SARASIN

Annual report and audited accounts

31 December 2018

Sarasin Charity Authorised Investment Funds

Sarasin Endowments Fund
Sarasin Income and Reserves Fund
Sarasin Climate Active Endowments Fund

For the period from 16 February 2018 to 31 December 2018

Sarasin Charity Authorised Investment Funds

Sarasin Charity Authorised Investment Funds ("the Trust") is an authorised unit trust. The Trust is authorised by the FCA and is registered with the Charity Commission. The Trust is structured as an umbrella authorised unit trust in that different Sub-funds may be established from time to time.

The Trust is authorised by the FCA from 7th December 2017 and appears on the financial services register under product reference number (PRN) 791274. The Trust is registered with the Charity Commission as a charity. Its charity registration number is 1176240.

The Trust currently has three Sub-funds;

Sarasin Climate Active Endowments Fund was launched on 16th February 2018.

Sarasin Endowments Fund was launched on 23rd February 2018 as a result of receiving the assets of the Alpha Common Investment Fund for Endowments by way of a fund merger.

Sarasin Income & Reserves Fund was launched on 23rd February 2018 as a result of receiving the assets of the Alpha Fund for Income & Reserves by way of a fund merger.

Each Sub-fund has an independent Advisory Committee which is independent from Sarasin Investment Funds Limited ("the Operator") and NatWest Trustee and Depositary Services Limited ("the Trustee"). The Advisory Committees have a consultative role and are tasked with representing the interests of Unitholders.

Advisory Committee of Sarasin Climate Active Endowments Fund (as at 31st December 2018)
Mr. C. Stephens (Chairman)
Mr. E. Mason

Advisory Committee of Sarasin Endowments Fund (as at 31st December 2018)
Mr. J. Harbord-Hamond (Chairman)
Mr. J.J. Foster
Brigadier A.F. Gordon
Mr. C. Menzies

Advisory Committee of Sarasin Income & Reserves Fund (as at 31st December 2018)
Mr. J. Harbord-Hamond (Chairman)
Mr. J.J. Foster
Brigadier A.F. Gordon
Mr. C. Menzies

Contents

Contents

Professional Service Providers' Details

Corporate Trustee
NatWest Trustee and Depositary Services Limited
Drummond House
2nd Floor
1 Redheughs Avenue
Edinburgh EH12 9RH
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

The Trustee has a supervisory role regarding certain aspects of administration and management of the Sub-funds. These responsibilities include oversight of the Operator and its compliance with the Prospectus, oversight of the Registrar and for the custody and control of the property of the Sub-funds which, in this instance, it has delegated to Northern Trust. Full details of the Trustee responsibilities are set out on page 13.

The Reports of the Trustee can be found on page 12.

Operator
Sarasin Investment Funds Limited
Juxon House
100 St. Paul's Churchyard
London EC4M 8BU
Tel: 020 7038 7000
Fax: 020 7038 6851
(Authorised and regulated by the Financial Conduct Authority)

Investment Manager
Sarasin & Partners LLP
Juxon House
100 St. Paul's Churchyard
London EC4M 8BU
Tel: 020 7038 7000
Fax: 020 7038 6851
(Authorised and regulated by the Financial Conduct Authority)

The Operator is responsible for certain aspects of administration and management of the Sub-funds as set out in full on page 11. These responsibilities include the management of the investments of the Sub-funds and a duty to carry out regular valuations of the property of the Sub-funds. Sarasin Investment Funds Limited, as Operator, has appointed Sarasin & Partners LLP as Investment Manager to the Sub-funds. Both entities are members of the Bank J Safra Sarasin Group.

The Directors of the Operator are G.V. Matthews, S.A.M. Jeffries, C. Bell, and J. Lake. The Report of the Operator can be found on page 10.

Independent Auditor
Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2DB

Registrar
Northern Trust Global Services SE UK Branch
PO Box 55736
50 Bank Street
Canary Wharf
London E14 5NT
Tel: 0333 300 0373
Fax: 020 7982 3924

Prospectus
Full details of the Sub-funds are contained in the Prospectus. Copies of the Prospectus are available free of charge from the Operator, and the Trust Deed is available for inspection at the offices of the Operator.

Sarasin Charity Authorised Investment Funds

Market Review 2018

World economy
The year 2018 started with much optimism over the state of the global economy. Global growth had picked up momentum in the second half of 2017, led by a synchronised upswing across Europe, the US and China. Thus, it came as a surprise to receive a string of disappointing data outcomes in the first few months of the year. If 2017 was characterized by economic synchronisation, 2018 was defined by regional idiosyncrasies.

In the US, the second longest expansion in the history of the US economy continued, supported by President Trump's Tax Cuts and Jobs Act. An increasingly tight labour market triggered concerns about rapidly rising wages, and in turn, a heightened rate of monetary tightening by the Federal Reserve. The Federal Reserve increased its hawkish rhetoric through the year referencing above target inflation and continued growth, before raising rates a fourth time in December. In the second half of the year, President Trump's rhetoric towards China, and billions of dollars' worth of tariffs on Chinese goods, harmed sentiment. This, combined with poor forward guidance from the Federal Reserve regarding the future path of quantitative tightening, caused many leading economic indicators to pivot downwards in fourth quarter.

China continued to report a deceleration in economic growth. The government shifted towards a more decisive policy stimulus stance, as the government's financial deleveraging drive and weaker infrastructure investment took a hit on the economy. In addition to the domestic slowdown, the Chinese economy faced significant external headwinds. Led by President Trump, the US was outspoken about China's intellectual property theft, unfair trade practices and cyber theft, raising issues with the WTO. In total, the US levied tariffs on $250bn of Chinese goods, with threats of further increases. US rhetoric also brought international response, perhaps most significantly in the banning of HuaWei's 5G network from several developed economies.

The disappointment in first quarter was most pronounced in the euro area. A string of factors lead to lower first quarter GDP, with temporary factors said to be responsible including an unseasonably cold winter, labour strikes in France and a bad influenza season in Germany. The rebound in oil prices helped push consumer price inflation higher in the euro area, reaching 2.2% in the year to October. Recognising the underlying improvement in growth fundamentals and pickup in inflation, the European Central Bank voted to halve the pace of its asset purchase programme to €15bn per month from September, before it concluded in December. Finally, the run into the new year was mired by strikes in France and new EU emissions testing procedures, causing further issues for large manufacturers.

In the UK, the economy lost momentum in the first few months of the year. Snowstorms related to the Beast from the East, together with Brexit uncertainty held back consumer spending and investment. However, consumer spending buoyed by a good summer, led to stronger second and third quarter data. This culminated in a second interest rate rise in August.

Global equities
Due to a proliferation of challenges faced in 2018, equities ended the year lower. The first quarter brought about a sharp sell-off in global equites triggered by a strong jobs growth and wage inflation report from the US. This provoked speculation about the likelihood of an accelerated trajectory for interest rates, but no sooner had markets recovered their poise than President Trump's trade war agenda caused another spasm of anxiety. Whilst the steady withdrawal of central bank stimulus led by the US and Europe coupled with rising trade tensions continued to dominate sentiment, the second and third quarters generated positive returns with some of the more highly valued areas of the market such as US technology names proving to be the most resilient. In the final quarter, global equities were badly shaken due to a combination of factors. The most prominent of these was the poor forward guidance from the US Federal Reserve that spooked equity markets.

Overall, 2018 was a good lesson reminding investors that equity investing remains risky, in particular following almost a decade of supportive monetary policy leading virtually all major asset classes higher. This environment is now shifting in earnest, and investors should be reminded that the period of ultra-low volatility during 2017 marked the calmest equity market in more than a decade. While the sometimes violent market moves we observed during the year look extraordinary compared to the prior year, they are actually not too dissimilar from the norm.

Fixed income
UK gilt markets remained broadly rangebound, with the range on the 10-year yield moving up from 0.9-1.5% in 2017 to 1.15-1.75% in 2018 and ending the year marginally higher than it began at just below 1.3%. Total returns to the all-maturity gilt index were marginally positive at 0.5%. Gilts were on the back foot at the start of 2018, with the 10-year yield rising from 1.20% at the start of the year to a peak of close to 1.70% in mid-February as the synchronised global economic expansion that began in late 2016 appeared to continue. However, a sudden spike in equity market volatility and attendant underperformance, coupled with a synchronised deterioration of economic data in virtually all parts of the world outside the United States (which was buoyed by recent fiscal reforms and the announcement of a highly expansionary budget), caused gilt yields to retrace lower through the rest of first quarter. They then sold off in sympathy with US Treasuries in third quarter as the US Federal Reserve continued to hew to a policy of steady monetary policy contraction before finally rallying again in fourth quarter as Brexit anxiety intensified against a deteriorating global economic and financial market environment.

After significant outperformance in 2017, sterling credit, particularly corporate, underperformed gilts in 2018, producing negative returns of the order of 1.5-2%. The underperformance was particularly pronounced in the latter part of first quarter, when spreads widened sharply after racing to multi-year lows in the first few weeks of January. Once again, this was repeated in fourth quarter as risk markets globally came under severe pressure from the deteriorating growth and corporate earnings outlook, exacerbated by rising trade tensions between the US and China, and the perceived indifference of Federal Reserve policy thereto.

Market Review 2018 (continued)

Currencies
Strong economic outcomes in the US and hawkish expectations for the Federal Reserve drove the trade-weighted US dollar to bounce strongly against its major trading partners in the first half of the year, after reaching a trough in February 2018. However, renewed strength in the dollar caused turmoil in the more vulnerable emerging markets, with Argentina raising rates sharply to help support the collapsing peso, and the Turkish lira plunged to record lows. The Euro weakened throughout the year, as one-off events like poor weather and labour strikes drove weaker economic outcomes, and in turn caused the prospects of an earlier withdrawal of monetary stimulus to diminish. Brexit uncertainty continued to drive cable, with the exchange rate strengthening to reach a post-Brexit high of $1.43 in April before depreciating back to $1.25-$1.27 in December.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
February 2019

All opinions and estimates contained in this report constitute the Sarasin & Partners LLP's judgement and view as of the date of the report and are subject to change without notice.

The Socially Responsible Investment Policy

The Sarasin Charity Authorised Investment Funds will not invest in companies manufacturing tobacco related products.

In addition, they will avoid investment in companies with above the materiality threshold of their turnover in:

Adult Entertainment
Alcohol
Armaments
Civilian Firearms
Cluster Bombs & Landmines
Gambling
Tobacco

Furthermore, Sarasin Climate Active Endowments Fund will avoid investment in companies with above the materiality threshold of their turnover in tar sands oil or thermal coal.

The Operator does not believe that these restrictions will materially impact on the performance of any sub-fund and expects them to increase its appeal to charities.

The Trust will be active in voting on company resolutions and will engage in direct dialogue with companies where appropriate.

Notification of Amendments

The Sarasin Charity Authorised Investment Funds umbrella was established on 16th February 2018 with the launch of Sarasin Climate Active Endowments Fund. This was followed on 23rd February by the launch of Sarasin Endowments Fund and Sarasin Income & Reserves Fund. This was achieved through the mergers of Alpha Common Investment Fund for Endowments and Alpha Fund for Income & Reserves respectively into the two new sub-funds.

AIFMD Disclosure

The provisions of the Alternative Investment Fund Managers Directive ("AIFMD") took effect in full on 22nd July 2014. That legislation requires the fund manager, Sarasin Investment Funds Limited (the "AIFM"), to establish and apply remuneration policies and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, prospectuses, trust deeds and deeds of constitution of the Alternative Investment Funds to which it has been appointed (the "Trust") nor impair compliance with the AIFM's duty to act in the best interests of the Trust.

As the nature and range of the AIFM's activities, its internal organisation and operations are, in the Directors' opinion, limited in their nature, scale and complexity, that is, to the business of a management company engaging in collective portfolio management of investments of capital raised from the public, this is reflected in the manner in which the AIFM has addressed certain requirements regarding remuneration imposed upon it by the Regulations.

The board of directors of the AIFM (the "Board") consists of four directors (each a Director). The AIFM has no additional employees.

The AIFM has delegated the performance of the investment of the Trust to Sarasin & Partners LLP (the "Investment Manager").

As noted below, the AIFM relies on the remuneration policies and procedures of each delegate to ensure that their remuneration structures promote a culture of investor protection and mitigate conflicts of interest.

The Regulations provide that the remuneration policies and practices shall apply to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Trust.

It should be noted that the AIFM has appointed the Board and has no additional employees. The AIFM has also appointed the Investment Manager under an investment management agreement, which sets out the commercial terms under which the Investment Manager is appointed. Given that the AIFM does not directly remunerate any individuals engaged in the performance of the investment management activity, and staff of the Investment Manager are not remunerated solely for their work in relation to services provided to the AIFM, it is not possible to separately identify remuneration related to service provision specific to the AIFM, and any allocation approach is considered, by the Board, not to provide meaningful disclosure.

AIFMD Disclosure (continued)
The four Directors are therefore considered to be those that have a material impact on the risk profile of the Trust. Accordingly, the remuneration provisions of the Regulations only affect the AIFM with regard to the Board. Each Director is entitled to be paid a fixed director's fee based on an expected number of meetings and the work required to oversee the operations of the AIFM, which is considered to be consistent with the powers, tasks, expertise and responsibility of the Directors. The fee payable to each Director is reviewed from time to time, based on the evolution of the AIFM's activities and the aggregate fees payable are disclosed in the prospectus of the Trust.

The Directors do not receive performance based variable remuneration, therefore avoiding any potential conflicts of interest. In addition, three of the four Directors have waived the fees to which they would otherwise be entitled. No amounts were paid directly from the Trust. As a result, the total fixed and variable remuneration of the four Directors of the Board considered to comprise the entire staff of the Operator for the financial period ending 31st December 2018 is £10,000.

The total remuneration of those individuals considered to comprise the entire staff of the AIFM for the financial period ending 31st December 2018, is analysed below:

Fixed Remuneration	£10,000
Variable Remuneration	£0
Total	**£10,000**

Given the internal organisation of the AIFM, and considering its size with the limited nature, scope and complexity of its activities, it is not considered proportionate for the AIFM to set up a remuneration committee. The Board notes that the net assets of the Trust and the legal structure of the AIFM as a management company with a Board of Directors and no other employees are factors supporting the view that a remuneration committee would not be considered appropriate for the AIFM.

The Board receives confirmation from the Investment Manager on an annual basis that there has been no material change to its remuneration policy, or if there has been a material change, receives details of those changes to the Board.

The Remuneration Policies of Sarasin Investment Funds Limited and Sarasin & Partners LLP are available at http://www.sarasinandpartners.com/important-information.

Leverage
In accordance with the requirements of AIFMD regulations, the AIFMD must set a maximum level of leverage for the Trust and report to investors the total amount of leverage employed by the Trust. Arrangements must also be in place to ensure compliance with the leverage limits.

The leverage limits and the actual leverage employed at the balance sheet date were:

Leverage Limit	**Gross**	**Commitment**
	200%	110%

Actual	**Gross**	**Commitment**
	123%	98%

The calculation of the Gross Leverage figure does not:

- make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result, strategies that aim to reduce risk will contribute to an increased level of leverage for the Trust.
- allow the netting of derivative positions. As a result, derivative roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase, or only cause a moderate increase to, the overall Trust risk.
- take into account the derivative underlying assets' volatility or make a distinction between short-dated or long-dated assets. As a result, a Trust that exhibits a high level of leverage is not necessarily riskier than a Trust that exhibits a low level of leverage.

Statement of the Advisory Committees' Responsibilities (Sarasin Endowments Fund and Sarasin Income & Reserves Fund)

Each sub-fund of the CAIF has an Advisory Committee which is independent from the Operator and Depositary. It has a consultative role and is tasked with representing the interests of Unitholders as set out in Section 6.4 of the Prospectus.

The Advisory Committees meet four times per year to consider and, if necessary, make representations to the Operator:

- the appointment of the Operator's and Depositary's delegates;
- the investment objective of the Sub-fund;
- the investment policy of the Sub-fund;
- the income distribution policy of the Sub-fund; and
- fees and charges associated with each Class of Units.

The Advisory Committees of Sarasin Endowments Fund and Sarasin Income & Reserves Fund are pleased to report on the discharge of their responsibilities for the period ending 31st December 2018 as set out above.

We bring to our responsibilities a wide range of investment, charity and professional experience. At our quarterly meetings with the Investment Manager, we are able to ask the sort of questions that individual charities would ask if they had their own portfolio. We seek reassurance that the Funds are managed appropriately and that policies set by the Operator or by the Investment Manager remain suitable and have been complied with.

At every meeting we review investment performance, compliance and a report from the Trustee. Over the year, we also review the costs associated with managing the Funds, including the Operator's remuneration and the Total Expense Ratio. We take a critical look at the Investment Objectives and Policies to ensure that they remain appropriate to the Funds.

The Committees' review of each fund, and our advice, remains positive.

Mr. J. Harbord-Hamond
Chairman of the Advisory Committees of Sarasin Endowments Fund and Sarasin Income & Reserves Fund
March 2019

Statement of the Advisory Committee's Responsibilities (Sarasin Climate Active Endowments Fund)
Each sub-fund of the CAIF has an Advisory Committee which is independent from the Operator and Depositary. It has a consultative role and is tasked with representing the interests of Unitholders as set out in Section 6.4 of the Prospectus.

The Advisory Committee meets four times per year and will consider, and can make representations to the Operator, in relation to:

- the appointment of the Operator's and Depositary's delegates;
- the investment objective of the Sub-fund;
- the investment policy of the Sub-fund;
- the income distribution policy of the Sub-fund; and
- fees and charges associated with each Class of Units.

The Advisory Committee of Sarasin Climate Active Endowments Fund is pleased to report on the discharge of its responsibilities for the 12 months ending 31st December 2018 as set out above.

During our first year, we have met three times (in May, July and October) with four meetings planned for 2019. We bring a range of investment, charity and fund management experience. In our early meetings we have reviewed the performance of the fund, the competitive landscape and the Climate Active initiatives being pioneered by Sarasin. We have challenged the fund manager from the perspective of the trustees of the charities who have invested, or may choose to invest, in the fund.

At each meeting, in addition to reviewing investment performance, we have reviewed compliance and received a report from the trustee. We also reviewed the costs associated with managing the funds, including the Operator's remuneration and Total Expense Ratio. We take a critical look at the Investment objective to ensure that it remains appropriate to the fund.

Mr. C. Stephens
Chairman of the Advisory Committees of Sarasin Climate Active Endowments Fund
March 2019

The Advisory Committee to Sarasin Climate Active Endowments Fund:

Christopher Stephens is currently Chairman of the OCS Group, a privately owned facilities services company. He was previously Chairman of the DHL Foundation and Chairman of the Judicial Appointments Commission.

Edward Mason is currently Head of Responsible Investment for the Church Commissioners for England, the Church of England's endowment fund.

Katie Blacklock is currently an independent non-executive director of the asset management and asset servicing arms of Edmond de Rothschild Ltd. She is also a trustee of Power to Change, the Big Lottery's largest endowed trust, which focuses on supporting and growing the community business sector.

Report of the Operator

Sarasin Investment Funds Limited is the Operator of Sarasin Charity Authorised Investment Funds (the “Trust”) and in accordance with the Trust Documents is solely responsible for the selection of the investments, subject to the Trust’s investment objective, investment policy, and the terms of the Trust Documents.

The Operator has appointed Sarasin & Partners LLP as the Investment Manager to the Trust (the “Investment Manager”). The Investment Manager provides discretionary investment dealing services together with the related research and valuation facilities in a wide range of investments. The Investment Manager has the authority to make decisions on our behalf, subject to the provisions of the Trust Documents, the Prospectus, the Regulations, the investment objective, and the investment policy of the Trust.

The Board of Directors of Sarasin Investment Funds Limited meets at least four times a year to consider the status of the Trust and the performance of the Investment Manager, including review of the investment guidelines and the risk management and controls in place. In addition, the Operator reviews a quarterly report from the Corporate Trustee and a Compliance Report that details any issues over the year.

Under the Charities Act 2011, the Operator is required to prepare financial statements for each accounting period which comply with The Charities (Accounts and Reports) Regulations 2008 and which give a true and fair view of the financial position of the Trust at the end of the period, the amounts to be distributed, and the movement in net assets for the period.

In preparing the financial statements, the Operator is required to use suitable accounting policies and apply them consistently and to make reasonable and prudent judgments and estimates. The financial statements are prepared in accordance with applicable UK accounting standards and on the basis that the Trust will continue in operation.

On 29 March 2019 the UK is due to leave the EU, an event commonly referred to as Brexit. At the date of this report, discussions remain ongoing between the UK and Europe as to the precise nature of the future relationship. It is unclear at this stage whether a constructive deal will be reached, the Brexit date be postponed or that the UK will leave under a no deal scenario. In the event of a no deal scenario, UK domiciled NURS such as this Trust will under EU law become non-EU AIFs and Europe-wide distribution rights under the passporting regime would cease. The Directors of the Operator do not believe that Brexit under any of these scenarios will present significant issues that cannot be mitigated; sub-fund shareholders are predominantly UK based whilst core counterparties of, and service providers to, the Trust have contingent arrangements available as necessary to ensure that activities can continue with minimal disruption.

Having considered relevant factors, including Brexit scenarios (see above), the Directors of the Operator are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the Financial Statements as the assets of the Fund consist predominantly of securities that are readily realisable, and accordingly, the Fund has adequate resources to continue in operational existence for the foreseeable future.

The Operator is responsible for the administration and management of the Trust including its investments. The Operator must carry out regular valuations of the Trust’s property and will ensure that the units are properly priced.

C. Bell
Director of Sarasin Investment Funds Limited
4th April 2019

Statement of the Operator's Responsibilities

The Operator, Sarasin Investment Funds Limited, is the authorised fund manager for the purposes of the Regulations and the alternative investment fund manager (or AIFM) for the purposes of the AIFMD Requirements.

The Operator is a private company limited by shares that was incorporated in England and Wales on 10 November 1987.

The Operator is responsible for managing and administering the Trust's affairs in compliance with the Regulations. The Operator has authority to enter into contracts on behalf of the Unitholders for the purposes of, or in connection with, the acquisition, management and/or disposal of property subject to the Trust.

