July 2019

		2019		2018	
		£000's	£000's	£000's	£000's
Opening net assets attributable to unitholders			705,818		478,661
Amounts receivable on issue of units		94,494		261,172	
Amounts payable on cancellation of units		(196,035)		(37,325)	
			(101,541)		223,847
Dilution adjustment			793		2,586
Change in net assets attributable to unitholders from investment activities			(34,051)		(21,490)
Retained distribution on Accumulation units			26,783		22,211
Unclaimed distributions			3		3
Closing net assets attributable to unitholders			597,805		705,818

Balance Sheet

As at 27 July 2019

		2019	2018
	Notes	£000's	£000's
Assets			
Investments		573,522	700,967
Current assets			
Debtors	8	10,742	15,518
Cash and bank balances	9	29,341	8,607
Total assets		613,605	725,092
Liabilities			
Investment liabilities		(2,735)	(4,668)
Creditors			
Bank overdrafts	10	0	(847)
Distributions payable		(1,310)	(1,301)
Other creditors	11	(11,755)	(12,458)
Total liabilities		(15,800)	(19,274)
Net assets attributable to unitholders			
		597,805	705,818

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

Interest receivable from bank balances and futures clearing houses and brokers is accounted for on an accruals basis. Interest receivable from debt securities is accounted for on an effective yield basis.

Interest on debt securities bought or sold

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

Expenses

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

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

Taxation

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

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

Distributions

The revenue available for distribution is the total revenue earned by the fund, less deductible expenses and taxation charged to revenue. Interim and final payments are made on 25 February and 25 August respectively, with monthly distributions payable on the 25th of each of the other months to Income unitholders. For Accumulation units this revenue is not distributed but automatically reinvested in the fund and is reflected in the value of these units.

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

Dilution adjustment

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

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

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 and net of any accrued interest which is included in the balance sheet as a revenue related item. Market value is defined by the SORP as fair value which generally is the bid value of each security and the offer value for short positions.

Forward foreign currency contracts

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

Futures contracts

The net (losses)/gains are reflected within Derivative contracts under Net capital losses in the Notes to the Accounts. Other returns are included within Net revenue return from derivative contracts under Revenue in the Notes to the Accounts.

Credit default swaps

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

Foreign currencies

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

2 Net capital losses

The net capital losses during the year comprise:

	2019 £000's	2018 £000's
Non-derivative securities	(21,396)	(16,632)
Derivative contracts	(621)	410
Forward foreign currency contracts	(4,932)	239
Foreign currency losses	(2,407)	(1,270)
Transaction costs	(11)	(10)
Net capital losses	(29,367)	(17,263)

Notes to the Accounts (continued)

3 Revenue

	2019 £000's	2018 £000's
Interest on debt securities	43,084	36,096
Bank interest	216	36
Net revenue return from derivative contracts	587	(323)
Total revenue	43,887	35,809

4 Expenses

	2019 £000's	2018 £000's
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual management charge	4,683	4,228
Administration charge	677	581
	5,360	4,809
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	65	59
Safe custody fees	26	18
Interest payable	111	31
	202	108
Other expenses:		
Audit fee	8	13
Professional fee	1	1
	9	14
Total expenses	5,571	4,931

Notes to the Accounts (continued)

5 Taxation

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

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

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

	2019 £000's	2018 £000's
Net revenue before taxation	38,316	30,878
Net revenue for the year before taxation multiplied by the standard rate of corporation tax	7,663	6,176
Effects of:		
Interest distributions deductible for tax purposes	(7,663)	(6,176)
Current tax charge for the year	0	0

Notes to the Accounts (continued)

6 Distributions

Distributions

The distributions, which are on an effective yield basis, take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	2019 £000's	2018 £000's
Monthly Interest distribution	3,532	2,576
Monthly Interest distribution	4,038	2,436
Monthly Interest distribution	3,910	3,229
Monthly Interest distribution	3,981	2,660
Monthly Interest distribution	3,728	3,514
Interim Interest distribution	2,994	2,926
Monthly Interest distribution	3,610	3,590
Monthly Interest distribution	3,313	1,225
Monthly Interest distribution	3,451	2,785
Monthly Interest distribution	3,232	3,059
Monthly Interest distribution	3,710	3,897
Final Interest distribution	3,167	3,754
	42,666	35,651
Add: Revenue deducted on cancellation of units	598	124
Deduct: Revenue received on issue of units	(264)	(670)
Distributions	43,000	35,105
Net revenue after taxation	38,316	30,878
Expenses taken to capital	4,684	4,228
Movement in undistributed revenue	0	(1)
Distributions	43,000	35,105

Details of the distributions per unit are set out in the Distribution Table on pages 46 to 57.

