



SARASIN

Unaudited semi-annual report

30 June 2019

Sarasin Charity Authorised Investment Funds

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

For the period 1 January 2019 to 30 June 2019

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 30th June 2019)

Mr. C. Stephens (Chairman)
Mr. E. Mason
Ms. K. Blacklock

Advisory Committee of Sarasin Endowments Fund (as at 30th June 2019)

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 30th June 2019)

Mr. J. Harbord-Hamond (Chairman)
Mr. J.J. Foster
Brigadier A.F. Gordon
Mr. C. Menzies

Contents

	<i>Page</i>
Sarasin Charity Authorised Investment Funds	
• Introduction	i
• Professional Service Providers' Details	3
• Market Review	4
• Socially Responsible Investment Policy	6
• AIFMD Disclosure	6
• Statement of the Advisory Committees' Responsibilities	8
• Report of the Operator	10
• Statement of the Operator's Responsibilities	11
• Report of the Trustee to the Unitholders	12
• Statement of the Trustee's Responsibilities	13
• Notes to the Financial Statements	14
<hr/>	
Sarasin Endowments Fund	
• Investment Objective	17
• Investment Manager's Review	18
• Sub-fund Information	21
• Portfolio Statement	24
• Statement of Total Return	30
• Statement of Changes in Net Assets Attributable to Unitholders	30
• Balance Sheet	31
• Notes to the Financial Statements	32
• Distribution Tables	45
<hr/>	
Sarasin Income and Reserves Fund	
• Investment Objective	47
• Investment Manager's Review	48
• Sub-fund Information	51
• Portfolio Statement	54
• Statement of Total Return	59
• Statement of Changes in Net Assets Attributable to Unitholders	59
• Balance Sheet	60
• Notes to the Financial Statements	61
• Distribution Tables	72
<hr/>	

Contents

	<i>Page</i>
Sarasin Climate Active Endowments Fund	
• Investment Objective	74
• Investment Manager's Review	75
• Sub-fund Information	78
• Portfolio Statement	81
• Statement of Total Return	87
• Statement of Changes in Net Assets Attributable to Unitholders	87
• Balance Sheet	88
• Notes to the Financial Statements	89
• Distribution Tables	102

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, J. Lake, and G. Steinberg (appointed 30th July 2019). 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 2019

World economy

The year 2019 started uncertainly, following a fourth quarter of 2018 that had seen deteriorating macro data and heightened political tensions, which culminated in a significant global equity market sell off. In the months that have followed, production indicators have continued to slow globally, particularly within manufacturing, while trade and sentiment continue to be suppressed by the uncertainty surrounding the trade conflict between China and the US. However, policy makers have provided some respite in signalling their readiness to pre-empt muted inflation and slowing global growth by returning to expansionary policy.

In the US, the second longest expansion in the history of the US economy continued, although at a slower rate than previously. An increasingly tight labour market and rising wages have continued to support healthy consumer spending, which underpin US growth at present. However, the pass through of higher wages has not been sufficient to outweigh the effect of lower energy prices, leaving inflation below target. Furthermore, there are indications that investment spending is beginning to decelerate as businesses negotiate the latest round of tariffs with China. In response, Federal Reserve Chairman Jerome Powell has reinforced his dovish rhetoric since the start of the year, commenting that the Federal Reserve is ready to 'act as appropriate to sustain the expansion'.

China has also experienced challenging, uncertain conditions since the start of 2019, more readily linked to effects of US tariffs. Seemingly having come close to a deal with the US in April, the decision by US President Donald Trump to implement a further round of tariffs on an extra \$300bn of Chinese exports, has materially harmed the outlook for growth this year. Aside from the ramifications of trade disputes, slowing industrial production and the African swine fever pandemic have heightened feelings of nervousness about the Chinese economy. In an effort to mitigate these risks, the central government has utilized monetary and fiscal policy, in the form of Reserve Requirement Ratio cuts and tax cuts.

The Euro area continues to languish from the effects of weak industrial production and weak global trade, leading to lacklustre growth across the bloc. Despite this however, wages have continued to grow at a reasonable pace and consumer spending has held up as a result. Monetary policy remains accommodative, with European Central Bank rhetoric turning significantly more dovish recently. Furthermore, fiscal policy remains a feasible and supportive option, although not exploited to its full potential thus far. The political environment remains uncertain - for example, Italian budgetary negotiations with the European Commission and the ongoing Brexit negotiations.

In the UK, Brexit uncertainty continues to weigh on sentiment and investment, the latter now 15% below its pre-EU referendum level. The labour market is increasingly tight, but subdued core price pressures should keep policy rates on hold. Markit Purchasing Manager's Indexes have slowed dramatically of late, giving some evidence that economic activity will continue to moderate up until a resolution has been reached.

Global equities

Following the dramatic market sell off in Q4 2018, markets recovered in the first quarter of 2019 as investors' fears of monetary tightening in the US & Europe, a slowdown in China and worsening China-US trade conflict lessened somewhat. Perhaps the most significant of these factors were the comments made by Federal Reserve Chairman Jerome Powell, highlighting the need to be 'patient' in assessing future rate hikes, directly opposed to his comments made in December which had initially spooked equity markets. De-escalation of tensions between China and the US was also supportive for a short time, with suggestion that a trade deal was to be agreed as early as late April. However, this did not materialize, and following a series of tweets by US President Donald Trump, anxiety returned, and markets sold off. Once again, central bank dovishness returned to support sentiment; the Federal Reserve, European Central Bank and Bank of Japan all highlighting increased vigilance and readiness to support the economy. Equity markets have now seemingly looked through potential tail risks, such as the US China trade war, in the expectation that central bank accommodation will put a floor under markets.

Given recent macro weakness and political tail risks present in the global economy, earnings growth is needed to validate equity market valuations at their current levels. Despite the noted headwinds, expectations are for a modest pickup in Q3 and Q4 in response to accommodative policy and the appeasement of some political risks, improving sentiment. For instance, once again there are suggestions that a US China trade deal is nearing completion, and although this will not result in a rolling back of existing tariffs, it will help to ease uncertainty around the proposed further round of tariffs.

Fixed income

Fixed income markets rallied steadily through the first half of 2019, with the 10-year US treasury yields falling to 2% for the first time since 2016. Much has been made of the apparent contradiction between the strong performance of both "safe" bonds (German bunds and US treasuries experienced a similarly robust H1) and also "risky" equities (the FTSE 100 returned almost 15% in H1 and other major global equity markets were as strong or better). In fact, both were buoyed by a common factor, the sharp shift to a dovish stance of major central banks. This was initially motivated by the poor performance of asset markets in Q4 against a backdrop of tighter policy by the US Federal Reserve and weak economic data, particularly in the global manufacturing sector. Lately, however, the dovish tilt has intensified in consequence of the marked disinflationary trend that has taken hold around the world in recent months.

Market Review 2019 (continued)

The ICE BofAML UK Gilts All Stocks Index rose 4.8% in H1. The Sterling Non-Gilt Index rose 6.3% as credit spreads retraced tighter following a generally poor 2018 (Q4 in particular). The Sterling Corporate & Collateralized Index rose 7.1% as riskier credit generally outperformed, in particular subordinated financials. Within industrials, cyclical sectors such as capital goods and autos were particularly strong. In assessing the current political risks, a hard Brexit would ultimately if anything present upside risks to both gilts and sterling credit as it would likely provoke a fresh wave of Bank of England Quantitative Easing buying, as in the wake the June 2016 referendum. A Jeremy Corbyn premiership would have more mixed results – bank paper would suffer severely; on the other hand, industries targeted for nationalisation would likely experience a one-off windfall elimination of the spread to gilts as this is what existing bondholders would be presented with in exchange for their bonds.

Currencies

Developed currencies have remained largely rangebound in the first half of 2019. With expectations for a new rate cut cycle in the US, the dollar's steady appreciation since early 2018 seems to have stagnated. However, dovish rhetoric from the Federal Reserve has not been enough to weaken the currency, outweighed by lacklustre growth in other developed nations and a comparable dovish shift in monetary policy elsewhere in the world. On the other hand, following a relatively weak 2018, many emerging market currencies have delivered strong returns this year. For example, the Russian Ruble, hampered by the two rounds of US sanctions in 2018, has steadily recovered ground, although not to its pre-sanction level. In contrast, many European currencies continue to be depressed by a combination of low interest rates and stagnant economic growth.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
12th July 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.

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 five 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 five 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 five Directors have waived the fees to which they would otherwise be entitled. No amounts were paid directly from the Trust.

The total fixed and variable remuneration of the Directors of the Board considered to comprise the entire staff of the Operator for the financial year 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
	200.00%	110.00%
Actual	Gross	Commitment
Sarasin Endowments Fund	124.42%	96.56%
Sarasin Income and Reserves Fund	99.47%	97.04%
Sarasin Climate Active Endowments Fund	122.53%	94.50%

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, 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 Committees of Sarasin Endowments Fund and Sarasin Income & Reserves Fund are pleased to report on the discharge of their responsibilities for the period ending 30th June 2019 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
28th August 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 period ending 30th June 2019 as set out above.

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
28th August 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 31st October 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.