The Operator may delegate investment management, administration and marketing functions in accordance with the Regulations. Notwithstanding such delegation, the Operator remains responsible for any functions so delegated.

It has therefore delegated:

- to the Northern Trust Global Services SE, the function of administration, including fund accounting; and

- to the Northern Trust Global Services SE, the function of maintenance of the Register of Unitholders.

The Authorised Unit Trust Manager (the "Operator") of Sarasin Investment Funds Limited (the "Trust") is responsible for preparing the Annual Report and the financial statements in accordance with the Financial Conduct Authority's Collective Investment Scheme's Sourcebook ("COLL") and the Scheme's Trust Deed.

COLL requires the Operator to prepare financial statements for each annual accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Management Association ("IMA SORP") in May 2014; and

- give a true and fair view of the financial position of the Trust and each of its sub-funds as at the end of that period and the net revenue and the net capital gains or losses on the property of the Trust and each of its sub-funds for that period.

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

- select suitable accounting policies and then apply them consistently;

- make judgments and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards and the IMA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Operator is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and enable it to ensure that the financial statements comply with the applicable IMA SORP and United Kingdom Accounting Standards and applicable law. The Operator is also responsible for the system of internal controls, for safeguarding the assets of the Trust and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In accordance with COLL 4.5.8BR, the Annual Report and the audited financial statements were approved by the board of directors of the Manager of the Trust and authorized for issue on 4th April 2019.

Report of the Trustee to the Unitholders of the Sarasin Charity Authorised Investment Funds (the “Trust”) for the Period Ended 31st December 2018.

The Trustee must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Fund’s Sourcebook, Investment Funds Sourcebook, the Financial Services and Markets Act 2000, as amended, (together “the Regulations"), the Trust Deed and Prospectus (together "the Trust Documents") as detailed below.

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

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

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units in the Trust is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust’s income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager (the "AIFM") are carried out (unless they conflict with the Regulations).

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

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust’s units and the application of the Trust’s income in accordance with the Regulations and the Trust documents, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust.

NatWest Trustee and Depositary Services Limited
Trustee & Depositary Services
Edinburgh
4th April 2019

Statement of the Trustee's Responsibilities

The trustee and depositary of the Trust is NaWest Trustee and Depositary Services Limited, a private company limited by shares (registered number 11194605) which was incorporated in England and Wales on 8th February 2018.

The registered and head office of the Depositary is at 250 Bishopsgate, London EC2M 4AA. Its principal business activity is acting as trustee and depositary of collective investment schemes. The ultimate holding company of the Depositary is The Royal Bank of Scotland Group plc, which is a company incorporated in Scotland.

The Depositary is authorised by and regulated by the Financial Conduct Authority.

The Depositary is responsible for the safekeeping of the Scheme Property and has a duty to take reasonable care to ensure that the Trust is managed in accordance with the provisions of the Regulations relating to the pricing of, and dealing in, Units and the allocation and distribution of income of the Trust and that decisions about the investment of the Scheme Property of each Sub-fund do not infringe any of the investment restrictions set out in the COLL Sourcebook.

Independent Auditor's Report to the Unitholders of The Sarasin Charity Authorised Investment Funds

Report on the audit of the financial statements

Opinion
In our opinion, the financial statements:

- give a true and fair view of the financial position of the Sarasin Charity Authorised Investment Funds (the "Trust") as at 31st December 2018 and of the net revenue and the net capital losses on the property of the sub-funds for the period from 16th February 2018 to 31st December 2018;

- have been properly prepared 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", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Trust Deed; and

- have been prepared in accordance with the requirements of the Charities Act 2011.

We have audited the financial statements of the Trust which comprise:

- the Statement of Total Return;

- the Statement of Change in Net Assets Attributable to Unitholders;

- the Balance Sheet;

- the related notes 1 to 17; and

- the Distribution Tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), The Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, the Collective Investment Schemes Sourcebook and the Trust Deed.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the operator's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or

- the operator has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust'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 these matters.

Other information
The Operator is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of Trustee and Operator
As explained more fully in the Statement of Trustee's Responsibilities and the Statement of Operator's Responsibilities, the Trustee is responsible for safeguarding the property of the Trust and the Operator is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Operator determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Operator is responsible for assessing the Trust'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 Operator either intends to liquidate Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook
In our opinion:

- proper accounting records for the Trust have been kept and the financial statements are in agreement with those records;

- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and

- the information disclosed in the annual report for the period from 16th February 2018 to 31st December 2018 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

Use of our report
This report is made solely to the Trust's unitholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
4th April 2019

Notes

Notes to the financial statements
For the period ended 31st December 2018

1. Accounting Policies

a.) Basis of Accounting
The annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Association (IA) in May 2014, the Charities (Accounts and Reports) Regulations 2008 and FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The financial information contained herein comprises the first period of account of the Trust and is audited.

b.) Functional and presentation currency
The functional and presentation currency of each sub-fund is Pounds Sterling.

c.) Valuations
Quoted investments have been valued at bid-market value using prices as at close of business of 31st December 2018, being the last working day of the accounting period, net of any accrued interest which is included in the balance sheet as revenue. Investments in Collective Investment Schemes operated by the Operator are valued at their single price; those managed by other management groups are valued at their contractual bid price.

The valuation of unlisted investments is based on the Operator’s assessment of their estimated realisable value. Suspended securities are valued initially at the suspended price but are subject to constant review.

d.) Revenue
Dividends on equities and distributions from Collective Investment Schemes are recognised on the day when quoted ex-dividend or ex-distribution, respectively. Interest on bank deposits is accrued on a day to day basis. Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment. The effective yield basis amortises any discount or premium on the purchase of an investment over its remaining life.

e.) Derivative Financial Instruments
For returns on an option, which has the immediate effect of generating a material capital loss, for instance it is written materially “in the money”, then all returns including premiums received, would be regarded as capital in nature. However, if there is no immediate capital loss generated or an immaterial capital loss is generated due to market timing, and not as a direct result of attempting to manufacture income at the expense of capital, the premium received is treated as revenue notwithstanding that any future losses may be treated as capital.

f.) Management Fee Rebates
Rebates on the underlying funds’ management fees are accounted for on an accruals basis and are subsequently attributed to the Trust’s revenue or capital consistent with the fee structure of the underlying fund.

g.) Exchange Rates
Where applicable, transactions during the period have been translated into sterling at the rate of exchange ruling at the date of transaction. Revenue received in currency has been translated into sterling at the rates of exchange ruling on the date of receipt by the Trustee. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at period end.

h.) Scrip Dividends
Ordinary scrip dividends are wholly recognised as revenue and are based on the market value of the shares on the date they are quoted ex-dividend. Where an enhancement is offered, the enhancement element is taken to capital.

i.) Special Dividends and Share Buy-backs
Special dividends and proceeds from share buy-backs are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Where there is evidence to treat all or some of such receipts as revenue, such amounts are recognised as dividend revenue of the Trust. Any tax treatment would follow the accounting treatment of the principal amount.

j.) Distribution
Revenue produced by the Trust’s investments accumulates during each accounting period. The Trust may operate a revenue ‘Reserve’ account, which remains part of the Trust Property, in order to conduct a controlled distribution flow to unitholders, subject to the provisions of the Trust Documents. Distributions to unitholders will be made on a coupon basis, when it will enable a higher distribution to be paid to unitholders than on the effective yield basis, as detailed in Note 1 (d). All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the capital of the Trust.

1. Accounting Policies (continued)

k.) Investment Gains and Losses
Gains and losses, including exchange differences, on the realisation of investments and increases and decreases in the valuation of investments held at the balance sheet date, including unrealised exchange differences, are treated as capital.

l.) Expenses
All expenses and fees have been apportioned to capital for the Trust. Details of expenses are disclosed in note 4 on pages 35, 62 and 90.

The annual management fee is calculated on the total net assets of the Trust: to the extent that any of the net assets are separately managed by subsidiaries of Sarasin Investment Funds Limited, then the periodic charge is rebated to the value of the subsidiaries' periodic charge made to the underlying holding.

m.) Valuation Techniques
Valuation Techniques Using Observable Market Data
Valuation techniques should maximise the use of observable market data, such as publicly available information about actual events or transactions, and minimise the use of non-observable data. Observable market data should be observable for substantially the full term of the instrument. Typically this category will include over the-counter instruments (OTCs), instruments priced via multi-broker quotes or evaluated pricing techniques, exchange-traded instruments where the market is persistently not active and instruments subject fair value pricing adjustments made by reference to observable market data. Examples include OTC derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and less frequently traded open-ended funds.

For the Trust, there are corporate bonds which fall in to this category as despite quoted prices being available, trading can be sporadic and there are often significant lengths of time between traded arm's length transactions.

Valuation Techniques Using Non-observable Data
Non-observable entity specific data is only used where relevant observable market data is not available. Typically this category will include single broker-priced instruments, suspended/unquoted securities, private equity, unlisted close-ended funds and open-ended funds with restrictions on redemption rights.

Where assets are subject to administration or orderly realisation processes, the Operator may adjust the price to reflect what he considers a more realistic value in the circumstances. The rationale and pricing method is agreed with the Trustee and monitored frequently.

n.) Dilution Levy
In certain circumstances, the Operator may charge a dilution levy, in accordance with the Financial Conduct Authority Regulations, on all subscriptions and redemptions of shares, which is paid into the sub-funds and included in the Statement of Change in Net Assets Attributable to Unitholders. The levy is intended to cover certain dealing charges not included in the mid-market value of the sub-fund used in calculating the share price, which could have a diluting effect on the performance of the sub-fund.

Sarasin Endowments Fund

Annual Report and Financial Statements for the period 23.02.2018 to 31.12.2018

Investment Objective of the Sub-fund as set by the Board
The investment objective of the Sub-fund is to seek a combined income and capital return over the long term (5 years plus) of 4.5% above inflation (CPI) (net of fees). The objective is not guaranteed over the stated period or any other period and there is a risk of loss of capital.

Investment Policy of the Sub-fund
To achieve the Sub-fund's Investment Objective, the Sub-fund will be invested in equities from a variety of major world markets. The equity content (roughly, between 60-100 holdings) is diversified both by investment themes determined by the Investment Manager and by sector and geography. The Sub-fund also holds bonds directly. The bond content is split between government and corporate issues and diversified by sector, maturity and credit quality. The lowest average bond quality held by the Sub-fund is A, as rated by Standard & Poor's or equivalent by a comparable credit rating agency. Although, the Sub-fund may own individual positions in non-investment grade and un-rated bonds. The maximum exposure to non-investment grade bonds is 20% of the total fixed interest weighting. The remainder of the Sub-fund is invested in other regulated and unregulated funds (including funds which are managed by the Operator or the Investment Manager), including investment trusts, ETFs, Real Estate Investment Trusts (REITS) and open-ended investment companies, though the Sub-fund can also choose to hold cash where it would be in the interests of efficient management of the Sub-fund's assets.

In general, in normal market conditions the Sub-fund's holdings are expected to consist of around 70% equities, 17.5% bonds and 7.5% property funds, with the remaining 5% being held in cash or such other investments as the Investment Manager in its discretion decides which will include regulated and unregulated funds (including funds which are managed by the Operator or the Investment Manager) and including investment trusts, ETFs, Real Estate Investment Trusts (REITS) and open-ended investment companies.

The Sub-fund is managed in accordance with a mixture of different benchmark indices as set out below and these are the starting point for investment decisions. However the Sub-fund is actively managed and the benchmarks do not restrict the choice of stock/asset selection. The Sub-fund can make use of an 'income reserve' account to smooth income payments to unitholders.

Derivatives may be used to increase performance and generate income as well as offset risk. Although using derivatives to increase performance may lead to a greater swing in the net asset value of the Sub-fund, appropriate risk monitoring will be employed to avoid a significant increase in the Sub-fund's risk profile.

The Sub-fund's investment powers in relation to derivative and warrants means that for regulatory purposes it will be regarded as a high volatility fund. However, the Investment Manager's expectation is that the use of derivative techniques and investment in warrants will have the overall effect of reducing the volatility of returns, reflecting the investment policy of the Trust generally.

The Sub-fund will normally seek to hedge non-sterling currency exposure back to the benchmark weighting (71.5%) in Sterling. As an actively managed fund, the Investment Manager may take a view on any expected movements in currency resulting in increased, or decreased, hedging. Cross currency hedging is also permissible.

The Sub-fund avoids investment in companies which are materially engaged in certain sectors, including tobacco, alcohol, armaments, gambling and adult entertainment.

As part of its thematic and stewardship investment process, the Investment Manager integrates material environmental, social and governance (ESG) factors into its consideration of value drivers and risks in the investment process.

The benchmark for the Sub-fund, against which the performance is measured, is based upon the strategic asset allocation shown in the table below.

Composite Benchmark	**Weighting**
ICE BofAML UK Gilts All Stocks	9.00%
ICE BofAML Sterling Corporate	8.50%
FTSE All-Share Index (5% capped)	20.00%
MSCI AC World ex UK (Local Currency)	25.00%
MSCI AC World ex UK	25.00%
MSCI All Balanced Property Fund Index*	4.00%
S&P Developed Property	3.50%
UK Cash LIBOR 1 month	5.00%

*Formerly known as IPD All Balanced Property Fund Index

Investment Manager's Review

Review

Due to a proliferation of challenges faced in 2018, almost all markets - equities and bonds – finished down for the year. The first quarter brought about a sharp sell-off in global equites triggered by a strong jobs growth and wage inflation report from the US. This provoked speculation about the likelihood of an accelerated trajectory for interest rate rises but no sooner had markets recovered their poise than President Trump's trade war agenda caused another spasm of anxiety. Whilst the steady withdrawal of central bank stimulus lead by the US and Europe coupled with rising trade tensions continued to dominate sentiment, the second and third quarters generated positive returns with some of the more highly valued areas of the market, such as US technology names, proving to be the most rewarding. In the final quarter, global equities were badly shaken due to a combination of factors. The most prominent of which was poor forward guidance from the US Federal Reserve that spooked equity markets. This was especially significant given that US equities had been the main driver or returns prior to this. Overall, the sub-fund lost ground in 2018 but outperformed benchmark returns after taking fees into account.

Performance

Despite a poor year for global equities, strong stock selection helped the sub-fund's equity holdings significantly outperform benchmark returns in 2018. Positioning in the healthcare and utility sectors served the sub-fund well, as investors looked to position themselves defensively in the late cycle environment. Pfizer and the Danish power company, Orsted, which continues to expand its wind energy business, were particular beneficiaries of this in final quarter. On the other hand, the sub-fund's disruptive growth stocks had mixed fortunes, resiliently rising through the year until the final quarter then surrendering much of their returns. We trimmed the sub-fund's holding in August and October, and overall, Amazon.com was the top contributor to sub-fund's performance in 2018 - up 28%. We remain optimistic about the investment case for Amazon.com given its dominant position in the consumer facing industry, continued innovation and focussing on its customers. CME was a strong performer, which benefitted from the increased market volatility leading to increased trading of derivatives contracts through exchanges, which it operates. Over the long run, the company enjoys structural tailwinds from the growth in exchange traded products.

It is worth noting that Alternative investments mitigated some of the losses in other asset classes. In particular, income focused securities, such as Sequoia Economic Infrastructure Income, provided steady returns avoiding the turbulence of other markets and ended the year with a positive contribution. In addition, gold had an excellent final quarter, serving its purpose as a safe haven in times of volatility.

Fixed income had a mixed year in 2018. After a tough third quarter, government bonds had a better final quarter as investors reduced risk exposure and they were one of the few assets to finish the year ahead. However, the spread between government bonds and those of corporate bond indices widened and corporate bonds fell slightly in the final quarter, producing a small negative return for the full year. We maintain our view that there are opportunities in the European corporate bonds market, especially once regional political stresses subside.

Telecommunications were poor performers in 2018. 1&1 Drillisch suffered from aggressive price competition within their domestic German market. Looking beyond this, their access to cheap, regulated capacity may come to an end post 2020, which would compress margins unless pricing pressure abates. We began to sell holdings in April at €57 (having bought initially at €34 in 2016). With hindsight, we should have sold all of the holdings in the Spring as the share price fell away to €40 at the time of our final sale. The share price is even lower at the time of writing. Similarly, Vodafone's share price declined due to a tough regulatory environment, regional idiosyncrasies and Brexit uncertainty.

The bulk of trading activity this year happened in the first quarter following the sub-fund's strategic move to a more global equity component – UK equities now only account for 20% of the sub-fund's benchmark, with global (ex. UK) equity exposure increased to 50%. Whilst this has initially reduced the portfolio's dividend yield, we believe that this will be more than compensated for by income growth in the future. In addition, the sub-fund is now less dependent on a small number of UK blue chips for its income. Aside from this, there was the notable addition of Schneider Electric, which designs and services components and systems used in industrial automation. After years of stagnating revenue growth, Schneider Electric is uniquely positioned to benefit from the efficiency drivers associated with urbanisation, digitisation and energy contribution. We also took the decision to sell our remaining Glencore shares, having unsuccessfully engaged with the board on governance concerns. Using the proceeds, we invested in Tesco, which we believe is undervalued at present given the uncertainty around Brexit.

Outlook

Given the denouement of QE (quantitative easing) and that we are almost ten years into the recovery cycle it is reasonable to expect volatility in markets to continue. The stimulus of US tax cuts and public spending is likely to ease over time and it is difficult to gauge whether the trade tensions between China and the US will intensify or ease in 2019. Hitherto, developing economies have been particular beneficiaries of free trade and the uncertainties have reduced the pace of investment. All the same, these nations could account for two-thirds of global GDP growth over the next decade, as they adopt new technology across multiple industries.

Investment Manager's Review (continued)
The 2018 final quarter rally in core bond markets – i.e. US Treasuries, German Bonds and UK Gilts - reminded us that bonds as an asset class still have a role to play in portfolios if you want to limit volatility. All the same, bonds are likely to be an impediment to overall returns whilst there is insufficient income to compensate for capital loss. We still expect to add most value from equities and we hold the view that the outlook remains strong for good quality companies operating in the right areas of the global economy despite the challenges ahead. Our analysts are still finding many genuine thematic growth opportunities that stand out in a slower growth world.

Overall, 2018 was a good lesson reminding investors that equity investing remains risky, in particular following almost a decade of supportive monetary policy leading virtually all major asset classes higher. This environment is now shifting in earnest, and investors should be reminded that the period of ultra-low volatility during 2017 marked the calmest equity market in more than a decade. While the sometimes violent market moves, we observed during the year look extraordinary compared to the prior year, they are actually not too dissimilar from the norm. In terms of future prospects, this leads to opportunities as valuations of quality companies become embroiled in market sell offs, notwithstanding, the periods of loss in the final quarter of 2018. We maintain that our long-term thematic view of sectors and companies should perform well over extended periods as short-term market gyrations wash out.

Richard Maitland
Partner & Head of Charities
Sarasin & Partners LLP
22nd January 2019

Sensitivity analysis

The Sub-fund invests in equities and bonds. The exposure to equity markets is then reduced through the use of short futures and options. Exposure to foreign currencies is also altered through the use of forwards and occasionally options. The level of equity exposure varies over time depending on how positive the operator is; generally, the level has been in the range of 30-70%.

Options are used on individual stocks to implement views on specific stocks. Listed options or futures on bond indices are occasionally used to implement yield curve views.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the Sub-fund’s holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin Funds is the “99% / 20-day VaR” model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The “99% / 20-day VaR” for Sarasin Endowments Fund, as at 31st December 2018, was 5.51%. The lowest, highest, and average utilisation in the period was 4.33%, 6.36%, and 5.04%, respectively.

Top 20 Purchases during the period[1]

Sarasin IE Global Real Estate Equity 'I' GBP Income
Source Physical Gold
HSBC
Total
Royal Dutch Shell 'B'
JPMorgan Chase
3M
CF Morant Wright Nippon Yield 'B' Income
Taiwan Semicoductor Manufacturing ADR
ING Groep
GlaxoSmithKline
CME
Pfizer
Sonic Healthcare
Bank of Nova Scotia
NextEra Energy
Apple
Givaudan
Prudential
Enel

Top 20 Sales during the period[1]

Source Physical Gold
Leggett & Platt
TJX
1&1 Drillisch
Glencore
Service Corp International
GlaxoSmithKline
Amazon.com
Kimberly-Clark
ENN Energy
3M
UK Treasury 1.25% 22/07/2018
National Grid
Crown Castle International
Apple
Scentre
Shimano
Sarasin IE Global Real Estate Equity 'I' GBP Income
HSBC

[1] Excluding money market funds.

Sub-fund Information as at 31st December 2018

Size (Units)	Unit Type	Mid Price	Yield*
1,349,158,526	Income	97.08 pence	3.52%
96,835,569	Accumulation	238.00 pence	3.48%

Launch Date	23rd February 2018	
Launch Price	Income: 101.50 pence Accumulation: 242.80 pence	
Management Charges	Annual: Initial:	0.75% 0.00%
Unit Types	Income & Accumulation Units	
Accounting Period Ends	Interim: Interim: Interim: Final:	31st March 30th June 30th September 31st December
Initial Minimum Investment:	£1,000	

* The yield shown is the historic yield and is calculated by taking the distribution rate for the last 4 distributions, multiplied by 100 and divided by the mid price of the units.

The Comparative Tables on pages 24 and 25 give the performance of each active unit class in the sub-fund.

The ‘Return after charges’ disclosed in the Comparative Tables is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the sub-fund's performance disclosed in the Operator's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the ‘dealing spread’ – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information as at 31st December 2018 (continued)
Comparative Tables

Income Units

Change in Net Asset Value per Unit

	2018[1] (pence per unit)
Opening net asset value per unit	**101.50**
Return before operating charges*	**(0.95)**
Operating charges (calculated on average price)	**(0.76)**
Return after operating charges*	**(1.71)**
Distributions on income units	**(3.42)**
Closing net asset value per unit	**96.37**
* after direct transaction costs of [2]:	**0.02**
Performance	
Return after charges[3]	**(1.68)%**
Other Information	
Closing net asset value (£'000)	**1,300,176**
Closing number of units	**1,349,158,526**
Operating charges[4]	**0.90%**
Direct transaction costs	**0.02%**
Prices	
Highest unit price	**106.00**
Lowest unit price	**96.10**

[1] Unit class launched 23rd February 2018. The opening net asset value per unit is the Launch Price.
[2] Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution levies that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.
[3] The return after charges is calculated as the return after operating charges per unit divided by the opening net asset value per unit.
[4] Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included in the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion. For Sarasin Endowments Fund, 0.09% of the Operating Charges was made up of synthetic cost.