Notes to the Accounts (continued)

7 Fair value hierarchy

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

Basis of valuation	2019		2018	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
Level 1: Quoted prices	0	0	17	0
Level 2: Observable market data	573,522	(2,735)	700,950	(4,668)
Level 3: Unobservable data	0	0	0	0
Total	573,522	(2,735)	700,967	(4,668)

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

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

Level 3: Valuation techniques using unobservable inputs.

Unobservable data

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

8 Debtors

	2019 £000's	2018 £000's
Amounts receivable for issue of units	242	4,047
Sales awaiting settlement	482	0
Accrued revenue	10,018	11,471
Total debtors	10,742	15,518

9 Cash and bank balances

	2019 £000's	2018 £000's
Cash and bank balances	24,341	885
Amounts held at futures clearing houses and brokers	5,000	7,722
Total cash and bank balances	29,341	8,607

Notes to the Accounts (continued)

10 Bank overdrafts

	2019 £000's	2018 £000's
Bank overdrafts	0	743
Amounts overdrawn at futures clearing houses and brokers	0	104
Total bank overdrafts	0	847

11 Other creditors

	2019 £000's	2018 £000's
Amounts payable for cancellation of units	1,592	162
Purchases awaiting settlement	9,792	11,847
Accrued expenses	371	449
Total other creditors	11,755	12,458

12 Contingent liabilities

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

13 Related party transactions

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

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

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

Units held or managed by the Manager or associates of the Manager as a percentage of the fund's net asset value at the balance sheet date were 3.37% (2018 – 1.98%).

14 Unit classes

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

A Income units	1.25%
A Accumulation units	1.25%
Z Income units	0.60%
Z Accumulation units	0.60%

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

Notes to the Accounts (continued)

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 16. The distributions per unit class are given in the Distribution Table on pages 46 to 57. All classes have the same rights on winding up.

15 Derivative and other financial instruments

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

- securities 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 enable the pursuit of the fund's investment objective or to assist in the redemption of units, the efficient management of the fund or purposes regarded as ancillary to the fund. The fund may hold a large cash position to provide a suitable level of collateral for derivative positions held.

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

Market price risk

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

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.

Liquidity risk

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

Credit risk

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

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

Notes to the Accounts (continued)

Interest rate risk

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

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

Floating rate financial assets and financial liabilities

Sterling denominated bank balances and bank overdrafts bear interest at rates based on the Sterling Overnight Index Average rate. Sterling denominated floating rate bonds, foreign currency bank balances, bank overdrafts 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. Euro denominated floating rate notes/bonds bear interest at rates based on Euro Interbank Offer Rate. US dollar denominated floating rate notes/bonds bear interest at rates based on US London Interbank Offer Rate.

Fair value of financial assets and financial liabilities

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

Derivatives

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

Global risk exposure

Absolute VaR approach

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

Regulatory VaR limit utilisation

	Lowest	Highest	Average
2019	14.50%	21.00%	16.48%
2018	9.50%	18.50%	12.61%

VaR Benchmark used

2019
Bank of America/Merrill Lynch European Currency High Yield Constrained Index
2018
Bank of America/Merrill Lynch European Currency High Yield Constrained Index

Notes to the Accounts (continued)

Information on VaR model

Model type	Length of data history	Confidence level	Holding period
2019			
Monte Carlo simulation	All available history	99%	20 days
2018			
Monte Carlo simulation	All available history	99%	20 days

Leverage

Information on the limit usage and level of leverage

The level of leverage is an indication of the derivative usage and of any leverage generated by the reinvestment of cash received as collateral when using efficient portfolio management techniques. It does not take into account other physical assets directly held in the portfolio of the fund. The figure is not representative of the maximum amount that a fund could lose, as it includes the derivatives used to protect the Net Asset Value of a fund as well as the derivatives backed by risk free assets and derivatives which do not generate any incremental exposure, leverage or market risk from an economic perspective. The reported leverage figure is therefore not a true representation of the economic leverage¹ in the fund.