G. V. Matthews
Director of Sarasin Investment Funds Limited
28th August 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 UK Branch, the function of administration, including fund accounting; and
- to the Northern Trust Global Services SE UK Branch, the function of maintenance of the Register of Unitholders.

The Authorised Unit Trust Manager (the "Operator") of Sarasin Charity Authorised Investment Funds (the "Trust") is responsible for preparing the Interim Report and the unaudited 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 interim and annual accounting periods 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 Interim Report and the unaudited financial statements were approved by the board of directors of the Operator of the Trust and authorized for issue on 28th August 2019.

Report of the Trustee to the Unitholders of the Sarasin Charity Authorised Investment Funds (the "Trust") for the Period Ended 30th June 2019.

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
28th August 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.

Notes

Notes to the financial statements For the period ended 30th June 2019

1. Accounting Policies

a.) Basis of Accounting

The interim 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".

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 28th June 2019, 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 33, 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

**(Unaudited) Interim Report and Financial Statements for the period
01.01.2019 to 30.06.2019**

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%
UK Alternatives LIBOR 1 month	0.00%

*Formerly known as IPD All Balanced Property Fund Index.

Investment Manager's Review

Review

The year of 2019 started uncertainly, following a fourth quarter of 2018 that had seen deteriorating macro data and heightened political tensions, which culminated in a significant global equity market sell off. However, relief in the form of dovish comments by Federal Reserve Chair Powell about 'the need to be patient in assessing future rate hikes', lessened investors' fears and supported a market rebound. Political uncertainty remains prevalent, and risks were realized in May as fears over US-China trade war were confirmed as talks broke down, leading US President Trump to announce tariff increases to 25% on certain Chinese imports. Macro data has also been less than encouraging; particularly worrying, are the indications that global manufacturing is slowing considerably. Ultimately, these factors have led the IMF, the OECD, and the World Bank to downgrade their growth forecasts for the rest of the year. However, this has not translated into poor asset market returns, which have been upheld by the material dovish shift by central banks; the US 10 year yield fell below 2% in Q2 for the first time since 2016 and global equity indices have reached all-time highs.

Performance

Buoyed by increasingly dovish rhetoric from the Federal Reserve, the Sub-funds' US equities were the highest returners in the first half of 2019, despite the pressure from the US government shut down and US China trade war. Within the Sub-funds' equities, information tech was the strongest performing sector. MasterCard had a particularly strong start to the year, which tackled doubts about their payment business struggling in the face of slowing global market. Cloud-computing company, ServiceNow, was another strong contributor in this space, reporting good earnings for both Q4 2018 and Q1 2019 along with increased full year guidance for 2019. Equinix also reported well, as it proved that it is insulated from challenges facing its wholesale peers, as Facebook, Amazon, and Google all slowed their infrastructure builds. Strong performance has not been limited to technology, however, as Swiss flavour and fragrance manufacturer, Givaudan, reported better than expected revenues following successful price collaboration with customers. This continues to be a well-managed business and with a global industry market share of approximately 25%, is well protected against potential market turbulence. Finally, utility company, Orsted, built on its standing as the global leader in offshore wind energy, recently having won a large offshore wind contract in New Jersey. We maintain our belief that this is a quality company with strong thematic credentials but took the decision to reduce our holding on the grounds that the share price has reached our fair value.

In contrast, Umicore, the leading producer of differentiated battery materials and recycling, has struggled having downgraded expectations for 2019 due to slower than expected demand for electric vehicles. Our outlook for the company remains strong, however, due to the global pathway to electrification of vehicles and tightening emissions standards, along with its strong market position. Earlier in the year, our shares in Swedbank suffered following allegations of potential money laundering transfers relating to the bank's Estonian operations. With the regulator's investigation open-ended we had very limited visibility as to the credibility of the accusations, and decided to exit our holding after the annual dividend in March. In real estate, Deutsche Wohnen suffered when the Berlin senate approved a white paper proposal to freeze rental increases for five years, the company having reported earlier on its programme of comprehensive refurbishment of residential properties (over 70% are in Berlin) and expected 3.4% rental growth. We are reviewing our investment thesis.

For transactions, we reduced our holding in both Givaudan and Orsted, and used the proceeds to reduce our underweight to the IT sector, starting a holding in Microsoft and technology consultants, Accenture, who are well placed to benefit from increasing automation within business. We also began a modest investment in EssilorLuxottica, where the cultural clash involving the founder of Luxottica belies the merger of two companies well placed to take advantage of considerable synergies and a €100bn growing market for eyewear. Within alternatives, we have sold outright Twenty Four Income, and reduced our holding of SQN Asset Finance Income fund, in recognition of the late cycle environment and a set of political tail risks, which could potentially destabilize markets, drying up liquidity and causing price shocks.

Outlook

Macro-economic indicators are softer globally as the US nears full employment and recent surveys indicate a drop in business confidence. Europe's manufacturing sector continues to languish from the effects of weaker trade with China, however, the latest data suggest that these trends may be bottoming out. China has the wherewithal for further policy stimulus to boost its economy and this may revive global trade. Consumer spending continues to fuel growth, supported by rising real wages and a tight labour market. Furthermore, the shift in rhetoric from central banks, combined with lukewarm inflation forecasts, make it unlikely that central banks will return to tightening in the near future.

Political risks persist with concerns over Brexit, the China US trade war and European elections adding to the uncertainty over the current global economy. Any escalation would likely destabilize markets and lead to an increase in volatility. However, the risk of a Trump policy shock is partly contained as he attempts to gain favour in the run up to the 2020 presidential election.

Investment Manager's Review (continued)

Overall, we believe that the risk of a global recession is low and, notwithstanding the various political tail risks that have the potential to destabilize sentiment, growth can stabilize later this year. This should lead to a supportive environment but subject to periods of volatility as policy makers encounter and respond to exogenous shocks. Fixed income remains supported by accommodative monetary policy, although bonds remain 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 still hold the view that the outlook remains fair for good quality companies operating in the right areas of the global economy despite the challenges ahead in a slower growth world.

Currently, the outlook for risky assets globally is balanced between sluggish economic fundamentals and a supportive policy stance. The former, potentially conducive to further declines in the corporate earnings outlook, particularly given that Sino-US trade tensions seem set to remain an abiding feature of the global economic landscape. Meanwhile, monetary policy stance has shifted to extremely supportive, with the likelihood of fiscal policy support also elevated as G10 economies generally have additional firepower at their disposal, although those countries who have the most, such as Germany and Japan, are also the least likely to use it. On balance, we feel that the latter will ultimately prevail and an upswing in growth will consequently materialise, leading us to retain a risk-facing stance on global equities, especially when considering bond yields at current levels.

Richard Maitland
Partner & Head of Charities
Sarasin & Partners LLP
12th July 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 30th June 2019, was 6.20% (31st December 2018: 5.51%). The lowest, highest, and average utilisation in the period was 4.79%, 6.20%, and 5.47%, respectively (31st December 2018: 4.33%, 6.36%, and 5.04%, respectively).

Investment Manager's Review (continued)

Top 20 Purchases during the period

Microsoft
 Aramark
 United Parcel Service
 Legal & General
 Deutsche Wohnen
 Accenture
 EssilorLuxottica
 SVB Financial
 UK Treasury 3.75% 07/09/2020
 Fevertree Drinks
 KAR Auction Services
 Tesco
 BP
 Deere & Co
 Unibail-Rodamco-Westfield
 RELX
 Apple
 Softcat
 Colgate-Palmolive
 Shionogi & Co

Top 20 Sales during the period

SQN Asset Finance Income
 Air Products & Chemicals
 Union Pacific
 Swedbank
 Givaudan
 Royal Dutch Shell 'B'
 3M
 Enel
 UK Treasury 3.75% 07/09/2019
 Boston Properties
 Henkel
 Orsted
 ING Groep
 JPMorgan Chase
 Total
 TwentyFour Income
 Alcentra European Floating Rate Income
 Compass
 AstraZeneca
 UK Treasury 2.75% 07/09/2024

Sub-fund Information as at 30th June 2019

Size (Units)	Unit Type	Mid Price	Yield*
1,310,476,957	Income	106.80 pence	3.23%
98,965,769	Accumulation	266.20 pence	3.19%
Launch Date	23rd February 2018		
Launch Price	Income: 101.50 pence Accumulation: 242.80 pence		
Management Charges	Annual: 0.75% Initial: 0.00%		
Unit Types	Income & Accumulation Units		
Accounting Period Ends	Interim: 31st March Interim: 30th June Interim: 30th September Final: 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 22 and 23 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 Manager'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 30th June 2019 (continued)
Comparative Tables
Income Units
Change in Net Asset Value per Unit

	2019 (pence per unit)	2018 ¹ (pence per unit)
Opening net asset value per unit	96.37	101.50
Return before operating charges*	11.65	(0.95)
Operating charges (calculated on average price)	(0.46)	(0.76)
Return after operating charges*	11.19	(1.71)
Distributions on income units	(1.73)	(3.42)
Closing net asset value per unit	105.83	96.37
* after direct transaction costs of ² :	0.01	0.02

Performance

Return after charges ³	11.61%	(1.68)%
-----------------------------------	--------	---------

Other Information

Closing net asset value (£'000)	1,386,836	1,300,184
Closing number of units	1,310,476,957	1,349,158,526
Operating charges ⁴	0.91%	0.90%
Direct transaction costs	0.01%	0.02%

Prices

Highest unit price	107.20	106.00
Lowest unit price	96.00	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 costs.