Sub-fund Information as at 31st December 2018 (continued)
Comparative Tables (continued)

Accumulation Units

Change in Net Asset Value per Unit

	2018[1] (pence per unit)
Opening net asset value per unit	**242.80**
Return before operating charges*	**(3.34)**
Operating charges (calculated on average price)	**(1.01)**
Return after operating charges*	**(4.35)**
Distributions	**(8.27)**
Retained distributions on accumulation units	**8.27**
Closing net asset value per unit	**238.45**
* after direct transaction costs of [2]:	**0.02**
Performance	
Return after charges[3]	**(1.79)%**
Other Information	
Closing net asset value (£'000)	**230,903**
Closing number of units	**96,835,569**
Operating charges[4]	**0.90%**
Direct transaction costs	**0.02%**
Prices	
Highest unit price	**257.90**
Lowest unit price	**235.70**

[1] Unit class launched 23rd February 2018. The opening net asset value per unit is the Launch Price.
[2] Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution levies that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.
[3] The return after charges is calculated as the return after operating charges per unit divided by the opening net asset value per unit.
[4] Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included in the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion. For Sarasin Endowments Fund, 0.09% of the Operating Charges was made up of synthetic cost.

Portfolio Statement as at 31st December 2018

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Sterling Government Bonds 6.30%		
£10,000,000	UK Treasury 4.50% 07/12/2042	15,191,510	0.99
£10,800,000	UK Treasury 4.75% 07/12/2030	14,757,563	0.97
£10,500,000	UK Treasury 2.75% 07/09/2024	11,531,772	0.75
£8,000,000	UK Treasury 4.25% 07/03/2036	11,043,576	0.72
£5,750,000	UK Treasury 4.25% 07/06/2032	7,651,214	0.50
£6,000,000	UK Treasury 8.00% 07/06/2021	7,048,944	0.46
£5,250,000	UK Treasury 4.25% 07/12/2027	6,620,166	0.43
£6,000,000	UK Treasury 3.75% 07/09/2019	6,119,850	0.40
£3,500,000	UK Treasury 3.25% 22/01/2044	4,473,630	0.29
£2,750,000	UK Treasury 3.75% 22/07/2052	4,119,665	0.27
£2,500,000	Affordable Housing Finance 2.893% 11/08/2043	2,785,175	0.18
£1,900,000	Transport for London 3.875% 23/07/2042	2,213,958	0.15
£1,400,000	Network Rail Infrastructure Finance 3.00% 07/09/2023	1,513,347	0.10
£1,150,000	High Speed Rail Finance 4.375% 01/11/2038	1,365,186	0.09
		96,435,556	**6.30**
	Sterling Corporate Bonds 5.23%		
£2,400,000	Wellcome Trust Finance 4.625% 25/07/2036	3,159,718	0.21
£2,689,788	Tesco Property Finance 5.801% 13/10/2040	3,044,213	0.20
£3,000,000	Dignity Finance 4.696% 31/12/2049	2,663,610	0.17
£2,350,000	A2Dominion Housing 3.50% 15/11/2028	2,378,665	0.16
£1,550,000	THFC (Funding No 2) 6.35% 08/07/2041	2,228,878	0.15
£1,600,000	Centrica 7.00% 19/09/2033	2,225,090	0.15
£1,615,000	Royal Bank of Scotland 6.375% 07/12/2028	2,023,971	0.13
£1,700,000	Arqiva Financing 5.34% 30/06/2030	1,971,322	0.13
£1,650,000	Scottish Widows 7.00% 16/06/2043	1,891,920	0.12
£1,500,000	Lloyds Bank 7.50% 15/04/2024	1,866,976	0.12
£1,550,000	CPUK Finance 7.239% 28/02/2042	1,866,752	0.12
£1,553,616	UPP Bond 1 Issuer 4.902% 28/02/2040	1,866,036	0.12
£1,400,000	University of Manchester 4.25% 04/07/2053	1,862,168	0.12
£1,380,000	Eastern Power Networks 8.50% 31/03/2025	1,845,532	0.12
£1,800,000	Prs Finance 1.75% 24/11/2026	1,816,902	0.12
£1,688,398	WoDS Transmission 3.446% 24/08/2034	1,808,404	0.12
£1,700,000	Orange 5.75% Perpetual	1,776,500	0.12
£1,850,000	Aviva F2F 5.125% 04/06/2050	1,762,871	0.11
£1,800,000	Bazalgette Finance 2.375% 29/11/2027	1,759,840	0.11
£1,800,000	Bunzl Finance 2.25% 11/06/2025	1,742,067	0.11
£1,506,561	Greater Gabbard Ofto 4.137% 29/11/2032	1,690,806	0.11
£1,500,000	BPCE 5.25% 16/04/2029	1,686,144	0.11
£1,750,000	Investec Bank 4.25% 24/07/2028	1,684,147	0.11
£1,750,000	Barclays 3.25% 12/02/2027	1,676,005	0.11
£1,750,000	RAC Bond 4.87% 06/05/2046	1,670,578	0.11
£1,550,000	Prudential F2V 5.70% 19/12/2063	1,663,807	0.11
£1,500,000	Unite (USAF) 3.921% 30/06/2025	1,643,998	0.11
£1,750,000	AA Bond 2.875% 31/01/2022	1,626,191	0.11
£1,244,160	Great Rolling 6.875% 27/07/2035	1,545,655	0.10
£1,500,000	Kreditanstalt fuer Wiederaufbau 1.625% 05/06/2020	1,512,347	0.10
£1,250,000	Manchester Airport 4.75% 31/03/2034	1,481,508	0.10
£1,500,000	Royal Bank of Scotland 2.875% 19/09/2026	1,435,407	0.09

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Sterling Corporate Bonds (continued)		
£1,388,884	Connect Plus M25 2.607% 31/03/2039	1,394,034	0.09
£1,400,000	Places for People Treasury 2.875% 17/08/2026	1,358,164	0.09
£1,550,000	London & Quadrant Housing Trust 2.75% 20/07/2057	1,330,486	0.09
£900,000	Engie 7.00% 30/10/2028	1,254,789	0.08
£1,300,000	Coventry Building Society 1.875% 24/10/2023	1,253,217	0.08
£1,300,000	Anglian Water Services Financing 1.625% 10/08/2025	1,251,780	0.08
£1,100,000	Bank of America 6.125% 15/09/2021	1,220,581	0.08
£1,300,000	Electricite de France 5.875% Perpetual	1,215,427	0.08
£950,000	United Utilities Water 5.625% 20/12/2027	1,185,849	0.08
£1,000,000	EMH Treasury 4.50% 29/01/2044	1,177,287	0.08
£1,300,000	University of Southampton 2.25% 11/04/2057	1,115,811	0.07
£900,000	Motability Operations 3.75% 16/07/2026	999,144	0.07
£1,000,000	Go-Ahead 2.50% 06/07/2024	959,612	0.06
£850,000	Retail Charity Bond 4.50% 20/06/2026	835,550	0.05
£600,000	Catalyst Housing 3.125% 31/10/2047	580,558	0.04
£550,000	Alpha Plus 5.00% 31/03/2024	571,770	0.04
£510,000	Retail Charity Bond 4.40% 30/04/2025	521,189	0.03
£500,000	Prudential F2V 5.625% 20/10/2051	498,796	0.03
£405,000	Retail Charity Bond 5.00% 29/07/2021	438,615	0.03
		80,040,687	**5.23**
	Overseas Bonds 2.32%		
INR227,900,000	International Finance 6.45% 10/08/2020	2,535,775	0.17
IDR42,720,000,000	Inter-American Development Bank 7.875% 14/03/2023	2,323,964	0.15
£1,500,000	AT&T 7.00% 30/04/2040	2,075,475	0.14
£1,550,000	E.ON International Finance 5.875% 30/10/2037	2,007,715	0.13
£2,000,000	International Finance 1.25% 15/12/2023	1,989,888	0.13
£1,650,000	Thames Water Utilities Cayman Finance 4.375% 03/07/2034	1,832,622	0.12
£1,400,000	Comcast 5.50% 23/11/2029	1,760,573	0.12
USD2,500,000	Legal & General F2V 5.25% 21/03/2047	1,750,447	0.11
£1,800,000	Credit Suisse F2F 2.125% 12/09/2025	1,706,629	0.11
£1,500,000	SNCF Reseau 5.50% 01/12/2021	1,678,161	0.11
£1,700,000	Verizon Communications 3.375% 27/10/2036	1,660,934	0.11
£1,150,000	Innogy Finance 6.125% 06/07/2039	1,543,791	0.10
£1,450,000	Digital Stout 4.25% 17/01/2025	1,534,248	0.10
£1,500,000	Deutsche Bahn Finance 1.375% 07/07/2025	1,467,857	0.10
USD2,050,000	Greenko Dutch 5.25% 24/07/2024	1,442,613	0.09
£1,300,000	Rabobank Nederland 4.625% 23/05/2029	1,393,366	0.09
£950,000	Tennessee Valley Authority 5.625% 07/06/2032	1,308,118	0.09
£1,000,000	Electricite de France 5.50% 17/10/2041	1,242,620	0.08
£1,000,000	Banco Santander 2.75% 12/09/2023	990,565	0.06
£800,000	Heathrow Funding 4.625% 31/10/2046	945,963	0.06
£900,000	BASF 1.75% 11/03/2025	889,406	0.06
£750,000	Welltower 4.50% 01/12/2034	810,139	0.05
USD800,000	Indian Railway Finance 3.835% 13/12/2027	577,975	0.04
		35,468,844	**2.32**
	UK Equities 18.86%		
1,124,579	Royal Dutch Shell 'B'	26,281,411	1.72

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	UK Equities (continued)		
3,678,867	HSBC	23,794,912	1.55
315,951	AstraZeneca	18,527,367	1.21
418,868	Unilever	17,209,192	1.12
1,036,234	GlaxoSmithKline	15,452,321	1.01
2,751,578	BP	13,646,451	0.89
794,479	Compass	13,069,180	0.85
345,656	Rio Tinto	12,891,240	0.84
908,932	Prudential	12,743,227	0.83
23,401,519	Lloyds Banking	12,114,966	0.79
169,381	Reckitt Benckiser	10,181,492	0.67
407,211	Associated British Foods	8,319,321	0.54
1,709,413	Barratt Developments	7,904,326	0.52
5,122,100	Vodafone	7,831,691	0.51
509,268	Smith & Nephew	7,455,683	0.49
458,190	RELX	7,406,641	0.48
2,398,091	DS Smith	7,170,292	0.47
2,513,375	BT	5,983,089	0.39
144,751	London Stock Exchange	5,876,891	0.38
399,860	Halma	5,414,104	0.35
2,634,987	Tesco	5,009,110	0.33
130,388	Carnival	4,902,589	0.32
115,061	InterContinental Hotels	4,869,382	0.32
624,954	3i	4,833,394	0.32
741,872	SSP	4,802,879	0.31
2,810,155	Barclays	4,229,283	0.28
639,429	Sage	3,841,689	0.25
861,120	Howden Joinery	3,751,039	0.25
617,987	Just Eat	3,626,348	0.24
373,773	IMI	3,528,417	0.23
2,425,182	Man	3,225,492	0.21
1,117,718	Standard Life	2,867,506	0.19
		288,760,925	**18.86**
	Global Equities 49.03%		
788,499	Pfizer	27,017,975	1.76
177,334	CME	26,192,129	1.71
309,766	JPMorgan Chase	23,767,533	1.55
171,083	NextEra Energy	23,350,624	1.52
772,351	Taiwan Semicoductor Manufacturing ADR	22,371,251	1.46
530,125	Total	21,973,658	1.43
10,922	Givaudan	19,790,723	1.29
4,295,716	Enel	19,440,550	1.27
122,728	Amgen	18,765,741	1.23
116,905	Costco Wholesale	18,700,576	1.22
1,464,662	Sonic Healthcare	17,892,428	1.17
161,483	Union Pacific	17,521,462	1.14
139,405	Air Products & Chemicals	17,519,757	1.14
116,903	Mastercard 'A'	17,315,154	1.13
97,706	Credicorp	17,017,996	1.11

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Global Equities (continued)		
432,807	Bank of Nova Scotia	16,904,394	1.10
101,431	3M	15,170,049	0.99
1,778,536	ING Groep	15,021,816	0.98
829,573	Swedbank 'A'	14,502,681	0.95
17,411	Alphabet 'C'	14,176,238	0.93
111,533	Apple	13,830,406	0.90
295,932	Colgate-Palmolive	13,829,987	0.90
44,669	BlackRock	13,784,047	0.90
248,464	Orsted	13,005,961	0.85
191,102	Novartis	12,788,688	0.83
6,420,614	BDO Unibank	12,520,589	0.82
399,011	Umicore	12,409,613	0.81
105,686	Deere & Co	12,375,119	0.81
10,112	Amazon.com	11,935,827	0.78
120,802	Air Liquide	11,710,300	0.76
149,129	Henkel	11,424,463	0.75
292,541	KAR Auction Services	10,961,099	0.72
241,600	Shionogi & Co	10,833,985	0.71
86,986	ASML	10,704,268	0.70
4,592,100	Samsonite International	10,246,665	0.67
52,685	Roche	10,211,662	0.67
119,616	Marriott International 'A'	10,194,971	0.67
116,686	Walt Disney	10,046,942	0.66
85,178	Ecolab	9,854,724	0.64
185,931	Fresenius Medical Care	9,429,103	0.62
230,210	Citigroup	9,406,507	0.61
296,400	Bridgestone	8,976,866	0.59
164,983	Schneider Electric	8,843,601	0.58
415,770	CRH	8,606,439	0.56
1,313,800	AIA	8,564,141	0.56
76,471	Alibaba ADR	8,229,518	0.54
120,365	First Republic Bank	8,216,498	0.54
524,157	SES	7,845,080	0.51
53,193	ServiceNow	7,430,146	0.48
93,287	United Parcel Service	7,143,018	0.47
379,900	Mitsui Fudosan	6,645,998	0.43
3,763,141	Oakley Capital Investments	6,547,865	0.43
195,153	Zions Bancorporation	6,241,034	0.41
4,214	Booking	5,700,447	0.37
168,253	Service Corp International	5,313,391	0.35
132,387	Activision Blizzard	4,843,933	0.32
154,641	Cinemark	4,348,063	0.28
35,479	Unibail-Rodamco-Westfield	4,311,816	0.28
131,300	Tencent	4,131,986	0.27
3,040,504	Chenavari Capital Solutions	2,325,986	0.15
878,075	Bluefield Solar Income	1,075,642	0.07
(308)	Simon Property Call Option 185 18/01/2019[1]	(4,353)	–
(2,668)	SES Call Option 18.5 18/01/2019[1]	(33,526)	–
(420)	CME Call Option 190 15/03/2019[1]	(217,651)	(0.01)

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Global Equities (continued)		
(25)	Amazon Put Option 1600 18/01/2019[1]	(222,597)	(0.01)
		750,781,002	**49.03**
	UK Property 3.97%		
19,450,904	Mayfair Property Income Trust for Charities	17,219,886	1.13
13,275,627	Charities Property Fund	17,004,750	1.11
8,777,299	COIF Charities Property	10,653,885	0.70
5,745,485	AEW UK Core Property	8,160,312	0.53
7,255,502	Civitas Social Housing	7,727,110	0.50
		60,765,943	**3.97**
	Global Property 4.47%		
2,321,464	Sarasin IE Global Real Estate Equity 'I' GBP Income[2]	38,803,268	2.53
39,281	Equinix	10,875,987	0.71
113,990	Crown Castle International	9,723,518	0.63
56,368	Boston Properties	4,980,442	0.33
30,833	Simon Property	4,067,167	0.27
		68,450,382	**4.47**
	Alternatives 4.92%		
1,581,646	Neuberger Berman Uncorrelated Strategies 'I5' GBP Accumulation	16,085,343	1.05
161,586	Source Physical Gold	15,832,534	1.03
13,386,045	SQN Asset Finance Income	12,904,147	0.84
806,541	Sarasin IE Systematic Absolute Return UK 'I' Income[2]	7,325,009	0.48
5,809,912	Sequoia Economic Infrastructure Income	6,594,250	0.43
5,791,919	TwentyFour Income	6,457,990	0.42
3,977,204	International Public Partnerships	6,093,076	0.40
3,453,531	Alcentra European Floating Rate Income	3,432,810	0.22
542,983	Greencoat UK Wind	681,987	0.05
		75,407,146	**4.92**
	Global Collective Investment Schemes 1.83%		
6,408,858	CF Morant Wright Nippon Yield 'B' Income	21,005,033	1.37
37,970	Ashmore SICAV Emerging Markets Short Duration 'Z' Income	3,637,906	0.24
350,000	Neuberger Berman Emerging Market Debt Blend	3,391,500	0.22
		28,034,439	**1.83**
	Forward Currency Contracts 0.17%		
USD (392,681,000)	Sold USD, Bought GBP 309,648,701 for settlement on 20/03/2019	2,431,430	0.16
EUR (81,288,500)	Sold EUR, Bought GBP 73,678,271 for settlement on 20/03/2019	523,702	0.03
CHF (30,500,000)	Sold CHF, Bought GBP 24,610,667 for settlement on 20/03/2019	236,438	0.01
USD 11,600,000	Bought USD, Sold GBP 9,143,146 for settlement on 20/03/2019	(67,788)	–
USD 29,300,000	Bought USD, Sold GBP 23,066,507 for settlement on 20/03/2019	(143,407)	(0.01)

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Forward Currency Contracts (continued)		
JPY (2,603,000,000)	Sold JPY, Bought GBP 18,299,413 for settlement on 20/03/2019	(372,842)	(0.02)
		2,607,533	**0.17**
	Total Value of Investments 97.10%		
		1,486,752,457	**97.10**
	Net Other Assets	44,326,489	2.90
	Net Assets	**1,531,078,946**	**100.00**

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

[1]Derivative Instruments
[2]Related Party Investments

Asset Allocation of Portfolio of Investments is as follows:

Bonds	211,945,086	13.84
Collective Investment Schemes	165,577,417	10.81
Derivatives	(478,127)	(0.03)
Equities	1,107,100,548	72.31
Forward Currency Contracts	2,607,533	0.17
Net Other Assets	44,326,489	2.90
	1,531,078,946	**100.00**

Debt Security Allocation is as follows:

Percentage of Debt Securities investment grade and above	94.94%
Percentage of Debt Securities below investment grade (sub BBB- or unrated)	5.06%
	100.00%

Statement of Total Return
For the period ended 31st December 2018

	Notes	£	23.02.2018 to 31.12.2018[1] £
Income			
Net capital losses	2		(51,759,305)
Revenue	3	45,252,341	
Expenses	4	(11,205,260)	
Interest payable and similar charges	6	(992)	
Net revenue before taxation		**34,046,089**	
Taxation	5	(702,586)	
Net revenue after taxation for the period			**33,343,503**
Total return before distributions			**(18,415,802)**
Distributions	6		(25,849,890)
Changes in net assets attributable to unitholders from investment activities			**(44,265,692)**

Statement of Changes in Net Assets Attributable to Unitholders
For the period ended 31st December 2018

	£	23.02.2018 to 31.12.2018[1] £
Opening net assets attributable to unitholders		**–**
Movement due to sales and repurchases of units:		
Amounts received on issue of units	177,098,050	
Amounts received on in-specie transactions	1,580,636,299	
Amounts paid on cancellation of units	(189,168,274)	
		1,568,566,075
Dilution levy		(7,469)
Changes in net assets attributable to unitholders from investment activities (see above)		(44,265,692)
Retained distribution on accumulation units		6,786,032
Closing net assets attributable to unitholders		**1,531,078,946**

The notes on pages 34 to 43 form part of these Financial Statements.

[1]There are no comparative figures shown as the Sub-fund launched 23rd February 2018.

Balance Sheet as at 31st December 2018

	Notes	31.12.2018[1] £
Assets		
Fixed assets:		
Investments		1,487,814,621
Current assets:		
Debtors	8	6,823,169
Cash and bank balances	9	51,375,780
Total assets		1,546,013,570
Investment liabilities		(1,062,164)
Creditors:		
Bank overdrafts	9	(457,851)
Distribution payable on income units		(12,277,343)
Other creditors	10	(1,137,266)
Total liabilities		(14,934,624)
Net assets attributable to unitholders		**1,531,078,946**

The notes on pages 34 to 43 form part of these Financial Statements.

[1]There are no comparative figures shown as the Sub-fund launched 23rd February 2018.

Certification of Accounts by Directors

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the Financial Statements as the assets of the Sub-fund consist predominately of securities that are readily realisable and, accordingly, the Sub-fund has adequate resources to continue in operational existence for at least the next twelve months from the approval of these financial statments.

C. Bell
Director
Sarasin Investment Funds Limited
4th April 2019

S.A.M. Jeffries
Director
Sarasin Investment Funds Limited
4th April 2019

Notes

Notes to the financial statements
For the period ended 31st December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 16 and 17.