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

Leverage

	Lowest	Highest	Average	Leverage at 27 July
2019	70.70%	231.60%	104.43%	71.10%
2018	80.50%	290.90%	131.64%	89.30%

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

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

16 Debt security credit analysis

	2019 £000's	2018 £000's
Investment grade securities	48,973	73,653
Below investment grade securities	478,212	576,717
Unrated securities	44,793	46,253
Total debt securities	571,978	696,623

Notes to the Accounts (continued)

17 Direct transaction costs

No transaction costs on the purchase or sale of investments were incurred by the fund during the year or prior year. The total purchases for the year amounted to £248,253,693 (2018 – £611,077,830) and the total sales amounted to £354,416,355 (2018 – £340,403,571).

Average portfolio dealing spread

As at the balance sheet date the average portfolio dealing spread was 1.22% (2018 – 0.95%).

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.

18 Units in issue reconciliation

	Number of units in issue as at 27.7.18	Number of units issued	Number of units cancelled	Number of units converted	Number of units in issue as at 27.7.19
A Income units	110,835,896	19,718,560	(10,182,476)	(2,193,806)	118,178,174
A Accumulation units	41,229,989	805,389	(8,429,662)	(6,234,365)	27,371,351
X Accumulation units	1,988	0	0	0	1,988
Z Income units	355,571,768	62,949,743	(45,612,256)	1,835,229	374,744,484
Z Accumulation units	489,402,952	61,964,778	(191,955,898)	10,315,093	369,726,925

19 Counterparty exposure

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

Counterparty	Forward foreign currency contracts £000's	Futures contracts £000's	Credit default swaps £000's	Total £000's
ANZ Banking Group				
2019	0	0	0	0
2018	4	0	0	4
Bank of America				
2019	1	0	0	1
2018	0	0	0	0
Barclays Capital				
2019	(4)	0	(85)	(89)
2018	0	0	(242)	(242)

Notes to the Accounts (continued)

Counterparty	Forward foreign currency contracts £000's	Futures contracts £000's	Credit default swaps £000's	Total £000's
BNP Paribas				
2019	0	0	(1,393)	(1,393)
2018	0	0	(366)	(366)
Citibank				
2019	0	0	(724)	(724)
2018	0	0	(753)	(753)
Credit Suisse				
2019	0	0	0	0
2018	0	0	(1,321)	(1,321)
Goldman Sachs				
2019	0	0	217	217
2018	1	0	(286)	(285)
HSBC				
2019	0	0	0	0
2018	1,391	0	0	1,391
JPMorgan Chase				
2019	1,225	0	0	1,225
2018	1,852	0	(429)	1,423
Merrill Lynch				
2019	0	0	0	0
2018	0	0	(134)	(134)
Morgan Stanley				
2019	0	0	(16)	(16)
2018	0	0	(52)	(52)
Nomura				
2019	0	0	0	0
2018	(6)	0	0	(6)
Standard Chartered				
2019	0	0	0	0
2018	(1)	0	0	(1)

Notes to the Accounts (continued)

Counterparty	Forward foreign currency contracts £000's	Futures contracts £000's	Credit default swaps £000's	Total £000's
State Street				
2019	(412)	0	0	(412)
2018	1	0	0	1
UBS				
2019	0	0	0	0
2018	0	17	0	17

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

Counterparty	2019 £000's	2018 £000's
Barclays Capital	(260)	(440)
BNP Paribas	(1,180)	(540)
Citibank	(710)	(920)
Credit Suisse	0	(1,230)
Goldman Sachs	0	(380)
JPMorgan Chase	(2,840)	(410)
Morgan Stanley	(10)	(260)
State Street	0	(10)
UBS	0	(2,810)
Total	(5,000)	(7,000)

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

	2019 £000's	2018 £000's
Cash	(5,000)	(7,000)
Total	(5,000)	(7,000)