Sub-fund Information as at 30th June 2019 (continued)
Comparative Tables (continued)

Accumulation Units

Change in Net Asset Value per Unit

	2019 (pence per unit)	2018¹ (pence per unit)
Opening net asset value per unit	238.45	242.80
Return before operating charges*	28.23	(3.34)
Operating charges (calculated on average price)	(0.47)	(1.01)
Return after operating charges*	27.76	(4.35)
Distributions	(4.30)	(8.27)
Retained distributions on accumulation units	(4.30)	8.27
Closing net asset value per unit	266.21	238.45
* after direct transaction costs of ² :	0.01	0.02

Performance

Return after charges ³	11.64%	(1.79)%
-----------------------------------	---------------	---------

Other Information

Closing net asset value (£'000)	263,461	230,903
Closing number of units	98,965,769	96,835,569
Operating charges ⁴	0.91%	0.90%
Direct transaction costs	0.01%	0.02%

Prices

Highest unit price	267.10	257.90
Lowest unit price	237.60	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 costs.

Portfolio Statement as at 30th June 2019

Holding or Nominal		Bid Market	% of
Value	Investment	Value (£)	Net Assets
Sterling Government Bonds 5.85% (31 December 2018 - 6.30%)			
£10,000,000	UK Treasury 4.50% 07/12/2042	16,097,000	0.98
£10,800,000	UK Treasury 4.75% 07/12/2030	15,256,966	0.92
£8,000,000	UK Treasury 4.25% 07/03/2036	11,593,744	0.70
£7,750,000	UK Treasury 2.75% 07/09/2024	8,584,326	0.52
£6,250,000	UK Treasury 4.25% 07/12/2027	8,048,175	0.49
£5,750,000	UK Treasury 4.25% 07/06/2032	7,951,387	0.48
£6,000,000	UK Treasury 8.00% 07/06/2021	6,854,880	0.42
£3,500,000	UK Treasury 3.25% 22/01/2044	4,782,246	0.29
£4,500,000	UK Treasury 3.75% 07/09/2020	4,662,315	0.28
£2,750,000	UK Treasury 3.75% 22/07/2052	4,422,027	0.27
£2,500,000	Affordable Housing Finance 2.893% 11/08/2043	3,015,605	0.18
£1,900,000	Transport for London 3.875% 23/07/2042	2,423,610	0.15
£1,400,000	Network Rail Infrastructure Finance 3.00% 07/09/2023	1,520,691	0.09
£1,050,000	High Speed Rail Finance 4.375% 01/11/2038	1,321,919	0.08
		96,534,891	5.85
Sterling Corporate Bonds 5.15% (31 December 2018 - 5.23%)			
£2,685,051	Tesco Property Finance 5.801% 13/10/2040	3,540,089	0.21
£2,400,000	Wellcome Trust Finance 4.625% 25/07/2036	3,436,850	0.21
£3,000,000	Dignity Finance 4.696% 31/12/2049	2,420,304	0.15
£1,615,000	Royal Bank of Scotland 6.375% 07/12/2028	2,113,383	0.13
£1,350,000	THFC (Funding No 2) 6.35% 08/07/2041	2,081,469	0.13
£1,400,000	Centrica 7.00% 19/09/2033	2,067,215	0.13
£1,400,000	University of Manchester 4.25% 04/07/2053	2,059,154	0.12
£1,950,000	A2Dominion Housing 3.50% 15/11/2028	2,048,580	0.12
£1,550,000	Scottish Widows 7.00% 16/06/2043	2,038,347	0.12
£1,850,000	Aviva F2F 5.125% 04/06/2050	2,007,768	0.12
£1,600,000	Arqiva Financing 5.34% 30/06/2030	1,921,159	0.12
£1,500,000	Lloyds Bank 7.50% 15/04/2024	1,895,850	0.12
£1,700,000	Orange 5.75% Perpetual	1,880,625	0.11
£1,800,000	Bazalgette Finance 2.375% 29/11/2027	1,870,936	0.11
£1,433,232	UPP Bond 1 Issuer 4.902% 28/02/2040	1,798,284	0.11
£1,750,000	Investec Bank 4.25% 24/07/2028	1,766,485	0.11
£1,280,000	Eastern Power Networks 8.50% 31/03/2025	1,723,661	0.10
£1,750,000	RAC Bond 4.87% 06/05/2046	1,711,941	0.10
£1,400,000	BPCE 5.25% 16/04/2029	1,666,431	0.10
£1,750,000	AA Bond 2.875% 31/01/2022	1,664,915	0.10
£1,600,000	Prs Finance 1.75% 24/11/2026	1,656,266	0.10
£1,481,564	WoDS Transmission 3.446% 24/08/2034	1,643,168	0.10
£1,350,000	CPUK Finance 7.239% 28/02/2042	1,638,895	0.10
£1,391,490	Greater Gabbard Ofco 4.137% 29/11/2032	1,607,282	0.10
£1,400,000	Unite (USAF) 3.921% 30/06/2025	1,556,448	0.09
£1,350,000	Prudential F2V 5.70% 19/12/2063	1,547,843	0.09
£1,208,800	Great Rolling 6.875% 27/07/2035	1,527,939	0.09
£1,500,000	Royal Bank of Scotland 2.875% 19/09/2026	1,516,029	0.09
£1,377,614	Connect Plus M25 Issuer 2.607% 31/03/2039	1,480,624	0.09
£1,150,000	Manchester Airport 4.75% 31/03/2034	1,459,298	0.09
£1,352,000	BNP Paribas 3.375% 23/01/2026	1,435,140	0.09
£1,000,000	Electricite de France 5.50% 17/10/2041	1,434,599	0.09

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
Sterling Corporate Bonds (continued)			
£1,550,000	London & Quadrant Housing Trust 2.75% 20/07/2057	1,432,804	0.09
£1,400,000	Places for People Treasury 2.875% 17/08/2026	1,412,340	0.09
£1,100,000	Wales & West Utilities Finance 5.00% 07/03/2028	1,365,937	0.08
£1,300,000	Yorkshire Building Society 3.00% 18/04/2025	1,320,556	0.08
£1,000,000	EMH Treasury 4.50% 29/01/2044	1,282,720	0.08
£1,200,000	Electricite de France 5.875% Perpetual	1,269,000	0.08
£950,000	United Utilities Water 5.625% 20/12/2027	1,237,352	0.08
£1,100,000	Bank of America 6.125% 15/09/2021	1,213,844	0.07
£1,000,000	Land Securities Capital Markets 5.391% 31/03/2027	1,197,735	0.07
£1,200,000	Anglian Water Services Financing 1.625% 10/08/2025	1,194,006	0.07
£1,200,000	University of Southampton 2.25% 11/04/2057	1,118,414	0.07
£1,100,000	Barclays 2.375% 06/10/2023	1,100,576	0.07
£900,000	Motability Operations 3.75% 16/07/2026	1,024,920	0.06
£1,000,000	Kreditanstalt fuer Wiederaufbau 1.625% 05/06/2020	1,007,166	0.06
£1,000,000	Go-Ahead 2.50% 06/07/2024	990,861	0.06
£900,000	Bunzl Finance 2.25% 11/06/2025	905,435	0.06
£850,000	Retail Charity Bond 4.50% 20/06/2026	867,850	0.05
£818,000	HSBC 3.00% 22/07/2028	852,458	0.05
£700,000	Retail Charity Bond 4.25% 30/03/2028	721,700	0.04
£650,000	Barclays 3.25% 12/02/2027	662,804	0.04
£600,000	Catalyst Housing 3.125% 31/10/2047	633,896	0.04
£550,000	Alpha Plus 5.00% 31/03/2024	572,566	0.03
£510,000	Retail Charity Bond 4.40% 30/04/2025	534,934	0.03
£405,000	Retail Charity Bond 5.00% 29/07/2021	447,728	0.03
£400,000	Prudential F2V 5.625% 20/10/2051	439,963	0.03
		85,024,542	5.15
Overseas Bonds 2.36% (31 December 2018 - 2.32%)			
INR227,900,000	International Finance 6.45% 10/08/2020	2,570,710	0.16
IDR42,720,000,000	Inter-American Development Bank 7.875% 14/03/2023	2,483,595	0.15
£1,500,000	AT&T 7.00% 30/04/2040	2,262,029	0.14
£1,550,000	E.ON International Finance 5.875% 30/10/2037	2,212,640	0.13
USD2,500,000	Legal & General F2V 5.25% 21/03/2047	2,029,151	0.12
£2,000,000	International Finance 1.25% 15/12/2023	2,025,376	0.12
£1,700,000	Verizon Communications 3.375% 27/10/2036	1,865,689	0.11
£1,800,000	Credit Suisse F2F 2.125% 12/09/2025	1,785,503	0.11
£1,700,000	Orsted 2.50% 16/05/2033	1,760,778	0.11
£1,450,000	Thames Water Utilities Cayman Finance 4.375% 03/07/2034	1,728,021	0.10
£1,150,000	innogy Finance 6.125% 06/07/2039	1,706,357	0.10
£1,450,000	Digital Stout 4.25% 17/01/2025	1,598,313	0.10
USD2,050,000	Greenko Dutch 5.25% 24/07/2024	1,582,464	0.10
£1,150,000	Comcast 5.50% 23/11/2029	1,529,399	0.09
£1,500,000	Deutsche Bahn Finance 1.375% 07/07/2025	1,500,210	0.09
£1,200,000	Rabobank Nederland 4.625% 23/05/2029	1,387,786	0.08
USD1,500,000	Credit Agricole 6.875% Perpetual	1,237,526	0.08
£1,000,000	SNCF Reseau 5.50% 01/12/2021	1,104,656	0.07
£750,000	Tennessee Valley Authority 5.625% 07/06/2032	1,074,346	0.07
£800,000	Heathrow Funding 4.625% 31/10/2046	1,066,331	0.06
£1,000,000	Banco Santander 2.75% 12/09/2023	1,033,282	0.06