2. Net Capital Losses

	23.02.2018 to 31.12.2018 £
Net capital losses comprise:	
Non-derivative securities realised gains	8,742,922
Non-derivative securities unrealised losses	(27,063,971)
Derivative securities realised gains	688,604
Derivative securities unrealised gains	220,301
Forward currency contracts realised losses	(21,745,913)
Forward currency contracts unrealised gains	2,607,533
Currency losses	(15,243,175)
Management fee rebates	36,981
Transaction charges	(1,267)
Derivative charges	(1,320)
	(51,759,305)

3. Revenue

	23.02.2018 to 31.12.2018 £
UK dividends	10,367,838
Overseas dividends	21,320,117
Bank Interest	153,929
Interest on debt securities	4,840,634
Unfranked PID[1] revenue	127,355
Franked PID[1] revenue	156,776
Option premium	4,163,271
Franked CIS[2] revenue	627,378
Unfranked CIS[2] revenue	2,097,634
Offshore dividend CIS[2] revenue	783,268
Offshore interest CIS[2] revenue	614,141
	45,252,341

[1]Property Income Dividend
[2]Collective Investment Scheme

4. Expenses

	23.02.2018 to 31.12.2018 £
Payable to the Operator, associates of the Operator, and agents of either of them:	
Management fees	10,112,532
	10,112,532
Other Expenses	
Fixed operating charge[1]	1,032,566
Set-up costs	60,162
	1,092,728
Total Expenses	**11,205,260**

[1]The Audit fee was £7,018 plus VAT

5. Taxation

	23.02.2018 to 31.12.2018 £
a) Analysis of tax charge in period	
Overseas tax	702,586
Total tax for the period	**702,586**

b) As the Trust is a Charity Authorised Investment Fund, it is exempt from United Kingdom tax on capital gains realised on the disposal of investments held within the Sub-fund and any UK corporation tax.

The Sub-fund is also excluded from the normal tax rules which apply to revenue allocations to units and payments on redemption of units made to unitholders in an authorised unit trust scheme. For the purposes of the Sub-fund, revenue of the Sub-fund is not considered to be dividends in the hands of the unitholders and therefore no income tax is payable in respect of the revenue allocated to each unit.

In addition, any gains on the redemption of units in the Sub-fund are not to be treated as chargeable gains for Capital Gains Tax purposes and therefore no Capital Gains Tax is payable on redemption of units.

6. Distribution

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units, and comprise:

	23.02.2018 to 31.12.2018 £
First interim	11,731,883
Second interim	15,054,746
Third interim	13,052,403
Final	14,437,260
	54,276,292
Add: Revenue deducted on cancellation of units	3,301,330
Deduct: Revenue received on creation of units	(3,110,285)
Deduct: Reserve transferred from predecessor fund	(28,617,447)
Net distributions for the year	**25,849,890**
Interest payable and similar charges	992
	25,850,882

7. Movement between Net Revenue and Distribution

	23.02.2018 to 31.12.2018 £
Net revenue after tax	33,343,503
Less: Equalisation uplift on unit Conversion	879
Less: Undistributed revenue Reserve carried forward	(20,919,116)
Add: Benefit of coupon basis distribution	2,219,364
Add: Expenses payable from capital	11,205,260
Net Distribution for the period	**25,849,890**

8. Debtors

	31.12.2018 £
Amounts receivable for creation of units	350,629
Sales awaiting settlement	62,464
Accrued revenue	4,574,094
Overseas tax recoverable	1,813,267
Property income distribution tax recoverable	11,570
Fee rebate receivable	11,145
	6,823,169

9. Cash and Bank Balances

	31.12.2018 £
Cash and bank balances	48,448,330
Cash held at clearing houses	2,927,450
	51,375,780
Bank overdrafts	(457,851)
	50,917,929

10. Other Creditors

	31.12.2018 £
Amounts payable for cancellation of units	30,000
Accrued expenses	1,082,947
Currency deals awaiting settlement	24,319
	1,137,266

11. Contingent Assets/(Liabilities)

The Sub-fund had no contingent asset or liability as at 31st December 2018.

12. Equalisation

Equalisation is not applied to distributions paid by the Sub-fund.

13. Units in Issue

The Sub-fund currently has two unit classes: Income and Accumulation. The annual management charge on each unit class can be found on page 23. The net asset value of each unit class, the net asset value per unit and the number of units in each class are given in the comparative tables on pages 24 and 25. The distribution per unit class is given in the distribution tables on pages 44 and 45. All classes have the same rights on winding up and have no par value.

	Income Units	**Accumulation Units**
Opening units	–	–
Units created	1,577,282,018	77,003,612
Units liquidated	(158,325,598)	(8,879,150)
Units converted	(69,797,894)	28,711,107
Closing units	1,349,158,526	96,835,569

14. Related Parties

Sarasin & Partners LLP and Sarasin Investment Funds Limited, together with NatWest Trustee and Depositary Services Limited as Corporate Trustee, are deemed to be Related Parties, by virtue of their ability to act in respect of the Sub-fund's operations.

Sarasin & Partners LLP acts as principal on all transactions of units in the Sub-fund. The aggregate monies received through creations and liquidations are disclosed in the statement of change in net assets attributable to unitholders.

Management fees are paid to Sarasin Investment Funds Limited and are shown in note 4.

14. Related Parties (continued)

Amount due to Related Parties at the period end:

	31.12.2018
	£
Creation of units	350,629
Cancellation of units	(30,000)
Management fees	**982,251**
	1,302,880

At the period ended, the sub-fund held units in the following Collective Investment Schemes, managed by associated companies of Sarasin Investment Funds Limited:

		31.12.2018
		£
Sarasin IE Global Real Estate Equity 'I' GBP Income		
	Shares	2,321,464
	Bid Market Value (£)	38,803,268
Sarasin IE Systematic Absolute Return UK 'I' Income		
	Shares	806,541
	Bid Market Value (£)	7,325,009

No initial charges were applied to the purchases of these Collective Investment Schemes.

At period end, Sarasin Endowments held no units in any other sub-fund or collective investment scheme managed by associated companies of Sarasin Investment Funds.

15. Risk Management Policies and Disclosures

Financial Instruments
In pursuing its investment objectives as stated on page 19, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments, other than derivatives, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments and the Operator's policies for managing these risks are summarised below, a sensitivity analysis of the Sub-fund is provided on page 22. These policies have been applied throughout the period.

Market Price Risk
Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-funds hold. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements. The Sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the Operator in pursuance of the investment objectives and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in The Charities (Accounts and Reports) Regulations 2008 mitigates the risk of excessive exposure to any particular type of security or issuer.

15. Risk Management Policies and Disclosures (continued)

Derivative Risk
Derivatives are comprised of forward foreign currency contracts, futures and options contracts. Forward foreign currency contracts are used to manage currency risk arising from the Sub-fund's investment activities (and related financing). Open positions at the balance sheet date, which are all covered, are included in the portfolio statement. Gains/(losses) on forward foreign exchange transactions are taken to capital. Futures contracts are used to reduce the risks associated with the market risk of the equity portfolio and to align the Sub-fund's exposures to market movements with that of the Sub-fund's benchmarks.

The Sub-fund is able to use traded options for Efficient Portfolio Management purposes only, thus always hedging up to the amount of stock which is physically owned. The purpose of undertaking these contracts is to protect the Portfolio from a downturn in the market as far as possible.

Currency Risk
Currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

A proportion of the Sub-fund's investment portfolios are invested in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The Operator may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to sterling on or near the date of receipt.

Currency exposure as at 31st December 2018

	Monetary Exposure £	Non-Monetary Exposure £	Total £	%
Australian Dollar	–	17,892,427	17,892,427	1.17
Canadian Dollar	20,201	16,904,394	16,924,595	1.11
Danish Kroner	89,814	13,005,961	13,095,775	0.85
Euro	1,075,550	59,926,172	61,001,722	3.98
Hong Kong Dollar	342	22,942,793	22,943,135	1.50
Indian Rupee	64,690	2,535,775	2,600,465	0.17
Indonesian Rupiah	147,457	2,323,964	2,471,421	0.16
Japanese Yen	152,726	7,784,595	7,937,321	0.52
Philippine Peso	20,132	12,520,589	12,540,721	0.82
Polish Zloty	10,143	–	10,143	–
Swedish Krona	–	14,502,681	14,502,681	0.95
Swiss Franc	876,409	18,416,844	19,293,253	1.26
US Dollar	755,100	206,159,431	206,914,531	13.51
	3,212,564	**394,915,626**	**398,128,190**	**26.00**
Sterling	41,113,925	1,091,836,831	1,132,950,756	74.00
	44,326,489	**1,486,752,457**	**1,531,078,946**	**100.00**

Credit Risk
Certain transactions in securities that the Sub-fund enters into exposes it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the Operator as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities.

This risk is managed by appraising the credit profile of financial instruments and issuers in line with the Sub-fund's investment objective and policy.

15. Risk Management Policies and Disclosures (continued)

Exposure to counterparties through derivative positions and the collateral held at the balance sheet date can be seen on page 41.

Liquidity Risk
The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any units over and above the cash holdings that investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

Interest Rate Risk
Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. The Sub-fund invests in fixed and floating rate securities. The revenue of the Sub-fund may be affected by changes to interest rates relevant to particular securities or as a result of the Operator being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Interest Rate Risk Profile of the Sub-fund's Assets and Liabilities:

31st December 2018	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Australian Dollar	–	–	17,892,430	17,892,430
Canadian Dollar	–	–	16,924,595	16,924,595
Danish Kroner	–	–	13,095,775	13,095,775
Euro	457,851	–	134,189,817	134,647,668
Hong Kong Dollar	–	–	22,943,135	22,943,135
Indian Rupee	–	2,535,775	64,690	2,600,465
Indonesian Rupiah	–	2,323,964	147,457	2,471,421
Japanese Yen	–	–	26,609,575	26,609,575
Philippine Peso	20,133	–	12,520,589	12,540,722
Polish Zloty	–	–	10,143	10,143
Sterling	62,413,917	191,570,728	924,590,372	1,178,575,017
Swedish Krona	–	–	14,502,681	14,502,681
Swiss Franc	–	–	43,667,482	43,667,482
US Dollar	1,977,909	2,020,588	510,577,905	514,576,402
	64,869,810	**198,451,055**	**1,737,736,646**	**2,001,057,511**

31st December 2018	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	457,851	–	73,188,095	73,645,946
Japanese Yen	–	–	18,672,255	18,672,255
Sterling	–	–	45,624,262	45,624,262
Swiss Franc	–	–	24,374,230	24,374,230
US Dollar	–	–	307,661,872	307,661,872
	457,851	**–**	**469,520,714**	**469,978,565**

15. Risk Management Policies and Disclosures (continued)

Fair Value of Financial Assets and Liabilities
The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

Valuation technique as at 31st December 2018

	Level 1	Level 2	Level 3	Total
Financial Assets	**£**	**£**	**£**	**£**
Collective Investment Schemes	22,290,524	143,286,893	–	165,577,417
Debt Securities	88,557,890	123,387,196	–	211,945,086
Equities	1,107,100,548	–	–	1,107,100,548
Forward Currency Contracts	–	3,191,570	–	3,191,570
	1,217,948,962	**269,865,659**	**–**	**1,487,814,621**
Financial Liabilities				
Forward Currency Contracts	–	(584,037)	–	(584,037)
Options	(478,127)	–	–	(478,127)
	(478,127)	**(584,037)**	**–**	**(1,062,164)**

Level 1
The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

Level 2
Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

Level 3
Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

The valuation technique has been disclosed under note 1m Accounting Policies on page 17.

Counterparty Risk
During the period, the Sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the Sub-fund. The counterparties to these transactions and any collateral held by the Fund at the balance sheet date are shown below:

Counterparty Name as at 31st December 2018	Exposure £	Cash Collateral £
The Bank of New York Mellon	3,191,570	–

Positive exposure represents the mark to market value of derivative contracts and the sub-fund's exposure to that counterparty.

16. Portfolio Transaction Costs

	23.02.2018 to 31.12.2018 £
Analysis of total purchase costs:	
Purchases in period before transaction costs	
Bonds	249,320,761
Collective Investment Schemes	162,165,316
Corporate Actions	27,599,599
Derivatives	9,923,492
Equities	1,455,219,997
Total purchases	**1,904,229,165**
Commissions:	
Equities total value paid	116,830
Taxes:	
Equities total value paid	39,060
Total purchase costs	**155,890**
Gross purchase costs	**1,904,385,055**
Analysis of total sale costs:	
Gross sales in period before transaction costs	
Bonds	32,852,476
Collective Investment Schemes	18,787,997
Corporate Actions	27,599,599
Derivatives	9,094,998
Equities	309,022,188
Total sales	**397,357,258**
Commissions:	
Equities total value paid	(112,654)
Taxes:	
Equities total value paid	(18)
Total sales costs	**(112,672)**
Total sales net of transaction costs	**397,244,586**

16. Portfolio Transaction Costs (continued)

	23.02.2018 to 31.12.2018 %
Analysis of total purchase costs:	
Commissions:	
Equities percentage of average NAV[1]	0.01
Taxes:	
Equities percentage of average NAV[1]	0.00
Analysis of total sale costs:	
Commissions:	
Equities percentage of average NAV[1]	0.01
Taxes:	
Equities percentage of average NAV[1]	0.01

The average portfolio dealing spread as at 31st December 2018 was 0.23%

[1]Excluding single swing price adjustment.

17. Post Balance Sheet Events

The Operator has applied a 10% threshold to the disclosure of post period end movements in the net asset value per unit of the Sub-fund from the period end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no unit classes where the net asset value per unit has moved by greater than 10%, therefore, there are no post balance sheet events which require disclosure at the period end.

Distribution Tables

For the period ended 31st December 2018

First Interim distribution in pence per unit
Group 1: Units purchased prior to 23rd February 2018
Group 2: Units purchased between 23rd February 2018 and 31st March 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	1st Interim Distribution Paid 2018 Pence per Unit
Income Units			
Group 1	0.7350	–	0.7350
Group 2	0.7350	–	0.7350
Accumulation Units			
Group 1	1.7580	–	1.7580
Group 2	1.7580	–	1.7580

Second Interim distribution in pence per unit
Group 1: Units purchased prior to 1st April 2018
Group 2: Units purchased between 1st April 2018 and 30th June 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	2nd Interim Distribution Paid 2018 Pence per Unit
Income Units			
Group 1	0.9600	–	0.9600
Group 2	0.9600	–	0.9600
Accumulation Units			
Group 1	2.3134	–	2.3134
Group 2	2.3134	–	2.3134

Third Interim distribution in pence per unit
Group 1: Units purchased prior to 1st July 2018
Group 2: Units purchased between 1st July 2018 and 30th September 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	3rd Interim Distribution Paid 2018 Pence per Unit
Income Units			
Group 1	0.8100	–	0.8100
Group 2	0.8100	–	0.8100
Accumulation Units			
Group 1	1.9702	–	1.9702
Group 2	1.9702	–	1.9702

Final distribution in pence per unit
Group 1: Units purchased prior to 1st October 2018
Group 2: Units purchased between 1st October 2018 and 31st December 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	Final Distribution Paid 2019 Pence per Unit
Income Units			
Group 1	0.9100	–	0.9100
Group 2	0.9100	–	0.9100
Accumulation Units			
Group 1	2.2305	–	2.2305
Group 2	2.2305	–	2.2305

Sarasin Income and Reserves Fund

Annual Report and Financial Statements for the period 23.02.2018 to 31.12.2018

Investment Objective of the Sub-fund as set by the Board
The Sub-fund seeks a combined income and capital return over the medium term (3-5 years) of 2% above inflation (CPI) (net of fees). The objective is not guaranteed over the stated period or any other period and there is a risk of loss of capital.

Investment Policy of the Sub-fund
The majority of the Sub-fund is invested in government and corporate bonds with a spread of issuers and credit ratings. The Sub-fund also holds equities directly. The bond content will be split between government and corporate issues and diversified by sector, maturity and credit quality. The lowest average bond quality held by the Sub-fund is A- as rated by Standard & Poor's or equivalent by a comparable credit rating agency. Although, the Sub-fund may own individual positions in non-investment grade and un-rated bonds. The maximum exposure to non-investment grade bonds is 20% of the total fixed interest weighting. The equity content (between 40-100 holdings) is diversified both by investment themes determined by the Investment Manager and by sector and geography. The remainder of the Sub-fund is invested in other regulated and unregulated funds (including funds which are managed by the Operator or the Investment Manager), including investment trusts, ETFs, Real Estate Investment Trusts (REITS) and open-ended investment companies, though the Sub-fund can also choose to hold cash where it would be in the interests of efficient management of the Sub-fund’s assets.

In general, in normal market conditions the Sub-fund’s holdings are expected to consist of around 75% bonds and 20% equities, with the remaining 5% being held in cash or such other investments as the Investment Manager in its discretion decides which will include regulated and unregulated funds (including funds which are managed by the Operator or the Investment Manager) and including investment trusts, ETFs, Real Estate Investment Trusts (REITS) and open-ended investment companies.

The Sub-fund is managed in accordance with a mixture of different benchmark indices as set out below and these are the starting point for investment decisions. However, the Sub-fund is actively managed and the benchmarks do not restrict the choice of stock/asset selection. Derivatives may be used to increase performance and generate income as well as offset risk. Although using derivatives to increase performance may lead to a greater swing in the net asset value of the Sub-fund, appropriate risk monitoring will be employed to avoid a significant increase in the Sub-fund’s risk profile.

The Sub-fund’s investment powers in relation to derivative and warrants means that for regulatory purposes it will be regarded as a high volatility fund. However, the Investment Manager’s expectation is that the use of derivative techniques and investment in warrants will have the overall effect of reducing the volatility of returns, reflecting the investment policy of the Trust generally.

The Sub-fund will normally seek to hedge non-sterling currency exposure back to the benchmark weighting (90%) in Sterling. However, as an actively managed fund, the Investment Manager may take a view on any expected movements in currency resulting in increased, or decreased, hedging. Cross currency hedging is also permissible.

The Sub-fund avoids investment in companies which are materially engaged in certain sectors, including the production or distribution of tobacco, alcohol, armaments, gambling and adult entertainment.

As part of its thematic and stewardship investment process, the Investment Manager integrates material environmental, social and governance (ESG) factors into its consideration of value drivers and risks in the investment process.

Composite Benchmark	**Weighting**
ICE BofAML UK Gilts All Stocks	37.50%
ICE BofAML Sterling Corporate	37.50%
1 Month LIBOR	5.00%
FTSE All-Share Index (5% capped)	10.00%
MSCI All Countries World ex UK	10.00%

In terms of Risk Management, the Operator, together with the Board, will monitor the performance of the Sub-fund and its investments (individually and in relation to one another) on a regular basis.

The Sub-fund is for medium term monies and a small part of the Sub-fund might, from time-to-time, be invested in some relatively illiquid securities. However, monies can be invested/disinvested from the Sub-fund on a daily basis. Consequently, Sarasin & Partners LLP monitors the liquidity of the underlying securities to ensure that any likely withdrawal of monies from the Sub-fund could be met. It should be noted that the Operator has the ability to impose a Dilution Levy on either entry or exit to ensure that the value of unitholders' investments are not harmed by the creation/ cancellation of units.

Investment Manager's Review

Review

Due to a proliferation of challenges faced in 2018, corporate bonds and equities fell although gilts provided a small positive return. The first quarter brought about a sharp sell-off in global equites triggered by a strong jobs growth and wage inflation report from the US which provoked speculation about the likelihood of an accelerated trajectory for interest rate rises. The second and third quarters generated positive equity returns while in the final quarter, global equities fell again. Gilts followed a different trajectory – steady in the first half before falling in the third quarter and recovering in the final quarter as equity investors' risk appetite dissipated.

Performance

Despite a poor year for global equities, strong stock selection helped the fund's equity holdings significantly outperform benchmark returns in 2018. Positioning in the healthcare and utility sectors served the fund well, as investors looked to position themselves defensively in the late cycle environment. Pfizer and the Danish power company, Orsted, were particular beneficiaries of this in final quarter. On the other hand, the fund's disruptive growth stocks had mixed fortunes, resiliently rising through the year until the final quarter then surrendering much of their returns. CME group was a strong performer, which benefitted from the increased market volatility leading to increased trading of derivatives contracts through exchanges, which it operates. Over the long run, the company enjoys structural tailwinds from the growth in exchange traded products.

It is worth noting that Alternative investments mitigated some of the losses in other asset classes. In particular, income focussed funds, such as Sequoia Economic Infrastructure, provided steady returns avoiding the turbulence of other markets and ending the year with a positive contribution.

Fixed income had a mixed year. UK gilt market remained broadly range-bound, the 10 year gilt yielding between 1.15-1.75%, ending the year marginally higher than it began at just below 1.3%. Gilts were on the back foot at the start of 2018, yields rising into February as the synchronised global economic expansion that began in late 2016 appeared to continue. However, a sudden spike in equity market volatility and attendant underperformance, coupled with a synchronised deterioration of economic data in virtually all parts of the world outside the United States, caused gilt yields to retrace lower through the rest of H1. They then sold off in sympathy with US Treasuries in third quarter as the US Federal Reserve continued their policy of steady monetary policy contraction before finally rallying again in final quarter as Brexit anxiety intensified against a deteriorating global economic and financial market environment. All told, the fund's Gilt portfolio returned 1.5% to the portfolio in 2018, in excess of benchmark returns (0.5%).

In contrast, after significant outperformance in 2017, corporate bonds underperformed government bonds in 2018, contributing negatively to fund performance but again, ahead of benchmark. The underperformance was particularly pronounced in the latter part of first quarter, when spreads widened sharply after racing to multi-year tights in the first few weeks of January. Once again, this was repeated in final quarter as risk markets globally came under severe pressure from the deteriorating growth and corporate earnings outlook, exacerbated by rising trade tensions between the US and China. We maintain our view that there are opportunities in the European corporate bonds market, especially once regional political stresses subside.

Within equities, telecommunications were poor performers in 2018. 1&1 Drillisch suffered from aggressive price competition within their domestic German market. Looking beyond this, their access to cheap, regulated capacity may come to an end post 2020, which would compress margins unless pricing pressure abates. Having purchased the shares at €43 & €38 in 2015 & 2016, we began to sell the holding in August 2017 at €57 and August 2018 at €49. With hindsight, we should have sold all of the holding at that time as the share price fell away to €40 at the time of our final sale. The share price is even lower at the time of writing. In the holding period, the fund also enjoyed a very strong dividend. Similarly, the Vodafone share price declined due to a tough regulatory environment, regional idiosyncrasies and Brexit uncertainty.