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

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

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

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

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

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

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

- The total amount of remuneration paid by SUTL to its staff was nil as SUTL has no employees. SUTL has two independent Non Executive Directors who receive fees in respect of their role on the Board of SUTL¹. Employees of other Schroders Group entities who serve as Directors of SUTL receive no additional fees in respect of their role on the Board of SUTL.
- The following disclosures relate to UCITS MRTs of SUTL. Most of those UCITS MRTs were employed by and provided services to other Schroders group companies and clients. As a result, only a portion of remuneration for those individuals is included in the aggregate remuneration figures that follow, based on an objective apportionment to reflect the balance of each role using relevant regulated AUM as a proportion of the total AUM within the scope of each role. The aggregate total remuneration paid to the 142 UCITS MRTs of SUTL in respect of the financial year ended 31 December 2018, and attributed to SUTL or the UCITS funds that it manages, is £12.6 million, of which £4.8 million was paid to senior management, £7.3 million was paid to MRTs deemed to be taking risk on behalf of SUTL or the UCITS funds that it manages and £0.5 million was paid to Control Function MRTs.

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

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

Distribution Table

Distribution for the month ended 27 August 2018

Group 1 Units purchased prior to 28 July 2018

Group 2 Units purchased on or after 28 July 2018

	Net revenue 2018 p per unit	Equalisation 2018 p per unit	Distribution paid 25.9.18 p per unit	<i>Distribution paid 25.9.17 p per unit</i>
A Income units				
Group 1	0.2302	–	0.2302	0.2542
Group 2	0.1325	0.0977	0.2302	0.2542
A Accumulation units				
Group 1	0.6596	–	0.6596	0.6855
Group 2	0.2436	0.4160	0.6596	0.6855
X Accumulation units				
Group 1	0.0000	–	0.0000 ¹	0.0000 ¹
Group 2	0.0000	0.0000	0.0000 ¹	0.0000 ¹
Z Income units				
Group 1	0.2619	–	0.2619	0.2872
Group 2	0.1110	0.1509	0.2619	0.2872
Z Accumulation units				
Group 1	0.4039	–	0.4039	0.4169
Group 2	0.1837	0.2202	0.4039	0.4169

Distribution Table (continued)

Distribution for the month ended 27 September 2018

Group 1 Units purchased prior to 28 August 2018

Group 2 Units purchased on or after 28 August 2018

	Net revenue 2018 p per unit	Equalisation 2018 p per unit	Distribution paid 25.10.18 p per unit	<i>Distribution paid 25.10.17 p per unit</i>
A Income units				
Group 1	0.2564	–	0.2564	0.2339
Group 2	0.1290	0.1274	0.2564	0.2339
A Accumulation units				
Group 1	0.7381	–	0.7381	0.6339
Group 2	0.2230	0.5151	0.7381	0.6339
X Accumulation units				
Group 1	0.0000	–	0.0000 ¹	0.0000 ¹
Group 2	0.0000	0.0000	0.0000 ¹	0.0000 ¹
Z Income units				
Group 1	0.2918	–	0.2918	0.2644
Group 2	0.1279	0.1639	0.2918	0.2644
Z Accumulation units				
Group 1	0.4520	–	0.4520	0.3856
Group 2	0.2138	0.2382	0.4520	0.3856

Distribution Table (continued)

Distribution for the month ended 27 October 2018

Group 1 Units purchased prior to 28 September 2018
Group 2 Units purchased on or after 28 September 2018

	Net revenue 2018 p per unit	Equalisation 2018 p per unit	Distribution paid 25.11.18 p per unit	<i>Distribution paid 25.11.17 p per unit</i>
A Income units				
Group 1	0.2425	–	0.2425	0.3081
Group 2	0.1326	0.1099	0.2425	0.3081
A Accumulation units				
Group 1	0.7021	–	0.7021	0.8396
Group 2	0.4147	0.2874	0.7021	0.8396
X Accumulation units				
Group 1	0.0000	–	0.0000 ¹	0.0000 ¹
Group 2	0.0000	0.0000	0.0000 ¹	0.0000 ¹
Z Income units				
Group 1	0.2761	–	0.2761	0.3487
Group 2	0.1135	0.1626	0.2761	0.3487
Z Accumulation units				
Group 1	0.4302	–	0.4302	0.5111
Group 2	0.1902	0.2400	0.4302	0.5111

Distribution Table (continued)