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
Overseas Bonds (continued)			
£900,000	BASF 1.75% 11/03/2025	921,960	0.06
£750,000	Welltower 4.50% 01/12/2034	883,843	0.05
USD800,000	Indian Railway Finance 3.835% 13/12/2027	639,344	0.04
£500,000	Telefonica Emisiones 5.445% 08/10/2029	632,489	0.04
IDR6,100,000,000	European Investment Bank 7.40% 24/01/2022	346,888	0.02
		38,968,686	2.36
UK Equities 19.75% (31 December 2018 - 18.86%)			
3,640,729	HSBC	23,915,949	1.45
414,534	Unilever	20,289,367	1.23
782,141	Royal Dutch Shell 'B'	20,183,148	1.22
383,556	Rio Tinto	18,719,451	1.13
3,382,790	BP	18,557,986	1.12
262,482	AstraZeneca	16,893,341	1.02
899,542	Prudential	15,436,141	0.94
965,571	GlaxoSmithKline	15,223,192	0.92
618,367	RELX	11,804,626	0.71
601,238	Compass	11,345,361	0.69
182,355	Reckitt Benckiser	11,327,893	0.69
19,948,787	Lloyds Banking	11,289,018	0.68
402,897	Associated British Foods	9,915,295	0.60
4,255,610	Tesco	9,643,212	0.58
2,373,037	DS Smith	8,599,886	0.52
504,133	Smith & Nephew	8,592,947	0.52
143,256	London Stock Exchange	7,859,024	0.48
1,341,629	Barratt Developments	7,682,168	0.47
618,833	3i	6,890,705	0.42
130,258	InterContinental Hotels	6,736,944	0.41
2,390,849	Legal & General	6,443,338	0.39
4,042,066	Barclays	6,054,206	0.37
292,114	Halma	5,897,782	0.36
4,167,492	Vodafone	5,389,401	0.33
632,708	Sage	5,074,318	0.31
997,609	Howden Joinery	5,057,878	0.31
471,858	IMI	4,897,886	0.30
699,473	SSP	4,798,385	0.29
129,013	Carnival	4,487,072	0.27
611,939	Just Eat	3,823,395	0.23
2,400,475	Man	3,738,740	0.23
141,810	Fevertree Drinks	3,285,738	0.20
1,627,981	BT	3,197,680	0.19
291,553	Softcat	2,829,522	0.17
		325,880,995	19.75
Global Equities 51.05% (31 December 2018 - 49.03%)			
169,248	NextEra Energy	27,237,664	1.65
175,527	CME	26,768,315	1.62
780,431	Pfizer	26,570,342	1.61
115,670	Mastercard 'A'	24,034,675	1.46

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal	Value	Investment	Bid Market Value (£)	% of Net Assets
Global Equities (continued)				
115,741		Costco Wholesale	24,020,326	1.46
764,635		Taiwan Semiconductor Manufacturing ADR	23,527,230	1.43
246,443		JPMorgan Chase	21,642,911	1.31
1,449,289		Sonic Healthcare	21,640,138	1.31
129,247		Apple	20,098,431	1.22
337,879		Colgate-Palmolive	19,013,824	1.15
414,872		Total	18,292,041	1.11
428,320		Bank of Nova Scotia	18,094,973	1.10
167,150		Microsoft	17,588,377	1.07
121,387		Amgen	17,571,404	1.06
96,684		Credicorp	17,385,951	1.05
132,233		Deere & Co	17,218,239	1.04
585,752		Aramark	16,587,178	1.01
44,197		BlackRock	16,276,872	0.99
2,874,295		Enel	15,788,846	0.96
10,010		Amazon.com	14,863,202	0.90
182,760		United Parcel Service	14,826,722	0.90
17,239		Alphabet 'C'	14,637,234	0.89
6,573		Givaudan	14,593,335	0.88
86,069		ASML	14,147,422	0.86
189,088		Novartis	13,589,415	0.82
6,352,034		BDO Unibank	13,589,210	0.82
292,700		Shionogi & Co	13,232,483	0.80
119,358		Air Liquide	13,136,451	0.80
118,358		Marriott International 'A'	13,043,838	0.79
84,170		Ecolab	13,014,043	0.79
115,522		Walt Disney	12,677,738	0.77
227,762		Citigroup	12,521,809	0.76
69,405		Air Products & Chemicals	12,340,969	0.75
398,929		IAA	12,058,457	0.73
163,362		Schneider Electric	11,658,901	0.71
170,487		Orsted	11,629,768	0.70
52,160		Roche	11,540,599	0.70
1,250,711		ING Groep	11,406,116	0.69
52,663		ServiceNow	11,404,041	0.69
183,978		Fresenius Medical Care	11,368,780	0.69
1,297,400		AIA	10,986,767	0.67
79,984		Union Pacific	10,627,873	0.64
411,490		CRH	10,542,374	0.64
76,186		Alibaba ADR	10,141,771	0.61
394,953		Umicore	9,955,284	0.60
5,435,400		Samsonite International	9,785,172	0.59
119,104		First Republic Bank	9,119,733	0.55
292,700		Bridgestone	9,048,636	0.55
3,705,598		Oakley Capital Investments	8,411,707	0.51
398,929		KAR Auction Services	7,836,273	0.48
54,093		3M	7,366,117	0.45
374,700		Mitsui Fudosan	7,137,627	0.43
193,203		Zions Bancorporation	6,980,022	0.42

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal	Value	Investment	Bid Market Value (£)	% of Net Assets
Global Equities (continued)				
56,237		Unibail-Rodamco-Westfield	6,627,189	0.40
518,942		SES	6,375,449	0.39
4,172		Booking	6,141,038	0.37
166,513		Service Corp International	6,117,819	0.37
70,064		Henkel	5,059,293	0.31
49,205		EssilorLuxottica	5,052,233	0.31
34,182		Accenture	4,960,915	0.30
130,973		Activision Blizzard	4,857,331	0.29
167,288		Deutsche Wohnen	4,825,932	0.29
129,600		Tencent	4,593,300	0.28
25,122		SVB Financial	4,432,028	0.27
153,093		Cinemark	4,341,264	0.26
37,818		Alcon	1,836,830	0.11
(825)		Zions Bancorporation Call Option 52.5 19/07/2019 ¹	(2,593)	–
(33)		Amazon.com Put Option 1860 19/07/2019 ¹	(70,398)	–
(136)		BlackRock Call Option 470 19/07/2019 ¹	(91,899)	(0.01)
(622)		Citigroup Call Option 70 20/09/2019 ¹	(146,617)	(0.01)
(694)		Air Products and Chemicals Call Option 210 20/09/2019 ¹	(1,101,501)	(0.07)
			842,385,239	51.05
UK Property 3.52% (31 December 2018 - 3.97%)				
19,450,904		Mayfair Property Income Trust for Charities	17,000,090	1.03
13,275,627		Charities Property Fund	16,960,941	1.03
8,777,299		COIF Charities Property	10,492,383	0.63
5,745,485		AEW UK Core Property	7,688,608	0.47
7,158,726		Civitas Social Housing	6,013,330	0.36
			58,155,352	3.52
Global Property 4.38% (31 December 2018 - 4.47%)				
2,289,606		Sarasin IE Global Real Estate Equity 'I' GBP Income ²	41,581,529	2.52
38,749		Equinix	15,345,846	0.93
112,469		Crown Castle International	11,510,243	0.70
30,437		Simon Property	3,820,708	0.23
			72,258,326	4.38
Alternatives 3.40% (31 December 2018 - 4.92%)				
159,831		Source Physical Gold	17,208,801	1.04
1,565,652		Neuberger Berman Uncorrelated Strategies 'I5' GBP Accumulation	16,188,840	0.98
798,337		Sarasin IE Systematic Absolute Return UK 'I' Income ²	7,105,997	0.43
3,937,531		International Public Partnerships	5,866,921	0.35
4,609,742		Sequoia Economic Infrastructure Income	5,227,447	0.32
2,950,687		SQN Asset Finance Income	2,614,309	0.16
2,415,371		US Solar Fund	1,916,811	0.12
			56,129,126	3.40
Global Collective Investment Schemes 1.73% (31 December 2018 - 1.83%)				
6,368,992		CF Morant Wright Nippon Yield 'B' Income	21,226,575	1.29
37,970		Ashmore SICAV Emerging Markets Short Duration 'Z' Income	3,681,951	0.22