In terms of transactions, we have sold the remaining holding of UK wind power fund, Greencoat, which will suffer if power prices fall as we expect. Using the proceeds, we bought shares in Danish energy company, Orsted, the world's largest offshore wind energy. Their clearly defined growth strategy to expand offshore wind capacity by 30% by 2025, as well as expand its business in the US, leaves us very positive on their prospects, which are underpinned by thematic drivers.

Within bonds, transactions of note included participating in an RBS senior holdco new issue, a transaction typifying our preference for adding meaningful exposure via the primary market, which affords the possibility of capturing "new issue premium". In the early part of final quarter we sold some Tier 2 Rabobank bonds and bought a green bond of International Finance Corporation, an AAA-rated supranational, as part of a risk management exercise given rising market volatility.

Outlook

Given the denouement of QE (quantitative easing) and that we are almost ten years into the recovery cycle it is reasonable to expect volatility in equity markets to continue. The stimulus of US tax cuts and public spending is likely to ease over time and it is difficult to gauge whether the trade tensions between China and the US will intensify or ease in 2019. Hitherto, developing economies have been particular beneficiaries of free trade and the uncertainties have reduced the pace of investment. All the same, these nations could account for two-thirds of global GDP growth over the next decade, as they adopt new technology across multiple industries.

Absent a Brexit resolution, gilt yields are likely to remain range bound (we have long held that 0.75-1.75% on the 10-year defines the current post-Brexit referendum range). In the event of a positive outcome from Brexit negotiations, they could break out of their post-Brexit ranges, particularly at the front-end of the curve.

The European Central Bank duly concluded its QE programme in December, whilst continuing to guide that rates will remain on hold at least through the middle of 2019. The Bank of Japan continues to expand its balance sheet, albeit at the slowest pace since the programme began in early 2013. The Federal Reserve currently targets a $50bn per month pace of reduction in its balance sheet, although they have recently signalled that this pace may be reduced in response to slowing economic activity and financial market volatility.

The relatively benign medium-term economic and financial market outlook (global recession risk remains relatively low) are somewhat clouded by shorter-term political risk factors and the recent slowdown in activity. On the other hand, the widening in spreads since last January has created opportunities to selectively add credit given our base case expectation that we are currently “late cycle”, but not “very late-cycle” (i.e. recession risk in 2019 remains low).

Richard Maitland
Partner & Head of Charities
Sarasin & Partners LLP
22nd January 2019

Sensitivity analysis

The Sub-fund invests in equities and bonds. The exposure to equity markets is then reduced through the use of short futures and options. Exposure to foreign currencies is also altered through the use of forwards and occasionally options. The level of equity exposure varies over time depending on how positive the operator is; generally the level has been in the range of 10-30%.

Options are used on individual stocks to implement views on specific stocks. Listed options or futures on bond indices are occasionally used to implement yield curve views.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the Sub-fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin funds is the "99% / 20-day VaR" model. To calculate this figure StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The "99% / 20-day VaR" for Sarasin Income & Reserves Fund, as at 31st December 2018, was 3.97%. The lowest, highest, and average utilisation in the period was 3.47%, 4.10%, and 3.73%, respectively.

Top 20 Purchases during the period[1]

UK Treasury 4.50% 07/12/2042
UK Treasury 4.75% 07/03/2020
UK Treasury 4.25% 07/12/2027
UK Treasury 2.75% 07/09/2024
UK Treasury 4.75% 07/12/2030
UK Treasury 4.25% 07/03/2036
UK Treasury 1.25% 22/07/2018
UK Treasury 4.25% 07/06/2032
UK Treasury 3.75% 07/09/2021
UK Treasury 8.00% 07/06/2021
UK Treasury 0.75% 22/07/2023
UK Treasury 1.75% 22/07/2019
BlackRock ICS Sterling Liquidity Heritage 'D' Income
Royal Dutch Shell 'B'
HSBC
Wellcome Trust Finance 4.625% 25/07/2036
AT&T 7.00% 30/04/2040
UK Treasury 3.50% 22/01/2045
Bank Nederlandse Gemeenten 5.75% 18/01/2019
LCR Finance 4.50% 07/12/2028

Top 20 Sales during the period[1]

UK Treasury 4.75% 07/03/2020
UK Treasury 1.25% 22/07/2018
UK Treasury 4.25% 07/06/2032
UK Treasury 3.75% 07/09/2021
UK Treasury 1.75% 22/07/2019
BlackRock ICS Sterling Liquidity Heritage 'D' Income
UK Treasury 3.50% 22/01/2045
Bank Nederlandse Gemeenten 5.75% 18/01/2019
Thames Water Utilities Cayman Finance 1.875% 24/01/2024
UK Treasury 0.75% 22/07/2023
International Bank for Reconstruction & Development 5.40% 07/06/2021
Arqiva Financing 4.04% 30/06/2020
Kreditanstalt fuer Wiederaufbau 1.625% 05/06/2020
Porterbrook Rail Finance 6.50% 20/10/2020
British Telecommunications 9.125% 15/12/2030
Lloyds Bank 2.25% 16/10/2024
Credit Suisse 3.00% 27/05/2022
Scottish Widows 5.50% 16/06/2023
Bank of America 6.125% 15/09/2021
NGG Finance F2V 5.625% 18/06/2073

[1] Excluding money market funds.

Sub-fund Information as at 31st December 2018

Size (Units)	Unit Type	Mid Price	Yield*
118,854,916	Income	106.70 pence	3.67%
5,034,574	Accumulation	187.10 pence	3.62%

Launch Date	23rd February 2018	
Launch Price	Income: 109.00 pence Accumulation: 186.00 pence	
Management Charges	Annual: Initial:	0.75% 0.00%
Unit Types	Income & Accumulation Units	
Accounting Period Ends	Interim: Interim: Interim: Final:	31st March 30th June 30th September 31st December
Initial Minimum Investment:	£1,000	

* The yield shown is the historic yield and is calculated by taking the distribution rate for the last 4 distributions, multiplied by 100 and divided by the mid price of the units.

The Comparative Tables on pages 52 and 53 give the performance of each active unit class in the Sub-fund.

The ‘Return after charges’ disclosed in the Comparative Tables is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the Sub-fund's performance disclosed in the Operator's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the Sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the ‘dealing spread’ – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information as at 31st December 2018 (continued)
Comparative Tables

Income Units

Change in Net Asset Value per Unit

	2018[1] (pence per unit)
Opening net asset value per unit	**109.00**
Return before operating charges*	**1.27**
Operating charges (calculated on average price)	**(0.77)**
Return after operating charges*	**0.50**
Distributions on income units	**(3.91)**
Closing net asset value per unit	**105.59**
* after direct transaction costs of [2]:	**(0.01)**
Performance	
Return after charges[3]	**0.46%**
Other Information	
Closing net asset value (£'000)	**125,497**
Closing number of units	**118,854,916**
Operating charges[4]	**0.82%**
Direct transaction costs	**(0.01)%**
Prices	
Highest unit price	**110.20**
Lowest unit price	**106.10**

[1] Unit class launched 23rd February 2018. The opening net asset value per unit is the Launch Price.
[2] Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution levies that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.
[3] The return after charges is calculated as the return after operating charges per unit divided by the opening net asset value per unit.
[4] Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Sub-fund Information as at 31st December 2018 (continued)
Comparative Tables (continued)

Accumulation Units

Change in Net Asset Value per Unit

	2018[1] (pence per unit)
Opening net asset value per unit	**186.00**
Return before operating charges*	**2.04**
Operating charges (calculated on average price)	**(1.13)**
Return after operating charges*	**0.91**
Distributions	**(6.77)**
Retained distributions on accumulation units	**6.77**
Closing net asset value per unit	**186.91**
* after direct transaction costs of [2]:	**(0.02)**
Performance	
Return after charges[3]	**0.49%**
Other Information	
Closing net asset value (£'000)	**9,410**
Closing number of units	**5,034,574**
Operating charges[4]	**0.82%**
Direct transaction costs	**(0.01)%**
Prices	
Highest unit price	**191.40**
Lowest unit price	**185.00**

[1] Unit class launched 23rd February 2018. The opening net asset value per unit is the Launch Price.
[2] Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution levies that relate to direct transaction costs. A negative transaction cost figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.
[3] The return after charges is calculated as the return after operating charges per unit divided by the opening net asset value per unit.
[4] Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures.

Portfolio Statement as at 31st December 2018

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Sterling Government Bonds 32.02%		
£6,500,000	UK Treasury 4.50% 07/12/2042	9,874,482	7.32
£5,250,000	UK Treasury 4.25% 07/12/2027	6,620,166	4.91
£6,000,000	UK Treasury 2.75% 07/09/2024	6,589,584	4.88
£4,400,000	UK Treasury 4.75% 07/12/2030	6,012,340	4.46
£3,000,000	UK Treasury 4.25% 07/03/2036	4,141,341	3.07
£2,250,000	UK Treasury 8.00% 07/06/2021	2,643,354	1.96
£2,500,000	UK Treasury 4.75% 07/03/2020	2,615,765	1.94
£1,850,000	United Kingdom Gilt 0.75% 22/07/2023	1,836,249	1.36
£700,000	Transport for London 3.875% 23/07/2042	815,669	0.60
£500,000	United Kingdom Gilt 3.50% 22/07/2068	790,786	0.59
£600,000	Affordable Housing Finance 2.893% 11/08/2043	668,442	0.49
£500,000	High Speed Rail Finance 4.375% 01/11/2038	593,559	0.44
		43,201,737	**32.02**
	Sterling Corporate Bonds 30.64%		
£1,000,000	Wellcome Trust Finance 4.625% 25/07/2036	1,316,549	0.98
£1,250,000	Barclays 3.25% 12/02/2027	1,197,146	0.89
£1,200,000	Royal Bank of Scotland 2.875% 19/09/2026	1,148,326	0.85
£1,200,000	Dignity Finance 4.696% 31/12/2049	1,065,444	0.79
£800,000	LCR Finance 4.50% 07/12/2028	1,005,862	0.75
£900,000	Legal & General F2V 5.375% 27/10/2045	925,296	0.69
£950,000	Places for People Treasury 2.875% 17/08/2026	921,611	0.68
£750,000	Manchester Airport 4.75% 31/03/2034	888,905	0.66
£782,484	Tesco Property Finance 5.801% 13/10/2040	885,589	0.66
£800,000	Orange 5.75% Perpetual	836,000	0.62
£700,000	EMH Treasury 4.50% 29/01/2044	824,101	0.61
£850,000	Investec Bank 4.25% 24/07/2028	818,015	0.61
£650,000	Lloyds Bank 7.625% 22/04/2025	805,271	0.60
£700,000	Scottish Widows 7.00% 16/06/2043	802,633	0.59
£600,000	Eastern Power Networks 8.50% 31/03/2025	802,405	0.59
£659,110	UPP Bond 1 Issuer 4.902% 28/02/2040	791,652	0.59
£850,000	AA Bond 2.875% 31/01/2022	789,864	0.59
£800,000	Channel Housing Link Enterprises Finance F2F 3.043% 30/06/2050	786,364	0.58
£800,000	Bazalgette Finance 2.375% 29/11/2027	782,151	0.58
£800,000	Bunzl Finance 2.25% 11/06/2025	774,252	0.57
£622,080	Great Rolling 6.875% 27/07/2035	772,827	0.57
£750,000	Land Securities Capital Markets 2.399% 08/02/2031	747,306	0.55
£800,000	Cadent Finance 2.125% 22/09/2028	747,087	0.55
£750,000	Coventry Building Society 1.875% 24/10/2023	723,010	0.54
£500,000	THFC (Funding No 2) 6.35% 08/07/2041	718,993	0.53
£750,000	RAC Bond 4.87% 06/05/2046	715,962	0.53
£700,000	London & Quadrant Housing Trust 2.625% 05/05/2026	710,984	0.53
£700,000	Segro 2.375% 11/10/2029	660,451	0.49
£600,000	InterContinental Hotels 3.75% 14/08/2025	622,940	0.46
£600,000	A2Dominion Housing 3.50% 15/11/2028	607,319	0.45
£600,000	Prs Finance 1.75% 24/11/2026	605,634	0.45
£500,000	Koninklijke 5.75% 17/09/2029	605,174	0.45
£550,000	Aviva F2F 6.625% 03/06/2041	592,849	0.44
£500,000	HSBC Bank 6.50% 07/07/2023	586,259	0.43

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Sterling Corporate Bonds (continued)		
£550,000	BUPA Finance 5.00% 08/12/2026	575,766	0.43
£550,000	CPUK Finance 3.588% 28/02/2042	570,725	0.42
£500,000	BPCE 5.25% 16/04/2029	562,048	0.42
£600,000	CYBG 4.00% 25/09/2026	557,706	0.41
£550,000	Retail Charity Bond 3.90% 23/11/2029	557,700	0.41
£400,000	Engie 7.00% 30/10/2028	557,684	0.41
£600,000	Northumbrian Water Finance 1.625% 11/10/2026	556,724	0.41
£500,000	Unite (USAF) 3.921% 30/06/2025	548,000	0.41
£510,963	WoDS Transmission 3.446% 24/08/2034	547,280	0.41
£500,000	Prudential F2V 5.70% 19/12/2063	536,712	0.40
£477,034	Greater Gabbard Ofto 4.137% 29/11/2032	535,373	0.40
£500,000	New York Life Global Funding 1.75% 15/12/2022	501,364	0.37
£500,000	Places for People Treasury 3.625% 22/11/2028	500,867	0.37
£400,000	United Utilities Water 5.625% 20/12/2027	499,305	0.37
£500,000	Retail Charity Bond 4.50% 20/06/2026	491,500	0.36
£500,000	SSE 3.875% Perpetual	491,375	0.36
£500,000	Go-Ahead 2.50% 06/07/2024	479,806	0.36
£500,000	HSBC F2V 2.256% 13/11/2026	475,355	0.35
£500,000	Electricite de France 5.875% Perpetual	467,472	0.35
£400,000	Arqiva Financing 5.34% 30/06/2030	463,840	0.34
£400,000	John Lewis 8.375% 08/04/2019	405,970	0.30
£369,000	A2D Funding II 4.50% 30/09/2026	405,032	0.30
£300,000	University of Manchester 4.25% 04/07/2053	399,036	0.30
£350,000	Motability Operations 5.375% 28/06/2022	394,469	0.29
£300,000	ENEL Finance International 5.625% 14/08/2024	339,316	0.25
£300,000	Prudential F2V 5.625% 20/10/2051	299,278	0.22
£200,000	SSE 8.375% 20/11/2028	290,416	0.22
£300,000	Catalyst Housing 3.125% 31/10/2047	290,279	0.22
£220,000	Retail Charity Bond 5.00% 29/07/2021	238,260	0.18
£200,000	Alpha Plus 5.00% 31/03/2024	207,916	0.15
		41,330,805	**30.64**
	Overseas Bonds 10.20%		
£900,000	AT&T 7.00% 30/04/2040	1,245,285	0.92
£1,000,000	International Finance 1.25% 15/12/2023	994,944	0.74
£700,000	Heathrow Funding 5.875% 13/05/2043	951,164	0.71
£700,000	Innogy Finance 6.125% 06/07/2039	939,699	0.70
£950,000	Verizon Communications 3.375% 27/10/2036	928,169	0.69
£750,000	Bank Nederlandse Gemeenten 5.375% 07/06/2021	824,145	0.61
£700,000	SNCF Reseau 5.50% 01/12/2021	783,142	0.58
£800,000	Deutsche Bahn Finance 1.375% 07/07/2025	782,857	0.58
£700,000	Thames Water Utilities Cayman Finance 3.50% 25/02/2028	726,931	0.54
£700,000	Banco Santander 2.75% 12/09/2023	693,395	0.52
£600,000	Temasek Financial 4.625% 26/07/2022	665,471	0.49
£600,000	Digital Stout 4.25% 17/01/2025	634,861	0.47
£500,000	Comcast 5.50% 23/11/2029	628,776	0.47
IDR11,000,000,000	Inter-American Development Bank 7.875% 14/03/2023	598,399	0.44
£600,000	Credit Suisse F2F 2.125% 12/09/2025	568,876	0.42
£500,000	Deutsche Bank 1.75% 16/12/2021	476,639	0.35

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Overseas Bonds (continued)		
USD550,000	Greenko Dutch 5.25% 24/07/2024	387,043	0.29
£400,000	AA Bond 4.875% 31/07/2043	380,242	0.28
INR33,100,000	International Finance 6.45% 10/08/2020	368,294	0.27
USD250,000	Indian Railway Finance 3.835% 13/12/2027	180,617	0.13
		13,758,949	**10.20**
	UK Equities 8.85%		
161,816	HSBC	1,046,626	0.77
42,091	Royal Dutch Shell 'B'	983,667	0.73
21,660	Unilever	889,901	0.66
40,423	Admiral	823,417	0.61
11,694	Reckitt Benckiser	702,926	0.52
41,896	Compass	689,190	0.51
11,460	AstraZeneca	672,014	0.50
255,047	BT	607,139	0.45
117,680	BP	583,634	0.43
15,415	Rio Tinto	574,902	0.43
1,101,037	Lloyds Banking	570,007	0.42
170,836	DS Smith	510,800	0.38
194,461	Standard Life	498,890	0.37
339,989	Man	452,185	0.33
28,829	GlaxoSmithKline	429,898	0.32
90,748	Barratt Developments	419,619	0.31
64,187	SSP	415,547	0.31
28,786	Prudential	403,580	0.30
263,186	Vodafone	402,411	0.30
28,371	IMI	267,822	0.20
		11,944,175	**8.85**
	Global Equities 9.71%		
421	Givaudan	762,854	0.57
5,434	NextEra Energy	741,671	0.55
17,385	Total	720,607	0.53
19,932	Pfizer	682,971	0.51
5,262	Air Products & Chemicals	661,303	0.49
21,800	Bridgestone	660,242	0.49
9,403	Novartis	629,256	0.47
132,731	Enel	600,683	0.44
33,829	Swedbank 'A'	591,402	0.44
19,983	Taiwan Semicoductor Manufacturing ADR	578,810	0.43
12,770	Bank of Nova Scotia	498,765	0.37
3,357	CME	495,827	0.37
9,177	Orsted	480,374	0.36
4,373	Union Pacific	474,486	0.35
53,378	ING Groep	450,840	0.33
2,946	Amgen	450,458	0.33
9,403	Colgate-Palmolive	439,437	0.33
4,002	Air Liquide	387,946	0.29
1,207	BlackRock	372,458	0.28

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Global Equities (continued)		
4,663	JPMorgan Chase	357,780	0.26
8,724	KAR Auction Services	326,876	0.24
1,850	Credicorp	322,225	0.24
21,374	SES	319,906	0.24
25,769	Sonic Healthcare	314,796	0.23
2,387	Apple	295,995	0.22
1,328	Roche	257,399	0.19
1,374	Costco Wholesale	219,790	0.16
(106)	SES Call Option 18.5 18/01/2019[1]	(1,332)	–
		13,093,825	**9.71**
	UK Property 0.21%		
265,742	Civitas Social Housing	**283,015**	**0.21**
	Global Property 1.13%		
41,362	Sarasin IE Global Real Estate Equity 'I' GBP Income[2]	691,366	0.51
1,676	Equinix	464,045	0.35
4,257	Crown Castle International	363,129	0.27
		1,518,540	**1.13**
	Alternatives 1.93%		
650,000	TwentyFour Income	724,750	0.54
439,826	Sequoia Economic Infrastructure Income	499,202	0.37
503,984	SQN Asset Finance Income	485,841	0.36
298,464	International Public Partnerships	457,247	0.34
400,000	Alcentra European Floating Rate Income	397,600	0.29
36,549	Greencoat UK Wind	45,906	0.03
		2,610,546	**1.93**
	Global Collective Investment Schemes 1.47%		
80,000	Neuberger Berman Emerging Market Debt Blend	775,200	0.58
6,400	Ashmore SICAV Emerging Markets Short Duration 'Z' Income	613,184	0.45
181,681	CF Morant Wright Nippon Yield 'B' Income	595,458	0.44
		1,983,842	**1.47**
	Forward Currency Contracts 0.01%		
USD (2,651,000)	Sold USD, Bought GBP 2,090,447 for settlement on 20/03/2019	**16,415**	**0.01**
	Total Value of Investments 96.17%		
		129,741,849	**96.17**
	Net Other Assets	5,165,466	3.83
	Net Assets	**134,907,315**	**100.00**

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

[1]Derivative Instruments
[2]Related Party Investments

Portfolio Statement as at 31st December 2018 (Continued)

Asset Allocation of Portfolio of Investments is as follows:

Bonds	98,291,491	72.86
Collective Investment Schemes	3,399,959	2.52
Derivatives	(1,332)	–
Equities	28,035,316	20.78
Forward Currency Contracts	16,415	0.01
Net Other Assets	5,165,466	3.83
	134,907,315	**100.00**

Debt Security Allocation is as follows:

Percentage of Debt Securities investment grade and above	95.21%
Percentage of Debt Securities below investment grade (sub BBB- or unrated)	4.79%
	100.00%

Statement of Total Return
For the period ended 31st December 2018

	Notes	£	23.02.2018 to 31.12.2018[1] £
Income			
Net capital losses	2		(1,519,364)
Revenue	3	3,475,002	
Expenses	4	(1,028,387)	
Interest payable and similar charges	6	(6)	
Net revenue before taxation		**2,446,609**	
Taxation	5	(17,860)	
Net revenue after taxation for the period			**2,428,749**
Total return before distributions			**909,385**
Distributions	6		(4,689,191)
Changes in net assets attributable to unitholders from investment activities			**(3,779,806)**

Statement of Changes in Net Assets Attributable to Unitholders
For the period ended 31st December 2018

	£	23.02.2018 to 31.12.2018[1] £
Opening net assets attributable to unitholders		**–**
Movement due to sales and repurchases of units:		
Amounts received on issue of units	19,831,380	
Amounts received on in-specie transactions	148,064,519	
Amounts paid on cancellation of units	(29,623,475)	
		138,272,424
Dilution levy		20,899
Changes in net assets attributable to unitholders from investment activities (see above)		(3,779,806)
Retained distribution on accumulation units		393,798
Closing net assets attributable to unitholders		**134,907,315**

The notes on pages 61 to 70 form part of these Financial Statements.