Distribution for the month ended 27 November 2018

Group 1 Units purchased prior to 28 October 2018

Group 2 Units purchased on or after 28 October 2018

	Net revenue 2018 p per unit	Equalisation 2018 p per unit	Distribution paid 25.12.18 p per unit	<i>Distribution paid 25.12.17 p per unit</i>
A Income units				
Group 1	0.2480	–	0.2480	0.2472
Group 2	0.1228	0.1252	0.2480	0.2472
A Accumulation units				
Group 1	0.7217	–	0.7217	0.6773
Group 2	0.3167	0.4050	0.7217	0.6773
X Accumulation units				
Group 1	0.0000	–	0.0000 ¹	0.0000 ¹
Group 2	0.0000	0.0000	0.0000 ¹	0.0000 ¹
Z Income units				
Group 1	0.2825	–	0.2825	0.2798
Group 2	0.1427	0.1398	0.2825	0.2798
Z Accumulation units				
Group 1	0.4425	–	0.4425	0.4126
Group 2	0.2236	0.2189	0.4425	0.4126

Distribution Table (continued)

Distribution for the month ended 27 December 2018

Group 1 Units purchased prior to 28 November 2018

Group 2 Units purchased on or after 28 November 2018

	Net revenue 2018 p per unit	Equalisation 2018 p per unit	Distribution paid 25.1.19 p per unit	<i>Distribution paid 25.1.18 p per unit</i>
A Income units				
Group 1	0.2444	–	0.2444	0.3101
Group 2	0.1291	0.1153	0.2444	0.3101
A Accumulation units				
Group 1	0.7156	–	0.7156	0.8545
Group 2	0.3111	0.4045	0.7156	0.8545
X Accumulation units				
Group 1	0.0000	–	0.0000 ¹	0.0000 ¹
Group 2	0.0000	0.0000	0.0000 ¹	0.0000 ¹
Z Income units				
Group 1	0.2787	–	0.2787	0.3512
Group 2	0.1537	0.1250	0.2787	0.3512
Z Accumulation units				
Group 1	0.4390	–	0.4390	0.5208
Group 2	0.2405	0.1985	0.4390	0.5208

Distribution Table (continued)

Interim distribution for the month ended 27 January 2019

Group 1 Units purchased prior to 28 December 2018

Group 2 Units purchased on or after 28 December 2018

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution paid 25.2.19 p per unit	<i>Distribution paid 25.2.18 p per unit</i>
A Income units				
Group 1	0.2008	–	0.2008	0.2501
Group 2	0.1107	0.0901	0.2008	0.2501
A Accumulation units				
Group 1	0.5910	–	0.5910	0.6935
Group 2	0.3008	0.2902	0.5910	0.6935
X Accumulation units				
Group 1	6.3649	–	6.3649	0.0000 ¹
Group 2	6.3649	0.0000	6.3649	0.0000 ¹
Z Income units				
Group 1	0.2289	–	0.2289	0.2834
Group 2	0.0660	0.1629	0.2289	0.2834
Z Accumulation units				
Group 1	0.3627	–	0.3627	0.4228
Group 2	0.1368	0.2259	0.3627	0.4228

Distribution Table (continued)

Distribution for the month ended 27 February 2019

Group 1 Units purchased prior to 28 January 2019

Group 2 Units purchased on or after 28 January 2019

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution paid 25.3.19 p per unit	<i>Distribution paid 25.3.18 p per unit</i>
A Income units				
Group 1	0.2488	–	0.2488	0.2943
Group 2	0.0965	0.1523	0.2488	0.2943
A Accumulation units				
Group 1	0.7355	–	0.7355	0.8196
Group 2	0.3111	0.4244	0.7355	0.8196
X Accumulation units				
Group 1	0.3048	–	0.3048	0.0000 ¹
Group 2	0.3048	0.0000	0.3048	0.0000 ¹
Z Income units				
Group 1	0.2839	–	0.2839	0.3336
Group 2	0.1273	0.1566	0.2839	0.3336
Z Accumulation units				
Group 1	0.4517	–	0.4517	0.5001
Group 2	0.2109	0.2408	0.4517	0.5001

Distribution Table (continued)