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
Global Collective Investment Schemes (continued)			
350,000	Neuberger Berman Emerging Market Debt	3,615,500	0.22
		28,524,026	1.73
Forward Currency Contracts 0.27% (31 December 2018 - 0.17%)			
USD (372,781,000)	Sold USD, Bought GBP 296,479,131 for settlement on 19/09/2019	4,572,279	0.28
JPY (2,603,000,000)	Sold JPY, Bought GBP 19,225,230 for settlement on 19/09/2019	199,720	0.01
EUR (126,788,500)	Sold EUR, Bought GBP 113,684,908 for settlement on 19/09/2019	(62,910)	(0.01)
CHF (30,500,000)	Sold CHF, Bought GBP 24,455,367 for settlement on 19/09/2019	(210,643)	(0.01)
		4,498,446	0.27
Total Value of Investments 97.46% (31 December 2018 - 97.10%)		1,608,359,629	97.46
Net Other Assets		41,937,558	2.54
Net Assets		1,650,297,187	100.00

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

¹Derivative Instruments

²Related Party Investments

Asset Allocation of Portfolio of Investments is as follows:

Bonds	220,528,118	13.36
Collective Investment Schemes	162,751,215	9.86
Derivatives	(1,413,008)	(0.09)
Equities	1,221,994,858	74.06
Forward Currency Contracts	4,498,446	0.27
Net Other Assets	41,937,558	2.54
	1,650,297,187	100.00

Debt Security Allocation is as follows:

Percentage of Debt Securities investment grade and above	94.58%
Percentage of Debt Securities below investment grade (sub BBB- or unrated)	5.42%
	100.00%

Statement of Total Return
For the period ended 30th June 2019

			01.01.2019 to 30.06.2019 £		23.02.2018 to 30.06.2018 ¹ £
	Notes	£	£	£	£
Income					
Net capital gains	2		153,148,463		32,390,894
Revenue	3	31,211,572		20,513,435	
Expenses	4	(6,401,583)		(4,620,230)	
Interest payable and similar charges	6	(12,403)		(2,506)	
Net revenue before taxation		24,797,586		15,890,699	
Taxation	5	(1,899,180)		(1,469,876)	
Net revenue after taxation for the period			22,898,406		14,420,823
Total return before distributions			176,046,869		46,811,717
Distributions	6		(27,649,348)		1,480,734
Changes in net assets attributable to unitholders from investment activities			148,397,521		48,292,451

Statement of Changes in Net Assets Attributable to Unitholders
For the period ended 30th June 2019

			01.01.2019 to 30.06.2019 £		23.02.2018 to 30.06.2018 ¹ £
		£	£	£	£
Opening net assets attributable to unitholders			1,531,078,946		–
Movement due to sales and repurchases of units:					
Amounts received on issue of units		59,727,859		3,052,221,572	
Amounts paid on cancellation of units		(93,153,922)		(1,498,429,009)	
			(33,426,063)		1,553,792,563
Dilution levy			–		(7,469)
Changes in net assets attributable to unitholders from investment activities (see above)			148,397,521		48,292,451
Retained distribution on accumulation units			4,246,783		2,739,488
Closing net assets attributable to unitholders			1,650,297,187		1,604,817,033

The notes on pages 32 to 44 form part of these Financial Statements.

¹The Sub-fund launched 23rd February 2018.

Balance Sheet as at 30th June 2019

	Notes	30.06.2019 £	31.12.2018 £
Assets			
Fixed assets:			
Investments		1,610,046,190	1,487,814,621
Current assets:			
Debtors	8	7,680,541	6,823,169
Cash and bank balances	9	49,299,358	51,375,780
Total assets		1,667,026,089	1,546,013,570
Investment liabilities		(1,686,561)	(1,062,164)
Creditors:			
Bank overdrafts	9	(456,431)	(457,851)
Distribution payable on income units		(12,580,579)	(12,277,343)
Other creditors	10	(2,005,331)	(1,137,266)
Total liabilities		(16,728,902)	(14,934,624)
Net assets attributable to unitholders		1,650,297,187	1,531,078,946

The notes on pages 32 to 44 form part of these Financial Statements.

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 statements.

G. V. Matthews
Director
Sarasin Investment Funds Limited
28th August 2019

S. A. M. Jeffries
Director
Sarasin Investment Funds Limited
28th August 2019

Notes

Notes to the financial statements For the period ended 30th June 2019

1. Accounting Policies

The accounting policies for this Sub-fund match those found on pages 14 and 15.

2. Net Capital Gains

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
Net capital gains comprise:		
Non-derivative securities realised (losses)/gains	(1,727,716)	1,802,574
Non-derivative securities unrealised gains	160,995,085	46,094,054
Derivative securities realised gains	1,527,700	862,781
Derivative securities unrealised losses	(664,053)	(807,226)
Forward currency contracts realised losses	(1,737,513)	(7,539,936)
Forward currency contracts unrealised gains/(losses)	1,890,913	(1,664,114)
Currency losses	(7,156,464)	(6,369,982)
Management fee rebates	21,731	14,898
Transaction charges	(1,220)	(835)
Derivative charges	—	(1,320)
	153,148,463	32,390,894

3. Revenue

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
UK dividends	7,799,328	4,372,749
Overseas dividends	14,668,641	12,257,612
Bank Interest	59,930	8,566
Interest on debt securities	2,969,192	1,972,236
Unfranked PID ¹ revenue	105,916	—
Franked PID ¹ revenue	—	94,847
Option premium	3,242,760	581,958
Franked CIS ² revenue	372,806	342,500
Unfranked CIS ² revenue	1,393,975	814,503
Offshore dividend CIS ² revenue	393,184	—
Offshore interest CIS ² revenue	205,840	68,464
	31,211,572	20,513,435

¹Property Income Dividend

²Collective Investment Scheme

4. Expenses

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
Payable to the Manager, associates of the Manager, and agents of either of them:		
Management fees	5,804,034	4,195,119
	5,804,034	4,195,119
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	5	—
	5	—
Other Expenses		
Fixed operating charge	595,044	415,543
Professional fees	2,500	9,568
	597,544	425,111
Total Expenses	6,401,583	4,620,230

5. Taxation

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
a) Analysis of tax charge in period		
Overseas tax	1,899,180	1,469,876
Total tax for the period	1,899,180	1,469,876

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:

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
First interim	12,137,482	11,731,883
Second interim	14,949,028	15,054,746
	27,086,510	26,786,629
Add: Revenue deducted on cancellation of units	1,664,439	27,031,385
Deduct: Revenue received on creation of units	(1,101,601)	(55,298,748)
Net distributions for the period	27,649,348	(1,480,734)
Interest payable and similar charges	12,403	2,506
	27,661,751	(1,478,228)

7. Movement between Net Revenue and Distribution

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
Net revenue after tax	22,898,406	14,420,823
Add: Undistributed revenue Reserve brought forward	20,919,116	–
Less: Undistributed revenue Reserve carried forward	(23,799,715)	(21,424,958)
Add: Benefit of coupon basis distribution	1,229,958	903,170
Add: Expenses payable from capital	6,401,583	4,620,231
Net Distribution for the period	27,649,348	(1,480,734)

8. Debtors

	30.06.2019 £	31.12.2018 £
Amounts receivable for creation of units	600,256	350,629
Sales awaiting settlement	80,128	62,464
Accrued revenue	4,814,788	4,574,094
Overseas tax recoverable	2,174,760	1,813,267
Property income distribution tax recoverable	–	11,570
Fee rebate receivable	10,609	11,145
	7,680,541	6,823,169

9. Cash and Bank Balances

	30.06.2019	31.12.2018
	£	£
Cash and bank balances	42,964,136	48,448,330
Cash held at clearing houses	6,335,222	2,927,450
	49,299,358	51,375,780
Bank overdrafts	(456,431)	(457,851)
	48,842,927	50,917,929

10. Other Creditors

	30.06.2019	31.12.2018
	£	£
Amounts payable for cancellation of units	920,207	30,000
Accrued expenses	1,085,124	1,082,947
Currency deals awaiting settlement	—	24,319
	2,005,331	1,137,266

11. Contingent Assets/(Liabilities)

The Sub-fund had no contingent asset or liability as at 30th June 2019.

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 21. 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 22 and 23. The distribution per unit class is given in the distribution tables on page 45. All classes have the same rights on winding up and have no par value.