[1]There are no comparative figures shown as the sub-fund launched 23rd February 2018.

Balance Sheet as at 31st December 2018

	Notes	31.12.2018[1] £
Assets		
Fixed assets:		
Investments		129,743,181
Current assets:		
Debtors	8	1,170,422
Cash and bank balances	9	5,252,339
Total assets		136,165,942
Investment liabilities		(1,332)
Creditors:		
Bank overdrafts	9	(6,947)
Distribution payable on income units		(1,155,270)
Other creditors	10	(95,078)
Total liabilities		(1,258,627)
Net assets attributable to unitholders		**134,907,315**

The notes on pages 61 to 70 form part of these Financial Statements.

[1] There are no comparative figures shown as the Sub-fund launched on 23rd February 2018.

Certification of Accounts by Directors

The Directors are of the opinion that it is appropriate to adopt the going concern basis in the preparation of the Financial Statements as the assets of the Sub-fund consist predominantly of securities that are readily realisable and, accordingly, the Sub-fund has adequate resources to continue in operational existence for at least the next twelve months from the approval of these financial statements.

C. Bell
Director
Sarasin Investment Funds Limited
4th April 2019

S.A.M. Jeffries
Director
Sarasin Investment Funds Limited
4th April 2019

Notes

Notes to the financial statements
For the period ended 31st December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 16 and 17.

2. Net Capital Losses

	23.02.2018 to 31.12.2018 £
Net capital losses comprise:	
Non-derivative securities realised gains	5,367
Non-derivative securities unrealised losses	(1,321,081)
Derivative securities realised losses	(31,794)
Derivative securities unrealised gains	6,408
Forward currency contracts realised losses	(155,511)
Forward currency contracts unrealised gains	16,415
Currency losses	(39,341)
Management fee rebates	619
Derivative charges	(446)
	(1,519,364)

3. Revenue

	23.02.2018 to 31.12.2018 £
UK dividends	591,606
Overseas dividends	557,389
Bank Interest	5,417
Interest on debt securities	2,166,326
Unfranked PID[1] revenue	4,183
Franked PID[1] revenue	5,666
Option premium	20,051
Franked CIS[2] revenue	19,427
Offshore dividend CIS[2] revenue	11,643
Offshore interest CIS[2] revenue	93,294
	3,475,002

[1]Property Income Dividend
[2]Collective Investment Scheme

4. Expenses

	23.02.2018 to 31.12.2018 £
Payable to the Operator, associates of the Operator, and agents of either of them:	
Management fees	930,360
	930,360
Other Expenses	
Fixed operating charge	92,490
Professional fees	5,537
	98,027
Total Expenses	**1,028,387**

[1] The Audit fee was £7,018 plus VAT.

5. Taxation

	23.02.2018 to 31.12.2018 £
a) Analysis of tax charge in period	
Overseas tax	17,860
Total tax for the period	**17,860**

b) As the Trust is a Charity Authorised Investment Fund, it is exempt from United Kingdom tax on capital gains realised on the disposal of investments held within the Sub-fund and any UK corporation tax.

The Sub-fund is also excluded from the normal tax rules which apply to revenue allocations to units and payments on redemption of units made to unitholders in an authorised unit trust scheme. For the purposes of the Sub-fund, revenue of the Sub-fund is not considered to be dividends in the hands of the unitholders and therefore no income tax is payable in respect of the revenue allocated to each unit.

In addition, any gains on the redemption of units in the Sub-fund are not to be treated as chargeable gains for Capital Gains Tax purposes and therefore no Capital Gains Tax is payable on redemption of units.

6. Distribution

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units, and comprise:

	23.02.2018 to 31.12.2018 £
First interim	1,079,752
Second interim	1,484,531
Third interim	1,416,614
Final	1,241,109
	5,222,006
Add: Revenue deducted on cancellation of units	100,376
Deduct: Revenue received on creation of units	(52,548)
Deduct: Reserve transferred from predecessor fund	(580,643)
Net distributions for the year	**4,689,191**
Interest payable and similar charges	6
	4,689,197

7. Movement between Net Revenue and Distribution

	23.02.2018 to 31.12.2018 £
Net revenue after tax	2,428,749
Less: Undistributed revenue Reserve carried forward	(60)
Add: Benefit of coupon basis distribution	1,232,115
Add: Expenses payable from capital	1,028,387
Net Distribution for the period	**4,689,191**

8. Debtors

	31.12.2018 £
Accrued revenue	1,109,737
Overseas tax recoverable	60,061
Property income distribution tax recoverable	442
Fee rebate receivable	182
	1,170,422

9. Cash and Bank Balances

	31.12.2018
	£
Cash and bank balances	5,238,201
Cash held at clearing houses	14,138
	5,252,339
Bank overdrafts	(6,947)
	5,245,392

10. Other Creditors

	31.12.2018
	£
Accrued expenses	95,078
	95,078

11. Contingent Assets/(Liabilities)

The Sub-fund had no contingent asset or liability as at 31st December 2018.

12. Equalisation

Equalisation is not applied to distributions paid by the Sub-fund.

13. Units in Issue

The Sub-fund currently has two unit classes: Income and Accumulation. The annual management charge on each unit class can be found on page 51. The net asset value of each unit class, the net asset value per unit and the number of units in each class are given in the comparative tables on pages 52 and 53. The distribution per unit class is given in the distribution tables on pages 71 and 72. All classes have the same rights on winding up and have no par value.

	Income Units	**Accumulation Units**
Opening units	–	–
Units created	140,757,440	8,182,028
Units liquidated	(21,902,523)	(3,147,455)
Units converted	(1)	1
Closing units	118,854,916	5,034,574

14. Related Parties

Sarasin & Partners LLP and Sarasin Investment Funds Limited, together with Natwest Trustee and Depositary Services Limited as Corporate Trustee, are deemed to be Related Parties, by virtue of their ability to act in respect of the Sub-fund's operations.

Sarasin & Partners LLP acts as principal on all transactions of units in the Sub-fund. The aggregate monies received through creations and liquidations are disclosed in the statement of change in net assets attributable to unitholders.

Management fees are paid to Sarasin Investment Funds Limited and are shown in note 4.

14. Related Parties (continued)

Amounts due to Related Parties at the period end:

	31.12.2018
	£
Management fees	(86,378)
	(86,378)

At the period ended, the sub-fund held units in the following Collective Investment Schemes, managed by associated companies of Sarasin Investment Funds Limited:

		31.12.2018
		£
Sarasin IE Global Real Estate Equity 'I' GBP Income		
	Shares	41,362
	Bid Market Value (£)	691,366

No initial charges were applied to the purchases of these Collective Investment Schemes.

At period end, Sarasin Income and Reserves held no units in any other sub-fund or collective investment scheme managed by associated companies of Sarasin Investment Funds.

15. Risk Management Policies and Disclosures

Financial Instruments
In pursuing its investment objectives as stated on page 47, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments, other than derivatives, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments and the Operator's policies for managing these risks are summarised below, a sensitivity analysis of the Sub-fund is provided on page 50. These policies have been applied throughout the period.

Market Price Risk
Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-funds hold. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements. The Sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the Operator in pursuance of the investment objectives and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in The Charities (Accounts and Reports) Regulations 2008 mitigates the risk of excessive exposure to any particular type of security or issuer.

Derivative Risk
Derivatives are comprised of forward foreign currency contracts, futures and options contracts. Forward foreign currency contracts are used to manage currency risk arising from the Sub-fund's investment activities (and related financing). Open positions at the balance sheet date, which are all covered, are included in the portfolio statement. Gains/(losses) on forward foreign exchange transactions are taken to capital. Futures contracts are used to reduce the risks associated with the market risk of the equity portfolio and to align the Sub-fund's exposures to market movements with that of the Sub-fund's benchmarks.

The Sub-fund is able to use traded options for Efficient Portfolio Management purposes only, thus always hedging up to the amount of stock which is physically owned. The purpose of undertaking these contracts is to protect the Portfolio from a downturn in the market as far as possible.

15. Risk Management Policies and Disclosures (continued)

Currency Risk
Currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

A proportion of the Sub-fund's investment portfolios are invested in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The Operator may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to sterling on or near the date of receipt.

Currency exposure as at 31st December 2018

	Monetary Exposure £	Non-Monetary Exposure £	Total £	%
Australian Dollar	–	314,796	314,796	0.23
Canadian Dollar	613	498,765	499,378	0.37
Danish Kroner	–	480,374	480,374	0.36
Euro	26,771	2,478,649	2,505,420	1.86
Indian Rupee	–	368,294	368,294	0.27
Indonesian Rupiah	–	598,399	598,399	0.44
Japanese Yen	–	660,242	660,242	0.49
Swedish Krona	–	591,402	591,402	0.44
Swiss Franc	32,674	1,649,509	1,682,183	1.25
US Dollar	5,531	5,740,889	5,746,420	4.26
	65,589	**13,381,319**	**13,446,908**	**9.97**
Sterling	5,099,877	116,360,530	121,460,407	90.03
	5,165,466	**129,741,849**	**134,907,315**	**100.00**

Credit Risk
Certain transactions in securities that the Sub-fund enters into exposes it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the Operator as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities.

This risk is managed by appraising the credit profile of financial instruments and issuers in line with the Sub-fund's investment objective and policy.

Exposure to counterparties through derivative positions and the collateral held at the balance sheet date can be seen on page 68.

Liquidity Risk
The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any units over and above the cash holdings that investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

Interest Rate Risk
Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. The Sub-fund invests in fixed and floating rate securities. The revenue of the Sub-fund may be affected by changes to interest rates relevant to particular securities or as a result of the Operator being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

15. Risk Management Policies and Disclosures (continued)

Interest Rate Risk Profile of the Sub-fund's Assets and Liabilities:

31st December 2018	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Australian Dollar	–	–	314,796	314,796
Canadian Dollar	–	–	499,378	499,378
Danish Kroner	–	–	480,374	480,374
Euro	6,947	–	2,506,752	2,513,699
Indian Rupee	–	368,294	–	368,294
Indonesian Rupiah	–	598,399	–	598,399
Japanese Yen	–	–	660,242	660,242
Sterling	13,743,484	88,253,516	20,713,755	122,710,755
Swedish Krona	–	–	591,402	591,402
Swiss Franc	–	–	1,682,183	1,682,183
US Dollar	5,531	567,660	7,247,261	7,820,452
	13,755,962	**89,787,869**	**34,696,143**	**138,239,974**

31st December 2018	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	6,947	–	1,332	8,279
Sterling	–	–	1,250,348	1,250,348
US Dollar	–	–	2,074,032	2,074,032
	6,947	**–**	**3,325,712**	**3,332,659**

Fair Value of Financial Assets and Liabilities
The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

Valuation technique as at 31st December 2018

Financial Assets	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Total £**
Collective Investment Schemes	724,750	2,675,209	–	3,399,959
Debt Securities	41,124,067	57,167,424	–	98,291,491
Equities	28,035,316	–	–	28,035,316
Forward Currency Contracts	–	16,415	–	16,415
	69,884,133	**59,859,048**	**–**	**129,743,181**
Financial Liabilities				
Options	(1,332)	–	–	(1,332)
	(1,332)	**–**	**–**	**(1,332)**

15. Risk Management Policies and Disclosures (continued)

Level 1
The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

Level 2
Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3
Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

The valuation technique has been disclosed under note 1m Accounting Policies on page 17.

Counterparty Risk
During the period, the Sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the Sub-fund. The counterparties to these transactions and any collateral held by the Sub-Fund at the balance sheet date are shown below:

Counterparty Name as at 31st December 2018	Exposure £
The Bank of New York Mellon	16,415

Positive exposure represents the mark to market value of derivative contracts and the sub-fund’s exposure to that counterparty.

16. Portfolio Transaction Costs

	23.02.2018 to 31.12.2018 £
Analysis of total purchase costs:	
Purchases in period before transaction costs	
Bonds	135,052,915
Collective Investment Schemes	5,490,855
Corporate Actions	1,063,629
Derivatives	185,265
Equities	34,880,281
Total purchases	**176,672,945**
Commissions:	
Bonds total value paid	**–**
Collective Investment Schemes total value paid	**–**
Derivatives total value paid	**–**
Equities total value paid	1,542
Taxes:	
Bonds total value paid	**–**
Collective Investment Schemes total value paid	**–**
Derivatives total value paid	**–**
Equities total value paid	1
Total purchase costs	**1,543**
Gross purchase costs	**176,674,488**
Analysis of total sale costs:	
Gross sales in period before transaction costs	
Bonds	34,652,999
Collective Investment Schemes	2,678,194
Corporate Actions	1,063,629
Derivatives	152,067
Equities	5,658,368
Total sales	**44,205,257**
Commissions:	
Equities total value paid	(2,004)
Taxes:	
Equities total value paid	(3)
Total sales costs	**(2,007)**
Total sales net of transaction costs	**44,203,250**

16. Portfolio Transaction Costs (continued)

	23.02.2018 to 31.12.2018 %
Analysis of total purchase costs:	
Commissions:	
Equities percentage of average NAV[1]	–
Taxes:	
Equities percentage of average NAV[1]	–
Analysis of total sale costs:	
Commissions:	
Equities percentage of average NAV[1]	–
Taxes:	
Equities percentage of average NAV[1]	–

[1]Excluding single swing price adjustment.

The average portfolio dealing spread as at 31st December 2018 was 0.39%.

17. Post Balance Sheet Events

The Operator has applied a 10% threshold to the disclosure of post period end movements in the net asset value per unit of the Sub-fund from the period end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no unit classes where the net asset value per unit has moved by greater than 10%, therefore, there are no post balance sheet events which require disclosure at the period end.

Distribution Tables

For the period ended 31st December 2018

First Interim distribution in pence per unit
Group 1: Units purchased prior to 23rd February 2018
Group 2: Units purchased between 23rd February 2018 and 31st March 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	1st Interim Distribution Paid 2018 Pence per Unit
A-Class Distribution Units			
Group 1	0.8091	–	0.8091
Group 2	0.8091	–	0.8091
A-Class Accumulation Units			
Group 1	1.3814	–	1.3814
Group 2	1.3814	–	1.3814

Second Interim distribution in pence per unit
Group 1: Units purchased prior to 1st April 2018
Group 2: Units purchased between 1st April 2018 and 30th June 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	2nd Interim Distribution Paid 2018 Pence per Unit
A-Class Distribution Units			
Group 1	1.0806	–	1.0806
Group 2	1.0806	–	1.0806
A-Class Accumulation Units			
Group 1	1.8586	–	1.8586
Group 2	1.8586	–	1.8586

Third Interim distribution in pence per unit
Group 1: Units purchased prior to 1st July 2018
Group 2: Units purchased between 1st July 2018 and 30th September 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	3rd Interim Distribution Paid 2018 Pence per Unit
A-Class Distribution Units			
Group 1	1.0499	–	1.0499
Group 2	1.0499	–	1.0499
A-Class Accumulation Units			
Group 1	1.8238	–	1.8238
Group 2	1.8238	–	1.8238

Final distribution in pence per unit
Group 1: Units purchased prior to 1st October 2018
Group 2: Units purchased between 1st October 2018 and 31st December 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	Final Distribution Paid 2019 Pence per Unit
A-Class Distribution Units			
Group 1	0.9720	–	0.9720
Group 2	0.9720	–	0.9720
A-Class Accumulation Units			
Group 1	1.7050	–	1.7050
Group 2	1.7050	–	1.7050

Sarasin Climate Active Endowments Fund

Annual Report and Financial Statements for the period 16.02.2018 to 31.12.2018

Investment Objective of the Sub-fund as set by the Board
The investment objective of the Sub-fund is to seek a combined income and capital return over the long term (5 years plus) of 4.5% above inflation (CPI) (net of fees). The objective is not guaranteed over the stated period or any other period and there is a risk of loss of capital.

Investment Policy of the Sub-fund
To achieve the Sub-fund's Investment Objective, the Sub-fund will be invested in equities from a variety of major world markets. The equity content (roughly, between 60-100 holdings) is diversified both by investment themes determined by the Investment Manager and by sector and geography. The Sub-fund also holds bonds directly. The bond content is split between government and corporate issues and diversified by sector, maturity and credit quality. The lowest average bond quality held by the Sub-fund is A, as rated by Standard & Poor's or equivalent by a comparable credit rating agency. Although the Sub-fund may own individual positions in non-investment grade and un-rated bonds, the maximum exposure to non-investment grade bonds is 20% of the total fixed interest weighting. The remainder of the Sub-fund is invested in other regulated and unregulated funds, (including funds which are managed by the Operator or the Investment Manager) including investment trusts, ETFs, Real Estate Investment Trusts (REITS) and open-ended investment companies, though the Sub-fund can also choose to hold cash where it would be in the interests of efficient management of the Sub-fund's assets.

In general, in normal market conditions the Sub-fund's holdings are expected to consist of around 70% equities, 17.5% bonds and 7.5% property funds, with the remaining 5% being held in cash or such other investments as the Investment Manager in its discretion decides which will include regulated and unregulated funds (including funds which are managed by the Operator or the Investment Manager) and including investment trusts, ETFs, Real Estate Investment Trusts (REITS) and open-ended investment companies.

The Sub-fund is managed in accordance with a mixture of different benchmark indices as set out below and these are the starting point for investment decisions. However the Sub-fund is actively managed and the benchmarks do not restrict the choice of stock/asset selection.

The Sub-fund can make use of an 'income reserve' account to smooth income payments to unitholders.

Derivatives may be used to increase performance and generate income as well as offset risk. Although using derivatives to increase performance may lead to a greater swing in the net asset value of the Sub-fund, appropriate risk monitoring will be employed to avoid a significant increase in the Sub-fund's risk profile.

The Sub-fund's investment powers in relation to derivative and warrants means that for regulatory purposes it will be regarded as a high volatility fund. However, the Investment Manager's expectation is that the use of derivative techniques and investment in warrants will have the overall effect of reducing the volatility of returns, reflecting the investment policy of the Trust generally.

The Sub-fund will normally seek to hedge non-sterling currency exposure back to the benchmark weighting (71.5%) in Sterling. As an actively managed fund, the Investment Manager may take a view on any expected movements in currency resulting in increased, or decreased, hedging. Cross currency hedging is also permissible.

The Sub-fund avoids investment in companies which are materially engaged in certain sectors, including thermal coal, the extraction of fossil fuel from tar sands, tobacco, alcohol, armaments, gambling and adult entertainment.

As part of its thematic and stewardship investment process, the Investment Manager integrates material environmental, social and governance (ESG) factors into its consideration of value drivers and risks in the investment process. As such the Investment Manager considers investments in assets and securities that are likely to benefit from the move towards a lower carbon economy, as well as evaluating entities that may be harmed.

In addition, the Investment Manager will engage with investee companies whose activities could significantly impact climate change, where this poses material risk to shareholder capital. These engagements are expected to be focused on a small number of companies and to target three to five companies per year, prioritising those companies where the Investment Manager believes there are core strategic issues that impede long-term value creation for shareholders and that its engagement can effect change.

Following such engagement, qualitative judgments will be considered on a regular basis by an advisory panel appointed by the Investment Manager. If the Investment Manager believes that an investee company is not addressing sufficiently material risks associated with the transition to a low-carbon economy, and this puts the Sub-fund's capital at risk, the Sub-fund will disinvest from the relevant investee company.

Composite Benchmark	**Weighting**
ICE BofAML UK Gilts All Stocks	9.00%
ICE BofAML Sterling Corporate	8.50%
FTSE All-Share Index (5% capped)	20.00%
MSCI All Countries World ex UK (Local Currency)	25.00%
MSCI All Countries World ex UK	25.00%
MSCI All Balanced Property Fund Index*	4.00%
S&P Developed Property	3.50%
1 Month LIBOR	5.00%

*Formerly known as IPD All Balanced Property Fund Index.

Investment Manager's Review

Review

The sub-fund was launched in February 2018 and has grown in size to approximately £170m by the end of 2018. Due to a proliferation of challenges faced in 2018, almost all markets - equities and bonds – finished down for the year. The first quarter brought about a sharp sell-off in global equites triggered by a strong jobs growth and wage inflation report from the US. This provoked speculation about the likelihood of an accelerated trajectory for interest rate rises but no sooner had markets recovered their poise than President Trump's trade war agenda caused another spasm of anxiety. Whilst the steady withdrawal of central bank stimulus lead by the US and Europe coupled with rising trade tensions continued to dominate sentiment, the second and third quarters generated positive returns with some of the more highly valued areas of the market, such as US technology names, proving to be the most rewarding. In the final quarter, global equities were badly shaken due to a combination of factors. The most prominent of which was poor forward guidance from the US Federal Reserve that spooked equity markets. This was especially significant given that US equities had been the main driver or returns prior to this. Overall, the sub-fund lost ground since inception in February but outperformed benchmark returns after taking fees into account.

Performance

Despite a poor year for global equities, strong stock selection helped the sub-fund's equity holdings significantly outperform benchmark returns in 2018. Positioning in the healthcare and utility sectors served the sub-fund well, as investors looked to position themselves defensively in the late cycle environment. Pfizer and the Danish power company, Orsted, which continues to expand its wind energy business, were particular beneficiaries of this in fourth quarter. On the other hand, the sub-fund's disruptive growth stocks had mixed fortunes, resiliently rising through the year until the final quarter then surrendering much of their returns. We trimmed the sub-fund's holding in August and October and overall, Amazon.com was one of the top contributors to sub-fund performance in 2018 - up 28%. We remain optimistic about the investment case for Amazon.com given its dominant position in the consumer facing industry, continued innovation and focussing on its customers. CME group was a strong performer, which benefitted from the increased market volatility leading to increased trading of derivatives contracts through exchanges, which it operates. Over the long run, the company enjoys structural tailwinds from the growth in exchange traded products.

It is worth noting that Alternative investments mitigated some of the losses in other asset classes. In particular, income focussed funds, such as Sequoia Economic Infrastructure, provided steady returns avoiding the turbulence of other markets and ending the year with a positive contribution. In addition, gold had an excellent fourth quarter, serving its purpose as a safe haven in times of volatility.