Distribution for the month ended 27 March 2019

Group 1 Units purchased prior to 28 February 2019

Group 2 Units purchased on or after 28 February 2019

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution paid 25.4.19 p per unit	<i>Distribution paid 25.4.18 p per unit</i>
A Income units				
Group 1	0.2337	–	0.2337	0.0973
Group 2	0.0336	0.2001	0.2337	0.0973
A Accumulation units				
Group 1	0.6948	–	0.6948	0.2725
Group 2	0.2115	0.4833	0.6948	0.2725
X Accumulation units				
Group 1	0.2836	–	0.2836	0.0000 ¹
Group 2	0.2836	0.0000	0.2836	0.0000 ¹
Z Income units				
Group 1	0.2669	–	0.2669	0.1109
Group 2	0.1046	0.1623	0.2669	0.1109
Z Accumulation units				
Group 1	0.4269	–	0.4269	0.1666
Group 2	0.1799	0.2470	0.4269	0.1666

Distribution Table (continued)

Distribution for the month ended 27 April 2019

Group 1 Units purchased prior to 28 March 2019

Group 2 Units purchased on or after 28 March 2019

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution paid 25.5.19 p per unit	<i>Distribution paid 25.5.18 p per unit</i>
A Income units				
Group 1	0.2454	–	0.2454	0.2134
Group 2	0.1744	0.0710	0.2454	0.2134
A Accumulation units				
Group 1	0.7332	–	0.7332	0.6028
Group 2	0.4231	0.3101	0.7332	0.6028
X Accumulation units				
Group 1	0.3002	–	0.3002	0.0000 ¹
Group 2	0.3002	0.0000	0.3002	0.0000 ¹
Z Income units				
Group 1	0.2803	–	0.2803	0.2400
Group 2	0.1355	0.1448	0.2803	0.2400
Z Accumulation units				
Group 1	0.4507	–	0.4507	0.3620
Group 2	0.2333	0.2174	0.4507	0.3620

Distribution Table (continued)

Distribution for the month ended 27 May 2019

Group 1 Units purchased prior to 28 April 2019

Group 2 Units purchased on or after 28 April 2019

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution paid 25.6.19 p per unit	<i>Distribution paid 25.6.18 p per unit</i>
A Income units				
Group 1	0.2372	–	0.2372	0.2245
Group 2	0.0503	0.1869	0.2372	0.2245
A Accumulation units				
Group 1	0.7124	–	0.7124	0.6331
Group 2	0.3928	0.3196	0.7124	0.6331
X Accumulation units				
Group 1	0.2917	–	0.2917	0.0000 ¹
Group 2	0.2917	0.0000	0.2917	0.0000 ¹
Z Income units				
Group 1	0.2711	–	0.2711	0.2549
Group 2	0.1281	0.1430	0.2711	0.2549
Z Accumulation units				
Group 1	0.4381	–	0.4381	0.3869
Group 2	0.2242	0.2139	0.4381	0.3869

Distribution Table (continued)

Distribution for the month ended 27 June 2019

Group 1 Units purchased prior to 28 May 2019

Group 2 Units purchased on or after 28 May 2019

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution paid 25.7.19 p per unit	<i>Distribution paid 25.7.18 p per unit</i>
A Income units				
Group 1	0.2754	–	0.2754	0.2690
Group 2	0.0972	0.1782	0.2754	0.2690
A Accumulation units				
Group 1	0.8316	–	0.8316	0.7623
Group 2	0.4551	0.3765	0.8316	0.7623
X Accumulation units				
Group 1	0.3455	–	0.3455	0.0000 ¹
Group 2	0.3455	0.0000	0.3455	0.0000 ¹
Z Income units				
Group 1	0.3150	–	0.3150	0.3056
Group 2	0.1296	0.1854	0.3150	0.3056
Z Accumulation units				
Group 1	0.5118	–	0.5118	0.4661
Group 2	0.2321	0.2797	0.5118	0.4661

Distribution Table (continued)

Final distribution for the month ended 27 July 2019

Group 1 Units purchased prior to 28 June 2019

Group 2 Units purchased on or after 28 June 2019

	Net revenue 2019 p per unit	Equalisation 2019 p per unit	Distribution payable 25.8.19 p per unit	Distribution paid 25.8.18 p per unit
A Income units				
Group 1	0.2396	–	0.2396	0.2526
Group 2	0.1248	0.1148	0.2396	0.2526
A Accumulation units				
Group 1	0.7280	–	0.7280	0.7201
Group 2	0.2230	0.5050	0.7280	0.7201
X Accumulation units				
Group 1	0.2997	–	0.2997	0.0000 ¹
Group 2	0.2997	0.0000	0.2997	0.0000 ¹
Z Income units				
Group 1	0.2741	–	0.2741	0.2871
Group 2	0.1074	0.1667	0.2741	0.2871
Z Accumulation units				
Group 1	0.4482	–	0.4482	0.4405
Group 2	0.2208	0.2274	0.4482	0.4405