	Income Units	Accumulation Units
Opening units	1,349,158,526	96,835,569
Units created	52,523,426	2,771,896
Units liquidated	(91,204,995)	(641,696)
Units converted	—	—
Closing units	1,310,476,957	98,965,769

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:

	30.06.2019 £
Creation of units	600,256
Cancellation of units	(920,207)
Management fees	985,354
	665,403

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

	30.06.2019 £
Sarasin IE Global Real Estate Equity 'I' GBP Income	
Shares	2,289,606
Bid Market Value (£)	41,581,529
Sarasin IE Systematic Absolute Return UK 'I' Income	
Shares	798,337
Bid Market Value (£)	7,105,997

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

15. Risk Management Policies and Disclosures**Financial Instruments**

In pursuing its investment objectives as stated on page 17, 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 20. 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.

15. Risk Management Policies and Disclosures (continued)

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 30th June 2019

	Monetary Exposure £	Non-Monetary Exposure £	Total £	%
Australian Dollar	—	21,640,138	21,640,138	1.31
Canadian Dollar	21,041	18,094,973	18,116,014	1.10
Danish Kroner	124,178	11,629,768	11,753,946	0.71
Euro	854,846	19,946,119	20,800,965	1.26
Hong Kong Dollar	—	25,365,238	25,365,238	1.54
Indian Rupee	—	2,570,710	2,570,710	0.16
Indonesian Rupiah	—	2,830,483	2,830,483	0.17
Japanese Yen	59,592	10,393,236	10,452,828	0.63
Philippine Peso	—	13,589,210	13,589,210	0.82
Polish Zloty	10,225	—	10,225	—
Swiss Franc	1,152,900	16,894,170	18,047,070	1.09
US Dollar	189,711	291,823,010	292,012,721	17.70
	2,412,493	434,777,055	437,189,548	26.49
Sterling	39,525,064	1,173,582,575	1,213,107,639	73.51
	41,937,557	1,608,359,630	1,650,297,187	100.00

15. Risk Management Policies and Disclosures (continued)

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.

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.

15. Risk Management Policies and Disclosures (continued)

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

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Financial Assets not carrying interest	Total
	£	£	£	£
30th June 2019				
Australian Dollar	—	—	21,640,138	21,640,138
Canadian Dollar	—	—	18,116,014	18,116,014
Danish Kroner	—	—	11,753,946	11,753,946
Euro	456,431	—	134,548,784	135,005,215
Hong Kong Dollar	—	—	25,365,238	25,365,238
Indian Rupee	—	2,570,710	—	2,570,710
Indonesian Rupiah	—	2,830,483	—	2,830,483
Japanese Yen	59,592	—	29,418,745	29,478,337
Philippine Peso	—	—	13,589,211	13,589,211
Polish Zloty	—	—	10,225	10,225
Sterling	65,278,164	192,953,901	969,461,484	1,227,693,549
Swiss Franc	—	—	42,713,080	42,713,080
US Dollar	3,456,388	2,221,808	579,654,384	585,332,580
	69,250,575	200,576,902	1,846,271,249	2,116,098,726
	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Financial Liabilities not carrying interest	Total
	£	£	£	£
30th June 2019				
Euro	456,431	—	113,747,819	114,204,250
Japanese Yen	—	—	19,025,510	19,025,510
Sterling	—	—	14,585,910	14,585,910
Swiss Franc	—	—	24,666,010	24,666,010
US Dollar	—	—	293,319,859	293,319,859
	456,431	—	465,345,108	465,801,539

15. Risk Management Policies and Disclosures (continued)

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Financial Assets not carrying interest	Total
	£	£	£	£
31st December 2018				
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
	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Financial Liabilities not carrying interest	Total
	£	£	£	£
31st December 2018				
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 30th June 2019

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial Assets				
Collective Investment Schemes	17,208,801	145,542,414	–	162,751,215
Debt Securities	96,534,891	123,993,228	–	220,528,119
Equities	1,221,994,857	–	–	1,221,994,857
Forward Currency Contracts	–	4,771,999	–	4,771,999
	1,335,738,549	274,307,641	–	1,610,046,190
Financial Liabilities				
Forward Currency Contracts	–	(273,553)	–	(273,553)
Options	(1,413,008)	–	–	(1,413,008)
	(1,413,008)	(273,553)	–	(1,686,561)

Valuation technique as at 31st December 2018

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial Assets				
Collective Investment Schemes	75,329,357	90,248,059	–	165,577,416
Debt Securities	88,557,890	123,387,197	–	211,945,087
Equities	1,107,100,548	–	–	1,107,100,548
Forward Currency Contracts	–	3,191,570	–	3,191,570
	1,270,987,795	216,826,826	–	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 15.

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.

15. Risk Management Policies and Disclosures (continued)

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 30th June 2019	Exposure £
The Bank of New York Mellon	4,771,999

Counterparty Name as at 31st December 2018	Exposure £
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

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
Analysis of total purchase costs:		
Purchases in period before transaction costs		
Bonds	19,497,928	231,738,915
Collective Investment Schemes	—	156,958,675
Corporate Actions	26,962,808	9,718,078
Derivatives	3,892,143	6,700,601
Equities	110,973,919	1,258,756,824
Total purchases	161,326,798	1,663,873,093
Commissions:		
Equities total value paid	65,461	46,379
Taxes:		
Equities total value paid	—	13,492
Total purchase costs	65,461	59,871
Gross purchase costs	161,392,259	1,663,932,964
Analysis of total sale costs:		
Gross sales in period before transaction costs		
Bonds	21,103,399	12,299,251
Collective Investment Schemes	952,731	2,711,485
Corporate Actions	26,962,808	9,718,078
Derivatives	3,444,182	4,302,735
Equities	144,781,531	107,861,322
Total sales	197,244,651	136,892,871
Commissions:		
Equities total value paid	(42,784)	(48,937)
Taxes:		
Equities total value paid	(5)	(3)
Total sales costs	(42,789)	(48,940)
Total sales net of transaction costs	197,201,862	136,843,931

16. Portfolio Transaction Costs (continued)

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV	—	—
Taxes:		
Equities percentage of average NAV	—	—
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV	—	—
Taxes:		
Equities percentage of average NAV	—	—

The average portfolio dealing spread as at 30th June 2019 was 0.21% (30th June 2018: 0.26%)

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 30th June 2019

First Interim distribution in pence per unit

Group 1: Units purchased prior to 1st January 2019

Group 2: Units purchased between 1st January 2019 and 31st March 2019

Unit	Net Revenue 2019 Pence per Unit	Equalisation (note 12) 2019 Pence per Unit	1st Interim Distribution Paid 2019 Pence per Unit	1st Interim Distribution Paid 2018 Pence per Unit
Income Units				
Group 1	0.7700	—	0.7700	0.7350
Group 2	0.7700	—	0.7700	0.7350
Accumulation Units				
Group 1	1.9052	—	1.9052	1.7580
Group 2	1.9052	—	1.9052	1.7580

Second Interim distribution in pence per unit

Group 1: Units purchased prior to 1st April 2019

Group 2: Units purchased between 1st April 2019 and 30th June 2019

Unit	Net Revenue 2019 Pence per Unit	Equalisation (note 12) 2019 Pence per Unit	2nd Interim Distribution Paid 2019 Pence per Unit	2nd Interim Distribution Paid 2018 Pence per Unit
Income Units				
Group 1	0.9600	—	0.9600	0.9600
Group 2	0.9600	—	0.9600	0.9600
Accumulation Units				
Group 1	2.3932	—	2.3932	2.3134
Group 2	2.3932	—	2.3932	2.3134

Sarasin Income and Reserves Fund

**(Unaudited) Interim Report and Financial Statements for the period
01.01.2019 to 30.06.2019**

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

The year of 2019 started uncertainly, following a fourth quarter of 2018 that had seen deteriorating macro data and heightened political tensions, which culminated in a significant global equity market sell off. However, relief in the form of dovish comments by Federal Reserve Chair Powell about 'the need to be patient in assessing future rate hikes', lessened investors' fears and supported a market rebound. Political uncertainty remains prevalent, and risks were realized in May as fears over US-China trade war were confirmed as talks broke down, leading US President Trump to announce tariff increases to 25% on certain Chinese imports. Macro data has also been less than encouraging; particularly worrying, are the indications that global manufacturing is slowing considerably. Ultimately, these factors have lead the IMF, the OECD, and the World Bank to downgrade their growth forecasts for the rest of the year. However, this has not translated into poor asset market returns, which have been upheld by the material dovish shift by central banks; the US 10 year yield fell below 2% in Q2 for the first time since 2016 and global equity indices have reached all-time highs.

Performance

Buoyed by increasingly dovish rhetoric from the Federal Reserve, the fund's fixed income exposure generally outperformed driven in particular by notionally riskier corporate bonds credit, such as subordinated debt issued by banks and insurers, and relatively illiquid (though structurally sound) UK housing association debt. Our holding in 5.8% Tesco Property bonds also performed strongly in anticipation of its (duly delivered) return to an investment grade rating. In contrast, Dignity Finance detracted given the uncertainty associated with Competition and Markets Authority investigation of the funeral industry. The bonds yield 5.8% and we hold for recovery.