Fixed income had a mixed year in 2018. After a tough third quarter, government bonds had a better final quarter as investors reduced risk exposure and they were one of the few assets to finish the year ahead. However, the spread between government bonds and those of corporate bond indices widened and the sub-fund's corporate bonds returned only a marginally positive return since inception. We maintain our view that there are opportunities in the European corporate bonds market, especially once regional political stresses subside.

Telecommunications were poor performers in 2018. 1&1 Drillisch suffered from aggressive price competition within their domestic German market. Looking beyond this, their access to cheap, regulated capacity may come to an end post 2020, which would compress margins unless pricing pressure abates. We began to sell the holding in April at €57 (having bought initially within the Sarasin Endowments Fund at €34 in 2016). With hindsight, we should have sold all of the holding in the Spring as the share price fell away to €40 at the time of our final sale. The share price is even lower at the time of writing. Similarly, the Vodafone share price declined due to a tough regulatory environment, regional idiosyncrasies and Brexit uncertainty.

Our climate stress test analysis signalled material risks for Oil and Gas companies in decarbonisation scenarios. These risks are principally a function of reducing oil consumption outlooks in Paris aligned scenarios. Using discounted cash flow analysis that incorporates Paris aligned assumptions, BP and Total are forecast to destroy significant amounts of shareholder capital. As such, our conclusion was to divest from BP and Total but to continue to hold Shell as an engagement target. We continue to retain Shell as an engagement target for the following reasons:

1) Our stress test analysis shows Shell as best placed to navigate the energy transition, due to a combination of its existing commodity mix being more skewed towards less carbon-intensive gas than oil;

2) Our assessment that the Shell management team is further advanced than peers in aligning the company with a zero net emissions trajectory, as evidenced by the Board's explicit commitment to reduce emissions (including those associated with use of its products) in line with the Paris Accord (its "Net Carbon Footprint Ambition"), and its continued capital discipline; and

3) Positive progress with our Shell engagement.

The outcome of our stress testing and engagement considerations also saw the Sub-fund divest from the industrial gas producer, Air Products in the year. We determined that Air Products shareholder capital was at risk under Paris aligned scenarios, driven by a lack of confidence that company management was sufficiently engaged in consideration of the three factors identified below:

1) The company has material exposure to the fossil fuel industry, an industry that as previously highlighted faces existential demand challenges in Paris aligned scenarios;

2) It has an exceptionally high emissions intensity that points towards increased risk in a carbon pricing scenario; and

3) Most importantly, its capital allocation policy is heavily weighted towards coal gasification – a technology that is incompatible with a Paris aligned scenarios.

These were the largest sales. Using the proceeds, we have increased our position in Air Liquide, who, in contrast to Air Products, are concentrating on renewable energy and hydrogen production. Aside from this, there was the notable addition of Schneider Electric, which designs and services components and systems used in industrial automation. After years of stagnating revenue growth, Schneider Electric is uniquely positioned to benefit from the efficiency drivers associated with urbanisation, digitisation and energy contribution. Finally, in December we invested in Tesco, which we believe is undervalued at present given the uncertainty around Brexit.

Outlook

Given the denouement of QE (quantitative easing) and that we are almost ten years into the recovery cycle, it is reasonable to expect volatility in markets to continue. The stimulus of US tax cuts and public spending is likely to ease over time and it is difficult to gauge whether the trade tensions between China and the US will intensify or ease in 2019. Hitherto, developing economies have been particular beneficiaries of free trade and the uncertainties have reduced the pace of investment. All the same, these nations could account for two-thirds of global GDP growth over the next decade, as they adopt new technology across multiple industries.

The 2018 final quarter rally in core bond markets – i.e. US Treasuries, German Bunds and UK Gilts - reminded us that bonds as an asset class still have a role to play in portfolios if you want to limit volatility. All the same, bonds are likely to be an impediment to overall returns whilst there is insufficient income to compensate for capital loss. We still expect to add most value from equities and we hold the view that the outlook remains strong for good quality companies operating in the right areas of the global economy despite the challenges ahead. Our analysts are still finding many genuine thematic growth opportunities that stand out in a slower growth world.

Overall, 2018 was a good lesson reminding investors that equity investing remains risky, in particular following almost a decade of supportive monetary policy leading virtually all major asset classes higher. This environment is now shifting in earnest, and investors should be reminded that the period of ultra-low volatility during 2017 marked the calmest equity market in more than a decade. While the sometimes violent market moves, we observed during the year look extraordinary compared to the prior year, they are actually not too dissimilar from the norm. In terms of future prospects, this leads to opportunities as valuations of quality companies become embroiled in market sell offs, notwithstanding, the periods of loss in final quarter of 2018. We maintain that our long-term thematic view of sectors and companies should perform well over extended periods as short-term market gyrations wash out.

Richard Maitland
Partner & Head of Charities
Sarasin & Partners LLP
22nd January 2019

Sensitivity analysis
The Sub-fund invests in equities and bonds. The exposure to equity markets is then reduced through the use of short futures and options. Exposure to foreign currencies is also altered through the use of forwards and occasionally options. The level of equity exposure varies over time depending on how positive the operator is; generally, the level has been in the range of 70-75%.

Options are used on individual stocks to implement views on specific stocks.

The Value at Risk (VaR) is a statistical technique used to measure and quantify the level of risk within an investment portfolio over a specific timeframe.

The Value at Risk (VaR) is independently calculated by StatPro Risk who evaluates the volatility and correlation of the Fund's holdings over a period of 2 years. StatPro calculate historical price variations of each asset on a daily basis over this period using a historical simulation methodology with full repricing.

The VaR statistic adopted for Sarasin Funds is the “99% / 20-day VaR” model. To calculate this figure, StatPro rank the distribution and then calculate the VaR figure based on the 99th percentile. This is intended to show, with a 99% degree of confidence, the maximum amount that might be lost over a 20-day period.

The “99% / 20-day VaR” for Sarasin Climate Active Endowments Fund, as at 31 December 2018, was 5.53%. The lowest, highest, and average utilisation in the period was 4.27%, 5.84%, and 5.01%, respectively.

Top 20 Purchases during the period[1]
Sarasin IE Global Real Estate Equity 'I' GBP Income
HSBC
Royal Dutch Shell ‘B’
Source Physical Gold
JPMorgan Chase
CF Morant Wright Nippon Yield 'B' Income
3M
NextEra Energy
CME
Taiwan Semiconductor Manufacturing
Pfizer
ING Groep
Sonic Healthcare
Givaudan
Amgen
Enel
Bank of Nova Scotia
Apple
GlaxoSmithKline
BlackRock

Top 20 Sales during the period[1]
Total
Air Products & Chemicals
BP
TJX
Source Physical Gold
Legget & Platt
3M
1&1 Drillisch
Crown Castle International
Service Corp International
Amazon.com
National Grid
Scentre
Kimberley-Clark
ENN Energy
GlaxoSmithKline
Shimano
UK Treasury 1.25% 22/07/2018
HSBC
Apple

[1] Excluding money market funds.

Sub-fund Information as at 31st December 2018

Size (Units)	Unit Type	Mid Price	Yield*
171,781,634	Income	97.60 pence	3.50%
648,973	Accumulation	239.10 pence	3.49%

Launch Date	16th February 2018	
Launch Price	Income: 101.70 pence Accumulation: 243.10 pence	
Management Charges	Annual: Initial:	0.75% 0.00%
Unit Types	Income & Accumulation Units	
Accounting Period Ends	Interim: Interim: Interim: Final:	31st March 30th June 30th September 31st December
Initial Minimum Investment:	£1,000	

* The yield shown is the historic yield and is calculated by taking the distribution rate for the last two distributions, multiplied by 100 and divided by the mid price of the units.

The Comparative Tables on pages 79 and 80 give the performance of each active unit class in the sub-fund.

The ‘Return after charges’ disclosed in the Comparative Tables is calculated as the return after operating charges per unit divided by the opening net asset value per unit. It differs from the sub-fund's performance disclosed in the Operator's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the ‘dealing spread’ – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

Sub-fund Information as at 31st December 2018 (continued)
Comparative Tables

Income Units

Change in Net Asset Value per Unit

	2018[1] (pence per unit)
Opening net asset value per unit	**101.70**
Return before operating charges*	**(0.58)**
Operating charges (calculated on average price)	**(0.80)**
Return after operating charges*	**(1.38)**
Distributions on income units	**(3.42)**
Closing net asset value per unit	**96.90**
* after direct transaction costs of :	**0.04**
Performance	
Return after charges[2]	**(1.36)%**
Other Information	
Closing net asset value (£'000)	**166,456**
Closing number of units	**171,781,634**
Operating charges[3]	**0.91%**
Direct transaction costs	**0.03%**
Prices	
Highest unit price	**106.50**
Lowest unit price	**96.65**

[1] Unit class launched 16th February 2018. The opening net asset value per unit is the Launch Price.
[2] The return after charges is calculated as the return after operating charges per unit divided by the opening net asset value per unit.
[3] Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included in the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion. For Sarasin Climate Active Endowments Fund, 0.09% of the Operating Charges was made up of synthetic cost.

Sub-fund Information as at 31st December 2018 (continued)
Comparative Tables (continued)

Accumulation Units

Change in Net Asset Value per Unit

	2018[1] (pence per unit)
Opening net asset value per unit	243.10
Return before operating charges*	33.87
Operating charges (calculated on average price)	(37.24)
Return after operating charges*	(3.37)
Distributions	(8.27)
Retained distributions on accumulation units	8.27
Closing net asset value per unit	239.73
* after direct transaction costs of :	(0.00)
Performance	
Return after charges[2]	(1.39)%
Other Information	
Closing net asset value (£'000)	1,556
Closing number of units	648,973
Operating charges[3]	0.91%
Direct transaction costs	0.03%
Prices	
Highest unit price	258.90
Lowest unit price	236.90

[1] Unit class launched 16th February 2018. The opening net asset value per unit is the Launch Price.
[2] The return after charges is calculated as the return after operating charges per unit divided by the opening net asset value per unit.
[3] Operating charges, otherwise known as the OCF is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included in the OCF are synthetic costs which include the OCF of the underlying funds weighted on the basis of their investment proportion. For Sarasin Climate Active Endowments Fund, 0.09% of the Operating Charges was made up of synthetic cost.

Portfolio Statement as at 31st December 2018

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Sterling Government Bonds 6.36%		
£1,100,000	United Kingdom Gilt 4.25% 07/12/2049	1,730,737	1.03
£1,360,000	UK Treasury 3.75% 07/09/2019	1,387,166	0.82
£950,000	UK Treasury 4.25% 07/03/2036	1,311,425	0.78
£850,000	UK Treasury 4.75% 07/12/2030	1,161,475	0.69
£750,000	UK Treasury 4.50% 07/12/2042	1,139,363	0.68
£1,000,000	UK Treasury 2.75% 07/09/2024	1,098,264	0.65
£650,000	UK Treasury 4.25% 07/12/2027	819,640	0.49
£450,000	UK Treasury 4.25% 07/06/2032	598,791	0.36
£500,000	UK Treasury 8.00% 07/06/2021	587,412	0.35
£250,000	Affordable Housing Finance 2.893% 11/08/2043	278,517	0.17
£200,000	Transport for London 3.875% 23/07/2042	233,048	0.14
£200,000	Network Rail Infrastructure Finance 3.00% 07/09/2023	216,192	0.13
£100,000	High Speed Rail Finance 4.375% 01/11/2038	118,712	0.07
		10,680,742	**6.36**
	Sterling Corporate Bonds 5.51%		
£250,000	Wellcome Trust Finance 4.625% 25/07/2036	329,137	0.20
£200,000	Centrica 7.00% 19/09/2033	278,136	0.17
£244,527	Tesco Property Finance 5.801% 13/10/2040	276,747	0.16
£200,000	University of Manchester 4.25% 04/07/2053	266,024	0.16
£250,000	A2Dominion Housing 3.50% 15/11/2028	253,049	0.15
£200,000	CPUK Finance 7.239% 28/02/2042	240,871	0.14
£200,000	Northumbrian Water Finance 6.875% 06/02/2023	238,222	0.14
£200,000	Arqiva Financing 5.34% 30/06/2030	231,920	0.14
£200,000	Scottish Widows 7.00% 16/06/2043	229,324	0.14
£200,000	ENEL Finance International 5.625% 14/08/2024	226,211	0.13
£200,000	BPCE 5.25% 16/04/2029	224,819	0.13
£250,000	Dignity Finance 4.696% 31/12/2049	221,967	0.13
£200,000	Unite (USAF) 3.921% 30/06/2025	219,200	0.13
£150,000	THFC (Funding No 2) 6.35% 08/07/2041	215,698	0.13
£200,000	Orange 5.75% Perpetual	209,000	0.12
£200,000	Prs Finance 1.75% 24/11/2026	201,878	0.12
£198,412	Connect Plus M25 2.607% 31/03/2039	199,148	0.12
£200,000	Channel Housing Link Enterprises Finance F2F 3.043% 30/06/2050	196,591	0.12
£200,000	Bazalgette Finance 2.375% 29/11/2027	195,538	0.12
£173,467	Greater Gabbard Ofto 4.137% 29/11/2032	194,682	0.12
£200,000	Places for People Treasury 2.875% 17/08/2026	194,023	0.12
£200,000	Bunzl Finance 2.25% 11/06/2025	193,563	0.12
£155,520	Great Rolling 6.875% 27/07/2035	193,207	0.12
£200,000	Coventry Building Society 1.875% 24/10/2023	192,803	0.12
£200,000	Anglian Water Services Financing 1.625% 10/08/2025	192,582	0.11
£200,000	Investec Bank 4.25% 24/07/2028	192,474	0.11
£200,000	Barclays 3.25% 12/02/2027	191,543	0.11
£200,000	Aviva F2F 5.125% 04/06/2050	190,580	0.11
£180,868	WoDS Transmission 3.446% 24/08/2034	190,359	0.11
£150,000	Royal Bank of Scotland 6.375% 07/12/2028	187,985	0.11
£200,000	Electricite de France 5.875% Perpetual	186,989	0.11
£200,000	London & Quadrant Housing Trust 2.75% 20/07/2057	171,675	0.10
£150,000	Bank of America 6.125% 15/09/2021	166,443	0.10

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Sterling Corporate Bonds (continued)		
£120,000	Eastern Power Networks 8.50% 31/03/2025	160,481	0.10
£150,000	Royal Bank of Scotland 2.875% 19/09/2026	143,541	0.09
£100,000	Engie 7.00% 30/10/2028	139,421	0.08
£100,000	United Utilities Water 5.625% 20/12/2027	124,826	0.07
£100,000	Lloyds Bank 7.625% 22/04/2025	123,888	0.07
£100,000	Manchester Airport 4.75% 31/03/2034	118,521	0.07
£100,000	EMH Treasury 4.50% 29/01/2044	117,729	0.07
£94,159	UPP Bond 1 Issuer 4.902% 28/02/2040	113,094	0.07
£100,000	Motability Operations 3.75% 16/07/2026	111,016	0.07
£100,000	Prudential F2V 5.70% 19/12/2063	107,342	0.06
£100,000	Legal & General F2V 5.375% 27/10/2045	102,811	0.06
£100,000	Kreditanstalt fuer Wiederaufbau 1.625% 05/06/2020	100,823	0.06
£100,000	Prudential F2V 5.625% 20/10/2051	99,759	0.06
£100,000	Retail Charity Bond 4.50% 20/06/2026	98,300	0.06
£100,000	RAC Bond 4.87% 06/05/2046	95,462	0.06
£100,000	AA Bond 2.875% 31/01/2022	92,925	0.06
£100,000	University of Southampton 2.25% 11/04/2057	85,832	0.05
£50,000	SSE 8.375% 20/11/2028	72,604	0.04
£50,000	Alpha Plus 5.00% 31/03/2024	51,979	0.03
£50,000	Retail Charity Bond 4.375% 29/07/2021	51,900	0.03
£30,000	Retail Charity Bond 4.40% 30/04/2025	30,658	0.02
£20,000	Retail Charity Bond 5.00% 29/07/2021	21,660	0.01
		9,256,960	**5.51**
	Overseas Bonds 2.28%		
£200,000	E.ON International Finance 5.875% 30/10/2037	259,060	0.15
£250,000	Deutsche Bahn Finance 1.375% 07/07/2025	244,643	0.15
INR20,500,000	International Finance 6.45% 10/08/2020	228,097	0.14
£200,000	Digital Stout 4.25% 17/01/2025	211,620	0.13
£150,000	AT&T 7.00% 30/04/2040	207,547	0.12
IDR3,780,000,000	Inter-American Development Bank 7.875% 14/03/2023	205,632	0.12
£150,000	Innogy Finance 6.125% 06/07/2039	201,364	0.12
£200,000	International Finance 1.25% 15/12/2023	198,989	0.12
£200,000	Banco Santander 2.75% 12/09/2023	198,113	0.12
£200,000	Verizon Communications 3.375% 27/10/2036	195,404	0.12
£170,000	SNCF Reseau 5.50% 01/12/2021	190,192	0.11
£200,000	Credit Suisse F2F 2.125% 12/09/2025	189,625	0.11
£150,000	Comcast 5.50% 23/11/2029	188,633	0.11
USD200,000	Greenko Dutch 5.25% 24/07/2024	140,743	0.08
£100,000	Electricite de France 5.50% 17/10/2041	124,262	0.07
£100,000	Heathrow Funding 4.625% 31/10/2046	118,245	0.07
£100,000	Thames Water Utilities Cayman Finance 4.375% 03/07/2034	111,068	0.07
£100,000	Rabobank Nederland 4.625% 23/05/2029	107,182	0.06
£100,000	GE Capital UK Funding 4.125% 13/09/2023	101,404	0.06
£100,000	BASF 1.75% 11/03/2025	98,823	0.06
£100,000	ABN AMRO Bank 1.375% 07/06/2022	98,099	0.06
£100,000	AA Bond 4.875% 31/07/2043	95,061	0.06
£50,000	Tennessee Valley Authority 5.625% 07/06/2032	68,848	0.04

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Overseas Bonds (continued)		
USD70,000	Southern Power 4.15% 01/12/2025	54,465	0.03
		3,837,119	**2.28**
	UK Equities 18.13%		
128,762	Royal Dutch Shell 'B'	3,009,168	1.79
410,345	HSBC	2,654,111	1.58
35,570	AstraZeneca	2,085,825	1.24
46,526	Unilever	1,911,521	1.14
112,288	GlaxoSmithKline	1,674,439	1.00
88,276	Compass	1,452,140	0.86
100,454	Prudential	1,408,365	0.84
37,204	Rio Tinto	1,387,523	0.83
2,560,445	Lloyds Banking	1,325,542	0.79
17,870	Reckitt Benckiser	1,074,166	0.64
47,857	Associated British Foods	977,719	0.58
620,515	Vodafone	948,767	0.56
193,988	Barratt Developments	897,001	0.53
272,623	DS Smith	815,143	0.48
48,481	RELX	783,695	0.47
52,855	Smith & Nephew	773,797	0.46
16,012	London Stock Exchange	650,087	0.39
15,274	InterContinental Hotels	646,396	0.38
270,009	BT	642,756	0.38
45,542	Halma	616,639	0.37
15,159	Carnival	569,978	0.34
275,991	Tesco	524,659	0.31
371,707	Man	494,370	0.29
75,510	SSP	488,852	0.29
60,013	3i	464,141	0.28
296,577	Barclays	446,348	0.27
73,726	Sage	442,946	0.26
81,033	Howden Joinery	352,980	0.21
59,204	Just Eat	347,409	0.21
35,299	IMI	333,223	0.20
104,202	Standard Life	267,330	0.16
		30,467,036	**18.13**
	Global Equities 48.99%		
85,071	Pfizer	2,914,964	1.73
19,571	CME	2,890,625	1.72
20,761	NextEra Energy	2,833,609	1.69
34,278	JPMorgan Chase	2,630,061	1.57
15,564	Amgen	2,379,816	1.42
1,304	Givaudan	2,362,855	1.41
513,326	Enel	2,323,091	1.38
78,268	Taiwan Semicoductor Manufacturing ADR	2,267,043	1.35
168,431	Sonic Healthcare	2,057,567	1.22
13,630	Mastercard 'A'	2,018,815	1.20
11,153	Credicorp	1,942,580	1.16

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Global Equities (continued)		
36,780	Orsted	1,925,266	1.15
11,784	Costco Wholesale	1,885,014	1.12
48,252	Bank of Nova Scotia	1,884,606	1.12
24,216	Texas Instruments	1,796,806	1.07
16,357	Union Pacific	1,774,791	1.06
99,755	Swedbank 'A'	1,743,927	1.04
201,163	ING Groep	1,699,057	1.01
11,033	3M	1,650,099	0.98
5,246	BlackRock	1,618,821	0.96
12,243	Apple	1,518,166	0.90
769,600	BDO Unibank	1,500,767	0.89
12,916	Ecolab	1,494,325	0.89
22,246	Novartis	1,488,719	0.89
1,764	Alphabet 'C'	1,436,269	0.85
31,900	Shionogi & Co	1,430,481	0.85
29,978	Colgate-Palmolive	1,400,982	0.83
211,600	AIA	1,379,336	0.82
35,642	KAR Auction Services	1,335,455	0.79
13,757	Air Liquide	1,333,576	0.79
42,406	Umicore	1,318,866	0.79
17,095	Henkel	1,309,612	0.78
10,850	Deere & Co	1,270,462	0.76
1,070	Amazon.com	1,262,988	0.75
10,146	ASML	1,248,540	0.74
13,868	Marriott International 'A'	1,181,981	0.70
27,374	Citigroup	1,118,517	0.67
21,466	Fresenius Medical Care	1,088,603	0.65
34,800	Bridgestone	1,053,964	0.63
472,200	Samsonite International	1,053,652	0.63
5,329	Roche	1,032,893	0.61
11,797	Walt Disney	1,015,750	0.60
13,811	First Republic Bank	942,783	0.56
45,496	CRH	941,767	0.56
16,029	Schneider Electric	859,204	0.51
7,646	Alibaba ADR	822,833	0.49
52,513	SES	785,964	0.47
43,400	Mitsui Fudosan	759,243	0.45
5,383	ServiceNow	751,912	0.45
9,732	United Parcel Service	745,183	0.44
396,192	Oakley Capital Investments	689,374	0.41
19,780	Zions Bancorporation	632,569	0.38
443	Booking	599,264	0.36
18,800	Tencent	591,632	0.35
18,622	Service Corp International	588,079	0.35
15,872	Activision Blizzard	580,744	0.35
3,684	Unibail-Rodamco-Westfield	447,722	0.27
15,691	Cinemark	441,186	0.26
277,217	Chenavari Capital Solutions	212,071	0.13
85,338	Bluefield Solar Income	104,539	0.06