1 There was no distribution for X Accumulation units as the total amount distributable was below de minimis.

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

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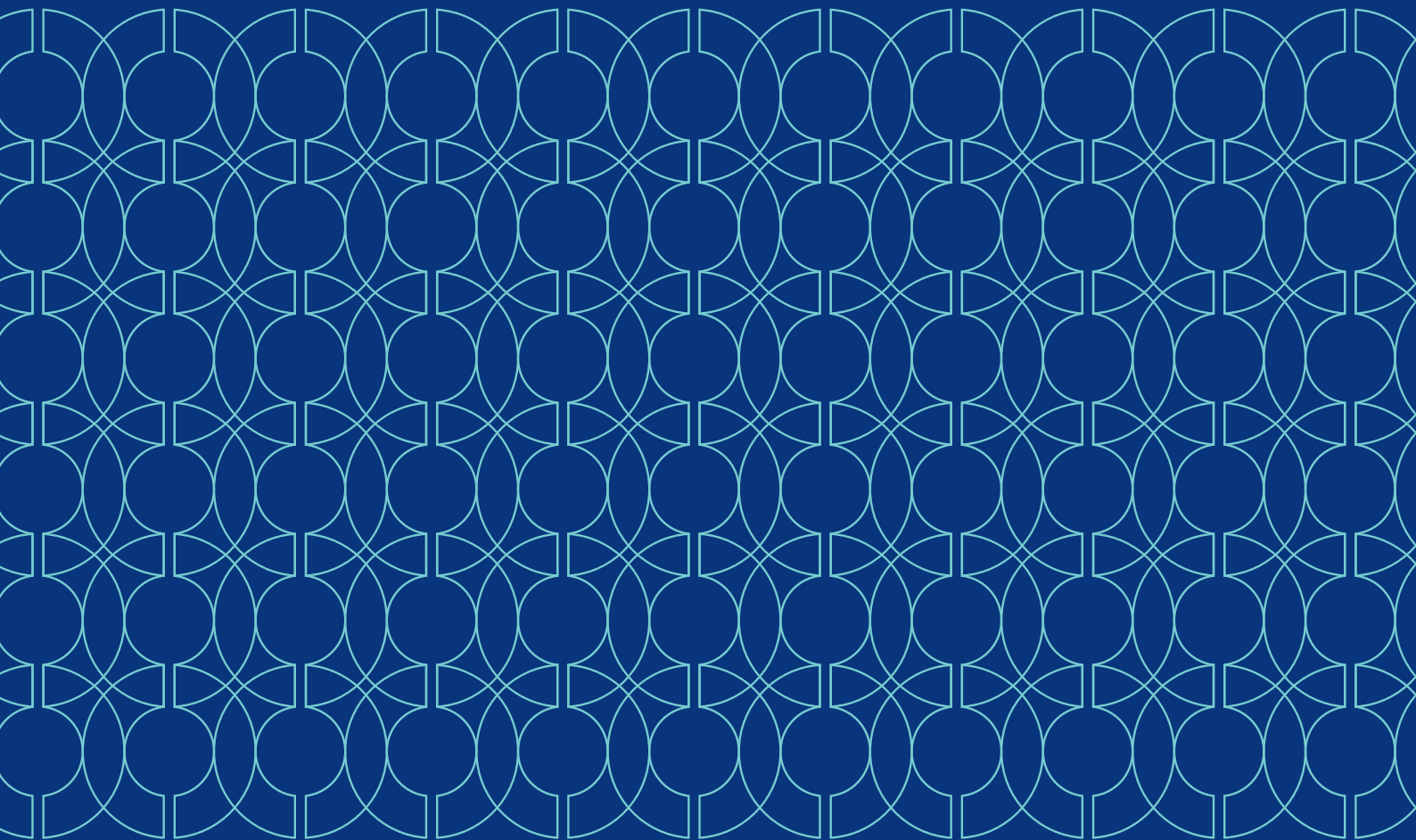
PricewaterhouseCoopers LLP
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Authorisation

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

Other information

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



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