Within the funds' equities, utilities was one of the strongest performing sectors, exemplified by Orsted, which built on its standing as the global leader in offshore wind energy, recently having won a large offshore wind contract in New Jersey. We maintain our belief that this is a quality company with strong thematic credentials but took the decision to reduce our holding on the grounds that the share price has reached our fair value. Information tech companies held in the fund also outperformed the benchmark in first half of 2019. Data centre provider, Equinix, was one of the top contributors to performance, as it proved that it is insulated from challenges facing its wholesale peers, as Facebook, Amazon, and Google all slowed their infrastructure builds. Swiss flavour and fragrance manufacturer, Givaudan, also reported better than expected revenues following successful price collaboration with customers. This continues to be a well-managed business and with a global industry market share of approximately 25%, is well protected against potential market turbulence.

In contrast, cruise ship operator Carnival detracted from fund performance following a downward revision to the full year outlook, despite reporting better than expected earnings in Q2. The downgrade was driven by weakness in demand from southern Europe, where Italy in particular is struggling to escape recession. The long-term prospects for the cruise industry remain attractive, benefiting from demographic tailwinds and the impact of advancements in ship design and fuel efficiency. Earlier in the year, our shares in Swedbank suffered following allegations of potential money laundering transfers relating to the bank's Estonian operations. With the regulator's investigation open-ended we had very limited visibility as to the credibility of the accusations, and decided to exit our holding after the annual dividend in March.

In terms of transactions, we have reduced our holding in Givaudan and Orsted, which have performed well recently, and used the proceeds to reduce our underweight to the IT sector, starting a position in Microsoft, one of the few companies in this space with a decent yield. We also started a modest investment in EssilorLuxottica, where the cultural clash involving the founder of EssilorLuxottica belies the merger of two companies well placed to take advantage of considerable synergies and a €100bn growing market for eyewear. Within alternatives, we have sold outright Twenty Four Income, and reduced our holding of SQN Asset Finance Income, in recognition of the late cycle environment and a set of political tail risks, which could potentially destabilize markets, drying up liquidity and causing price shocks.

Outlook

Macro-economic indicators are softer globally as the US nears full employment and recent surveys indicate a drop in business confidence. Europe's manufacturing sector continues to languish from the effects of weaker trade with China, however, the latest data suggest that these trends may be bottoming out. China has the wherewithal for further policy stimulus to boost its economy and this may revive global trade. Consumer spending continues to fuel growth, supported by rising real wages and a tight labour market. Furthermore, the shift in rhetoric from central banks, combined with lukewarm inflation forecasts, make it unlikely that central banks will return to tightening in the near future.

Political risks persist with concerns over Brexit, the China US trade war and European elections adding to the uncertainty over the current global economy. Any escalation would likely destabilize markets and lead to an increase in volatility. However, the risk of a Trump policy shock is partly contained as he attempts to gain favour in the run up to the 2020 presidential election.

Overall, we believe that the risk of a global recession is low and, notwithstanding the various political tail risks that have the potential to destabilize sentiment, growth can stabilize later this year. This should lead to a supportive environment but subject to periods of volatility as policy makers encounter and respond to exogenous shocks. Fixed income remains supported by accommodative monetary policy, although bonds remain 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 still hold the view that the outlook remains fair for good quality companies operating in the right areas of the global economy despite the challenges ahead in a slower growth world.

Investment Manager's Review (continued)

Currently the outlook for risky assets globally is balanced between sluggish economic fundamentals and a supportive policy stance. The former, potentially conducive to further declines in the corporate earnings outlook, particularly given that Sino-US trade tensions seem set to remain an abiding feature of the global economic landscape. Meanwhile, monetary policy stance has shifted to extremely supportive, with the likelihood of fiscal policy support also elevated as G10 economies generally have additional firepower at their disposal, although those countries who have the most, such as Germany and Japan, are also the least likely to use it. On balance, we feel that the latter will ultimately prevail and an upswing in growth will consequently materialise, leading us to retain a risk-facing stance on global equities, especially when considering bond yields at current levels.

Richard Maitland
Partner & Head of Charities
Sarasin & Partners LLP
12th July 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 30th June 2019, was 3.67% (31st December 2018: 3.97%). The lowest, highest, and average utilisation in the period was 3.57%, 4.18%, and 3.87%, respectively (31st December 2018: 3.47%, 4.10%, and 3.73%, respectively).

Investment Manager's Review (continued)

Top 20 Purchases during the period

UK Treasury 4.00% 07/03/2022
 Kreditanstalt fuer Wiederaufbau 0.375% 15/12/2020
 Barclays 2.375% 06/10/2023
 Wales & West Utilities Finance 5.00% 07/03/2028
 UK Treasury 4.00% 22/01/2060
 UK Treasury 4.25% 07/12/2046
 Yorkshire Building Society 3.00% 18/04/2025
 BNP Paribas 3.375% 23/01/2026
 UK Treasury 4.75% 07/03/2020
 Credit Agricole 7.375% 18/12/2023
 Orsted 2.125% 17/05/2027
 ING Groep 3.00% 18/02/2026
 Carnival
 Credit Agricole 6.875% Perpetual
 ENEL Finance International 5.625% 14/08/2024
 Telefonica Emisiones 5.289% 9/12/2022
 Deutsche Wohnen
 Unibail-Rodamco-Westfield
 Retail Charity Bond 4.25% 30/03/2026
 New York Life Global Funding 1.625% 15/12/2023

Top 20 Sales during the period

UK Treasury 2.75% 07/09/2024
 UK Treasury 4.50% 07/12/2042
 Barclays 3.25% 12/02/2027
 Sarasin IE Global Real Estate Equity 'I' GBP Income
 Cadent Finance 2.125% 22/09/2028
 Coventry Building Society 1.875% 24/10/2023
 UK Treasury 4.25% 07/12/2027
 UK Treasury 4.75% 07/12/2030
 ING Groep 3.00% 18/02/2026
 ENEL Finance International 5.625% 14/08/2024
 Engie 7.00% 30/10/2028
 Standard Life Aberdeen
 Deutsche Bahn Finance 1.75% 16/12/2021
 UK Treasury 4.25% 07/03/2036
 Givaudan
 Twentyfour
 HSBC
 John Lewis 8.375% 08/04/2019
 Swedbank
 Alcentra European Floating Rate Income

Sub-fund Information as at 30th June 2019

Size (Units)	Unit Type	Mid Price	Yield*
122,211,370	Income	111.70 pence	3.70%
6,081,961	Accumulation	199.40 pence	3.65%
Launch Date	23rd February 2018		
Launch Price	Income: 109.00 pence Accumulation: 186.00 pence		
Management Charges	Annual: 0.75% Initial: 0.00%		
Unit Types	Income & Accumulation Units		
Accounting Period Ends	Interim: 31st March Interim: 30th June Interim: 30th September Final: 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 Manager'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 30th June 2019 (continued)
Comparative Tables
*Income Units***Change in Net Asset Value per Unit**

	2019 (pence per unit)	2018 ¹ (pence per unit)
Opening net asset value per unit	105.59	109.00
Return before operating charges*	7.19	1.27
Operating charges (calculated on average price)	(0.44)	(0.77)
Return after operating charges*	6.75	0.50
Distributions on income units	(2.11)	(3.91)
Closing net asset value per unit	110.23	105.59
* after direct transaction costs of ² :	(0.02)	(0.01)

Performance

Return after charges ³	6.39%	0.46%
-----------------------------------	-------	-------

Other Information

Closing net asset value (£'000)	134,712	125,497
Closing number of units	122,211,370	118,854,916
Operating charges ⁴	0.83%	0.82%
Direct transaction costs	(0.02)%	(0.01)%

Prices

Highest unit price	111.80	110.20
Lowest unit price	106.20	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 30th June 2019 (continued)
Comparative Tables (continued)

Accumulation Units

Change in Net Asset Value per Unit

	2019 (pence per unit)	2018¹ (pence per unit)
Opening net asset value per unit	186.91	186.00
Return before operating charges*	12.84	2.04
Operating charges (calculated on average price)	(0.85)	(1.13)
Return after operating charges*	11.99	0.91
Distributions	(3.75)	(6.77)
Retained distributions on accumulation units	3.75	6.77
Closing net asset value per unit	198.90	186.91
* after direct transaction costs of ² :	(0.04)	(0.02)

Performance

Return after charges ³	6.41%	0.49%
-----------------------------------	--------------	-------

Other Information

Closing net asset value (£'000)	12,097	9,410
Closing number of units	6,081,961	5,034,574
Operating charges ⁴	0.83%	0.82%
Direct transaction costs	(0.02)%	(0.01)%

Prices

Highest unit price	199.60	191.40
Lowest unit price	187.90	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 30th June 2019