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Global Equities (continued)		
(29)	Simon Property Call Option 185 18/01/2019[1]	(410)	–
(242)	SES Call Option 18.5 18/01/2019[1]	(3,041)	–
(45)	CME Call Option 190 15/03/2019[1]	(23,320)	(0.01)
(3)	Amazon Put Option 1600 18/01/2019[1]	(26,712)	(0.02)
		82,315,903	**48.99**
	UK Property 2.66%		
1,420,568	Mayfair Property Income Trust for Charities	1,257,629	0.75
905,856	Charities Property Fund	1,160,311	0.69
713,331	Civitas Social Housing	759,698	0.45
593,426	COIF Charities Property	720,300	0.43
397,073	AEW UK Core Property	563,962	0.34
		4,461,900	**2.66**
	Global Property 4.79%		
286,893	Sarasin IE Global Real Estate Equity 'I' GBP Income[2]	4,795,408	2.85
4,520	Equinix	1,251,482	0.75
12,348	Crown Castle International	1,053,303	0.63
6,253	Boston Properties	552,489	0.33
2,923	Simon Property	385,572	0.23
		8,038,254	**4.79**
	Alternatives 5.01%		
20,960	Source Physical Gold	2,053,704	1.22
171,941	Neuberger Berman Uncorrelated Strategies 'I5' GBP Accumulation	1,748,640	1.04
1,415,349	SQN Asset Finance Income	1,364,396	0.81
87,705	Sarasin IE Systematic Absolute Return UK 'I' Income[2]	796,536	0.48
650,805	Sequoia Economic Infrastructure Income	738,664	0.44
572,892	TwentyFour Income	638,775	0.38
416,647	International Public Partnerships	638,303	0.38
374,859	Alcentra European Floating Rate Income	372,610	0.22
53,337	Greencoat UK Wind	66,991	0.04
		8,418,619	**5.01**
	Global Collective Investment Schemes 1.60%		
762,877	CF Morant Wright Nippon Yield 'B' Income	2,500,329	1.49
2,030	Ashmore SICAV Emerging Markets Short Duration 'Z' Income	194,494	0.11
		2,694,823	**1.60**
	Forward Currency Contracts 0.16%		
USD (43,642,500)	Sold USD, Bought GBP 34,414,304 for settlement on 20/03/2019	270,229	0.16
EUR (5,522,000)	Sold EUR, Bought GBP 5,005,030 for settlement on 20/03/2019	35,575	0.02
CHF (3,288,000)	Sold CHF, Bought GBP 2,653,111 for settlement on 20/03/2019	25,489	0.02
USD 3,200,000	Bought USD, Sold GBP 2,519,209 for settlement on 20/03/2019	(15,662)	(0.01)

Portfolio Statement as at 31st December 2018 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
	Forward Currency Contracts (continued)		
JPY (369,060,000)	Sold JPY, Bought GBP 2,594,538 for settlement on 20/03/2019	(52,863)	(0.03)
		262,768	**0.16**
	Total Value of Investments 95.49%		
		160,434,124	**95.49**
	Net Other Assets	7,577,891	4.51
	Net Assets	**168,012,015**	**100.00**

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

[1]Derivative Instruments
[2]Related Party Investments

Asset Allocation of Portfolio of Investments is as follows:

Bonds	23,774,822	14.15
Collective Investment Schemes	16,430,089	9.78
Derivatives	(53,483)	(0.03)
Equities	120,019,928	71.43
Forward Currency Contracts	262,768	0.16
Net Other Assets	7,577,891	4.51
	168,012,015	**100.00**

Debt Security Allocation is as follows:

Percentage of Debt Securities investment grade and above	95.45%
Percentage of Debt Securities below investment grade (sub BBB- or unrated)	4.55%
	100.00%

Statement of Total Return
For the period ended 31st December 2018

	Notes	£	16.02.2018 to 31.12.2018[1] £
Income			
Net capital losses	2		(7,908,269)
Revenue	3	3,327,213	
Expenses	4	(901,369)	
Interest payable and similar charges	6	(747)	
Net revenue before taxation		**2,425,097**	
Taxation	5	(174,189)	
Net revenue after taxation for the period			**2,250,908**
Total return before distributions			**(5,657,361)**
Distributions	6		(1,442,370)
Changes in net assets attributable to unitholders from investment activities			**(7,099,731)**

Statement of Changes in Net Assets Attributable to Unitholders
For the period ended 31st December 2018

	£	16.02.2018 to 31.12.2018[1] £
Opening net assets attributable to unitholders		**–**
Movement due to sales and repurchases of units:		
Amounts received on issue of units	100,209,861	
Amounts received on in-specie transactions	84,683,766	
Amounts paid on cancellation of units	(9,796,418)	
		175,097,209
Changes in net assets attributable to unitholders from investment activities (see above)		(7,099,731)
Retained distribution on accumulation units		14,537
Closing net assets attributable to unitholders		**168,012,015**

The notes on pages 89 to 98 form part of these Financial Statements.

[1]There are no comparative figures shown as the sub-fund launched 16th February 2018.

Balance Sheet as at 31st December 2018

	Notes	31.12.2018[1] £
Assets		
Fixed assets:		
Investments		160,556,132
Current assets:		
Debtors	8	529,357
Cash and bank balances	9	8,775,496
Total assets		169,860,985
Investment liabilities		(122,008)
Creditors:		
Bank overdrafts	9	(46,791)
Distribution payable on income units		(1,563,213)
Other creditors	10	(116,958)
Total liabilities		(1,848,970)
Net assets attributable to unitholders		**168,012,015**

The notes on pages 89 to 98 form part of these Financial Statements.

[1]There are no comparative figures shown as the Sub-fund launched on 16th February 2018.

Certification of Accounts by Directors

The Directors are of the opinion that it is appropriate to adopt the going concern basis in the preparation of the Financial Statements as the assets of the Sub-fund consist predominantly of securities that are readily realisable and, accordingly, the Sub-fund has adequate resources to continue in operational existence for at least the next twelve months from the approval of these financial statements.

C. Bell
Director
Sarasin Investment Funds Limited
4th April 2019

S.A.M. Jeffries
Director
Sarasin Investment Funds Limited
4th April 2019

Notes

Notes to the financial statements
For the period ended 31st December 2018

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 16 and 17.

2. Net Capital Losses

	16.02.2018 to 31.12.2018 £
Net capital losses comprise:	
Non-derivative securities realised gains	653,280
Non-derivative securities unrealised losses	(5,840,823)
Derivative securities realised gains	82,211
Derivative securities unrealised gains	18,827
Forward currency contracts realised losses	(2,083,649)
Forward currency contracts unrealised gains	262,769
Currency losses	(1,005,143)
Management fee rebates	4,397
Transaction charges	(138)
	(7,908,269)

3. Revenue

	16.02.2018 to 31.12.2018 £
UK dividends	850,933
Overseas dividends	1,484,815
Bank Interest	165
Interest on debt securities	389,633
Unfranked PID[1] revenue	5,202
Franked PID[1] revenue	14,521
Option premium	337,512
Franked CIS[2] revenue	50,039
Unfranked CIS[2] revenue	115,751
Offshore dividend CIS[2] revenue	45,424
Offshore interest CIS[2] revenue	33,218
	3,327,213

[1]Property Income Dividend
[2]Collective Investment Scheme

4. Expenses

	16.02.2018 to 31.12.2018 £
Payable to the Operator, associates of the Operator, and agents of either of them:	
Management fees	794,648
	794,648
Payable to the Trustee, associates of the Trustee, and agents of either of them:	
	–
Other Expenses	
Fixed operating charge	82,410
Set-up costs	24,311
	106,721
Total Expenses	**901,369**

[1] The Audit fee was £7,018 plus VAT.

5. Taxation

	16.02.2018 to 31.12.2018 £
a) Analysis of tax charge in period	
Overseas tax	174,189
Total tax for the period	**174,189**

b) As the Trust is a Charity Authorised Investment Fund, it is exempt from United Kingdom tax on capital gains realised on the disposal of investments held within the Sub-fund and any UK corporation tax.

The Sub-fund is also excluded from the normal tax rules which apply to revenue allocations to units and payments on redemption of units made to unitholders in an authorised unit trust scheme. For the purposes of the Sub-fund, revenue of the Sub-fund is not considered to be dividends in the hands of the unitholders and therefore no income tax is payable in respect of the revenue allocated to each unit.

In addition, any gains on the redemption of units in the Sub-fund are not to be treated as chargeable gains for Capital Gains Tax purposes and therefore no Capital Gains Tax is payable on redemption of units.

6. Distribution

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units, and comprise:

	16.02.2018 to 31.12.2018 £
First interim	670,442
Second interim	984,738
Third interim	1,239,554
Final	1,577,687
	4,472,421
Add: Revenue deducted on cancellation of units	171,177
Deduct: Revenue received on creation of units	(1,741,564)
Deduct: Reserve transferred from predecessor fund	(1,459,664)
Net distributions for the year	**1,442,370**
Interest payable and similar charges	747
	1,443,117

7. Movement between Net Revenue and Distribution

	16.02.2018 to 31.12.2018 £
Net revenue after tax	2,250,908
Less: Undistributed revenue Reserve carried forward	(1,889,181)
Add: Benefit of coupon basis distribution	179,274
Add: Expenses payable from capital	901,369
Net Distribution for the period	**1,442,370**

8. Debtors

	31.12.2018 £
Accrued revenue	493,240
Overseas tax recoverable	34,948
Fee rebate receivable	1,169
	529,357

9. Cash and Bank Balances

	31.12.2018 £
Cash and bank balances	8,459,900
Cash held at clearing houses	315,596
	8,775,496
Bank overdrafts	(46,791)
	8,728,705

10. Other Creditors

	31.12.2018 £
Accrued expenses	116,958
	116,958

11. Contingent Assets/(Liabilities)

The Sub-fund had no contingent asset or liability as at 31st December 2018.

12. Equalisation

Equalisation is not applied to distributions paid by the Sub-fund.

13. Units in Issue

The Sub-fund currently has two unit classes: Income and Accumulation. The annual management charge on each unit class can be found on page 78. The net asset value of each unit class, the net asset value per unit and the number of units in each class are given in the comparative tables on pages 79 and 80. The distribution per unit class is given in the distribution tables on pages 99 and 100. All classes have the same rights on winding up and have no par value.

	Income Units	**Accumulation Units**
Opening units	–	–
Units created	181,177,972	649,074
Units liquidated	(9,396,338)	(101)
Units converted	–	–
Closing units	171,781,634	648,973

14. Related Parties

Sarasin & Partners LLP and Sarasin Investment Funds Limited, together with NatWest Trustee and Depositary Services Limited as Corporate Trustee, are deemed to be Related Parties, by virtue of their ability to act in respect of the Sub-fund's operations.

Sarasin & Partners LLP acts as principal on all transactions of units in the Sub-fund. The aggregate monies received through creations and liquidations are disclosed in the statement of change in net assets attributable to unitholders.

Management fees are paid to Sarasin Investment Funds Limited and are shown in note 4.

Amount due to Related Parties at the period end:

	31.12.2018 £
Management fees	105,822
	105,822

14. Related Parties (continued)

At the period end, the sub-fund held units in the following Collective Investment Schemes, managed by associated companies of Sarasin Investment Funds Limited:

		31.12.2018 £
Sarasin IE Global Real Estate Equity 'I' GBP Income		
	Shares	286,893
	Bid Market Value (£)	4,795,408

At period end, BNY (OCS) Nominees Limited owned 31.68% units in the Sub-fund on behalf of multiple beneficiaries. St. Hilda's College owned 27.86% units in the Sub-fund on behalf of multiple beneficiaries.

15. Risk Management Policies and Disclosures

Financial Instruments
In pursuing its investment objectives as stated on page 74, the Sub-fund holds a number of financial instruments. The Sub-fund's financial instruments, other than derivatives, comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Sub-fund's financial instruments and the Operator's policies for managing these risks are summarised below, a sensitivity analysis of the Sub-fund is provided on page 77. These policies have been applied throughout the period.

Market Price Risk
Market price risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Sub-funds hold. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements. The Sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the Operator in pursuance of the investment objectives and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in The Charities (Accounts and Reports) Regulations 2008 mitigates the risk of excessive exposure to any particular type of security or issuer.

Derivative Risk
Derivatives are comprised of forward foreign currency contracts, futures and options contracts. Forward foreign currency contracts are used to manage currency risk arising from the Sub-fund's investment activities (and related financing). Open positions at the balance sheet date, which are all covered, are included in the portfolio statement. Gains/(losses) on forward foreign exchange transactions are taken to capital. Futures contracts are used to reduce the risks associated with the market risk of the equity portfolio and to align the Sub-fund's exposures to market movements with that of the Sub-fund's benchmarks.

The Sub-fund is able to use traded options for Efficient Portfolio Management purposes only, thus always hedging up to the amount of stock which is physically owned. The purpose of undertaking these contracts is to protect the Portfolio from a downturn in the market as far as possible.

Currency Risk
Currency risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

A proportion of the Sub-fund's investment portfolios are invested in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The Operator may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to sterling on or near the date of receipt.

15. Risk Management Policies and Disclosures (continued)

Currency exposure as at 31st December 2018

	Monetary Exposure £	Non-Monetary Exposure £	Total £	%
Australian Dollar	–	2,057,566	2,057,566	1.22
Canadian Dollar	1,078	1,884,606	1,885,684	1.12
Danish Kroner	–	1,925,266	1,925,266	1.15
Euro	19,361	7,441,740	7,461,101	4.44
Hong Kong Dollar	–	3,024,621	3,024,621	1.80
Indian Rupee	–	228,097	228,097	0.14
Indonesian Rupiah	–	205,632	205,632	0.12
Japanese Yen	–	596,287	596,287	0.36
Philippine Peso	2,413	1,500,767	1,503,180	0.89
Swedish Krona	–	1,743,927	1,743,927	1.04
Swiss Franc	13,469	2,256,845	2,270,314	1.35
US Dollar	23,045	21,543,279	21,566,324	12.84
	59,366	**44,408,633**	**44,467,999**	**26.47**
Sterling	7,518,525	116,025,491	123,544,016	73.53
	7,577,891	**160,434,124**	**168,012,015**	**100.00**

Credit Risk
Certain transactions in securities that the Sub-fund enters into exposes it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Sub-fund has fulfilled its responsibilities. The Sub-fund only buys and sells investments through brokers which have been approved by the Operator as an acceptable counterparty. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities.

This risk is managed by appraising the credit profile of financial instruments and issuers in line with the Sub-fund's investment objective and policy.

Exposure to counterparties through derivative positions and the collateral held at the balance sheet date can be seen on page 96.

Liquidity Risk
The Sub-fund's assets comprise mainly of readily realisable securities. The main liability of the Sub-fund is the redemption of any units over and above the cash holdings that investors wish to sell. Assets of the Sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

15. Risk Management Policies and Disclosures (continued)

Interest Rate Risk
Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. The Sub-fund invests in fixed and floating rate securities. The revenue of the Sub-fund may be affected by changes to interest rates relevant to particular securities or as a result of the Operator being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Interest Rate Risk Profile of the Sub-fund's Assets and Liabilities:

31st December 2018	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Australian Dollar	–	–	2,057,566	2,057,566
Canadian Dollar	–	–	1,885,684	1,885,684
Danish Kroner	–	–	1,925,266	1,925,266
Euro	46,791	–	12,433,597	12,480,388
Hong Kong Dollar	–	–	3,024,621	3,024,621
Indian Rupee	–	228,097	–	228,097
Indonesian Rupiah	–	205,632	–	205,632
Japanese Yen	–	–	3,243,687	3,243,687
Philippine Peso	2,413	–	1,500,767	1,503,180
Sterling	10,321,960	21,527,171	95,894,265	127,743,396
Swedish Krona	–	–	1,743,927	1,743,927
Swiss Franc	–	–	4,897,936	4,897,936
US Dollar	23,045	195,208	55,542,588	55,760,841
	10,394,209	**22,156,108**	**184,149,904**	**216,700,221**

31st December 2018	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	46,791	–	4,972,496	5,019,287
Japanese Yen	–	–	2,647,400	2,647,400
Sterling	–	–	4,199,380	4,199,380
Swiss Franc	–	–	2,627,622	2,627,622
US Dollar	–	–	34,194,517	34,194,517
	46,791	**–**	**48,641,415**	**48,688,206**

15. Risk Management Policies and Disclosures (continued)

Fair Value of Financial Assets and Liabilities
The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

Valuation technique as at 31st December 2018

	Level 1	Level 2	Level 3	Total
Financial Assets	**£**	**£**	**£**	**£**
Collective Investment Schemes	638,775	15,791,314	–	16,430,089
Debt Securities	9,834,272	13,940,550	–	23,774,822
Equities	120,019,928	–	–	120,019,928
Forward Currency Contracts	–	331,293	–	331,293
	130,492,975	**30,063,157**	**–**	**160,556,132**
Financial Liabilities				
Forward Currency Contracts	–	(68,525)	–	(68,525)
Options	(53,483)	–	–	(53,483)
	(53,483)	**(68,525)**	**–**	**(122,008)**

Level 1
The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

Level 2
Valuation techniques using observable Inputs other than quoted prices within Level 1 (i.e., developed using market data).

Level 3
Valuation techniques using unobservable Inputs (i.e., for which market data is unavailable).

The valuation technique has been disclosed under note 1m Accounting Policies on page 17.

Counterparty Risk
During the period, the Sub-fund made use of 'Over The Counter' (OTC) Derivative Instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments.

In order to reduce this risk, collateral may be held by the Sub-fund. The counterparties to these transactions and any collateral held by the Sub-fund at the balance sheet date are shown below:

Counterparty Name as at 31st December 2018	Exposure £
The Bank of New York Mellon	331,293

Positive exposure represents the mark to market value of derivative contracts and the sub-fund's exposure to that counterparty.

16. Portfolio Transaction Costs

	16.02.2018 to 31.12.2018 £
Analysis of total purchase costs:	
Purchases in period before transaction costs	
Bonds	26,010,348
Collective Investment Schemes	14,243,363
Corporate Actions	2,075,188
Derivatives	674,462
Equities	145,799,377
Total purchases	**188,802,738**
Commissions:	
Equities total value paid	29,685
Taxes:	
Equities total value paid	6,499
Total purchase costs	**36,184**
Gross purchase costs	**188,838,922**
Analysis of total sale costs:	
Gross sales in period before transaction costs	
Bonds	1,866,720
Collective Investment Schemes	221,069
Corporate Actions	2,075,188
Derivatives	660,993
Equities	18,365,750
Total sales	**23,189,720**
Commissions:	
Equities total value paid	(7,168)
Taxes:	
Equities total value paid	(3)
Total sales costs	**(7,171)**
Total sales net of transaction costs	**23,182,549**

16. Portfolio Transaction Costs (continued)

	16.02.2018 to 31.12.2018 %
Analysis of total purchase costs:	
Commissions:	
Equities percentage of average NAV	0.02
Taxes:	
Equities percentage of average NAV	0.01
Analysis of total sale costs:	
Commissions:	
Equities percentage of average NAV	0.01
Taxes:	
Equities percentage of average NAV	–

The average portfolio dealing spread as at 31st December 2018 was 0.20%.

17. Post Balance Sheet Events

The Operator has applied a 10% threshold to the disclosure of post period end movements in the net asset value per unit of the Sub-fund from the period end date to the date of signing. This consideration takes into account routine transactions but also significant market movements. There are no unit classes where the net asset value per unit has moved by greater than 10% therefore there are no post balance sheet events which require disclosure at the period end.

Distribution Tables

For the period ended 31st December 2018

First Interim distribution in pence per unit
Group 1: Units purchased prior to 16th February 2018
Group 2: Units purchased between 16th February 2018 and 31st March 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	1st Interim Distribution Paid 2018 Pence per Unit
Income Units			
Group 1	0.7350	–	0.7350
Group 2	0.7350	–	0.7350
Accumulation Units			
Group 1	1.7580	–	1.7580
Group 2	1.7580	–	1.7580

Second Interim distribution in pence per unit
Group 1: Units purchased prior to 1st April 2018
Group 2: Units purchased between 1st April 2018 and 30th June 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	2nd Interim Distribution Paid 2018 Pence per Unit
Income Units			
Group 1	0.9600	–	0.9600
Group 2	0.9600	–	0.9600
Accumulation Units			
Group 1	2.3134	–	2.3134
Group 2	2.3134	–	2.3134

Third Interim distribution in pence per unit
Group 1: Units purchased prior to 1st July 2018
Group 2: Units purchased between 1st July 2018 and 30th September 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	3rd Interim Distribution Paid 2018 Pence per Unit
Income Units			
Group 1	0.8100	–	0.8100
Group 2	0.8100	–	0.8100
Accumulation Units			
Group 1	1.9701	–	1.9701
Group 2	1.9701	–	1.9701

Final distribution in pence per unit
Group 1: Units purchased prior to 1st October 2018
Group 2: Units purchased between 1st October 2018 and 31st December 2018

Unit	Net Revenue 2018 Pence per Unit	Equalisation (note 12) 2018 Pence per Unit	Final Distribution Paid 2019 Pence per Unit
Income Units			
Group 1	0.9100	–	0.9100
Group 2	0.9100	–	0.9100
Accumulation Units			
Group 1	2.2303	–	2.2303
Group 2	2.2303	–	2.2303

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