Holding or Nominal		Bid Market	% of
Value	Investment	Value (£)	Net Assets
Sterling Government Bonds 29.25% (31 December 2018 - 32.02%)			
£5,700,000	UK Treasury 4.50% 07/12/2042	9,175,290	6.25
£5,000,000	UK Treasury 4.25% 07/12/2027	6,438,540	4.39
£3,900,000	UK Treasury 4.75% 07/12/2030	5,509,460	3.75
£4,080,000	UK Treasury 2.75% 07/09/2024	4,519,232	3.08
£2,660,000	UK Treasury 4.25% 07/03/2036	3,854,920	2.63
£2,750,000	UK Treasury 4.75% 07/03/2020	2,826,010	1.92
£2,000,000	UK Treasury 8.00% 07/06/2021	2,284,960	1.56
£1,500,000	UK Treasury 4.00% 07/03/2022	1,637,106	1.11
£1,480,000	UK Treasury 0.75% 22/07/2023	1,488,172	1.01
£700,000	Transport for London 3.875% 23/07/2042	892,909	0.61
£500,000	UK Treasury 3.50% 22/07/2068	874,935	0.60
£500,000	UK Treasury 4.25% 07/12/2046	812,310	0.55
£600,000	High Speed Rail Finance 4.375% 01/11/2038	755,382	0.51
£600,000	Affordable Housing Finance 2.893% 11/08/2043	723,745	0.49
£380,000	UK Treasury 4.00% 22/01/2060	686,443	0.47
£200,000	UK Treasury 5.00% 07/03/2025	248,509	0.17
£150,000	UK Treasury 4.50% 07/09/2034	218,759	0.15
		42,946,682	29.25
Sterling Corporate Bonds 32.01% (31 December 2018 - 30.64%)			
£1,000,000	Wellcome Trust Finance 4.625% 25/07/2036	1,432,021	0.98
£1,200,000	Royal Bank of Scotland 2.875% 19/09/2026	1,212,823	0.83
£800,000	Scottish Widows 7.00% 16/06/2043	1,052,050	0.72
£800,000	LCR Finance 4.50% 07/12/2028	1,034,849	0.71
£781,106	Tesco Property Finance 5.801% 13/10/2040	1,029,844	0.70
£1,000,000	Barclays 2.375% 06/10/2023	1,000,524	0.68
£1,000,000	HSBC F2V 2.256% 13/11/2026	998,969	0.68
£900,000	Legal & General F2V 5.375% 27/10/2045	996,038	0.68
£1,200,000	Dignity Finance 4.696% 31/12/2049	968,122	0.66
£950,000	Places for People Treasury 2.875% 17/08/2026	958,373	0.65
£750,000	Manchester Airport 4.75% 31/03/2034	951,716	0.65
£700,000	Eastern Power Networks 8.50% 31/03/2025	942,627	0.64
£750,000	Wales & West Utilities Finance 5.00% 07/03/2028	931,321	0.63
£739,733	UPP Bond 1 Issuer 4.902% 28/02/2040	928,147	0.63
£700,000	EMH Treasury 4.50% 29/01/2044	897,904	0.61
£800,000	Orange 5.75% Perpetual	885,000	0.60
£850,000	Investec Bank 4.25% 24/07/2028	858,007	0.58
£800,000	A2Dominion Housing 3.50% 15/11/2028	840,443	0.57
£800,000	Bazalgette Finance 2.375% 29/11/2027	831,527	0.57
£650,000	Lloyds Bank 7.625% 22/04/2025	830,746	0.57
£800,000	Prs Finance 1.75% 24/11/2026	828,133	0.56
£800,000	Channel Housing Link Enterprises Finance F2F 3.043% 30/06/2050	819,262	0.56
£850,000	AA Bond 2.875% 31/01/2022	808,673	0.55
£800,000	Bunzl Finance 2.25% 11/06/2025	804,832	0.55
£750,000	Land Securities Capital Markets 2.399% 08/02/2031	782,361	0.53
£500,000	THFC (Funding No 2) 6.35% 08/07/2041	770,914	0.53
£604,400	Great Rolling 6.875% 27/07/2035	763,969	0.52
£675,419	WoDS Transmission 3.446% 24/08/2034	749,092	0.51
£750,000	RAC Bond 4.87% 06/05/2046	733,689	0.50

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
Sterling Corporate Bonds (continued)			
£700,000	London & Quadrant Housing Trust 2.625% 05/05/2026	725,815	0.49
£600,000	BPCE 5.25% 16/04/2029	714,185	0.49
£700,000	Yorkshire Building Society 3.00% 18/04/2025	711,068	0.48
£700,000	Segro 2.375% 11/10/2029	708,040	0.48
£656,000	BNP Paribas 3.375% 23/01/2026	696,340	0.47
£600,000	Prudential F2V 5.70% 19/12/2063	687,930	0.47
£600,000	Unite (USAF) 3.921% 30/06/2025	667,049	0.45
£600,000	InterContinental Hotels 3.75% 14/08/2025	649,662	0.44
£552,516	Greater Gabbard Ofco 4.137% 29/11/2032	638,200	0.43
£600,000	Electricite de France 5.875% Perpetual	634,500	0.43
£550,000	BUPA Finance 5.00% 08/12/2026	622,117	0.42
£600,000	CYBG 4.00% 25/09/2026	602,958	0.41
£500,000	Arqiva Financing 5.34% 30/06/2030	600,362	0.41
£550,000	Aviva F2F 6.625% 03/06/2041	597,513	0.41
£550,000	CPUK Finance 3.588% 28/02/2042	587,557	0.40
£600,000	Northumbrian Water Finance 1.625% 11/10/2026	584,954	0.40
£500,000	HSBC Bank 6.50% 07/07/2023	583,829	0.40
£550,000	Retail Charity Bond 3.90% 23/11/2029	583,000	0.40
£500,000	Koninklijke 5.75% 17/09/2029	577,025	0.39
£500,000	Places for People Treasury 3.625% 22/11/2028	524,020	0.36
£400,000	United Utilities Water 5.625% 20/12/2027	520,990	0.36
£500,000	Retail Charity Bond 4.25% 30/03/2028	515,500	0.35
£500,000	Retail Charity Bond 4.50% 20/06/2026	510,500	0.35
£500,000	New York Life Global Funding 1.75% 15/12/2022	508,604	0.35
£500,000	SSE 3.875% Perpetual	506,363	0.35
£500,000	Lloyds Banking 2.25% 16/10/2024	501,537	0.34
£500,000	Go-Ahead 2.50% 06/07/2024	495,431	0.34
£300,000	SSE 8.375% 20/11/2028	449,886	0.31
£300,000	University of Manchester 4.25% 04/07/2053	441,247	0.30
£369,000	A2D Funding II 4.50% 30/09/2026	415,249	0.28
£350,000	Motability Operations 5.375% 28/06/2022	392,985	0.27
£300,000	Land Securities Capital Markets 5.391% 31/03/2027	359,320	0.24
£300,000	ENEL Finance International 5.625% 14/08/2024	351,970	0.24
£300,000	Prudential F2V 5.625% 20/10/2051	329,972	0.22
£300,000	Catalyst Housing 3.125% 31/10/2047	316,948	0.22
£250,000	Barclays 3.25% 12/02/2027	254,925	0.17
£220,000	Retail Charity Bond 5.00% 29/07/2021	243,210	0.17
£200,000	CPUK Finance 7.239% 28/02/2042	242,799	0.17
£200,000	Alpha Plus 5.00% 31/03/2024	208,206	0.14
£100,000	University of Southampton 2.25% 11/04/2057	93,201	0.06
		46,996,943	32.01
Overseas Bonds 12.71% (31 December 2018 - 10.20%)			
£900,000	AT&T 7.00% 30/04/2040	1,357,218	0.92
£700,000	Heathrow Funding 5.875% 13/05/2043	1,048,659	0.71
£1,050,000	Kreditanstalt fuer Wiederaufbau 0.375% 15/12/2020	1,042,849	0.71
£950,000	Verizon Communications 3.375% 27/10/2036	1,042,591	0.71
£700,000	innogy Finance 6.125% 06/07/2039	1,038,652	0.71
£1,000,000	International Finance 1.25% 15/12/2023	1,012,688	0.69

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
Overseas Bonds (continued)			
£900,000	Credit Suisse F2F 2.125% 12/09/2025	892,752	0.61
£750,000	Bank Nederlandse Gemeenten 5.375% 07/06/2021	813,288	0.55
£800,000	Deutsche Bahn Finance 1.375% 07/07/2025	800,112	0.55
£700,000	SNCF Reseau 5.50% 01/12/2021	773,259	0.53
£700,000	Thames Water Utilities Cayman Finance 3.50% 25/02/2028	760,457	0.52
£700,000	Banco Santander 2.75% 12/09/2023	723,297	0.49
£600,000	Temasek Financial 4.625% 26/07/2022	663,009	0.45
£600,000	Digital Stout 4.25% 17/01/2025	661,371	0.45
IDR11,000,000,000	Inter-American Development Bank 7.875% 14/03/2023	639,503	0.44
USD750,000	Credit Agricole 6.875% Perpetual	618,763	0.42
£600,000	Orsted 2.125% 17/05/2027	617,498	0.42
£500,000	Credit Agricole 7.375% 18/12/2023	616,465	0.42
£500,000	Telefonica Emisiones 5.289% 09/12/2022	562,246	0.38
£400,000	Comcast 5.50% 23/11/2029	531,965	0.36
£500,000	New York Life Global Funding 1.625% 15/12/2023	506,570	0.35
USD550,000	Greenko Dutch 5.25% 24/07/2024	424,563	0.29
£400,000	AA Bond 4.875% 31/07/2043	392,684	0.27
£300,000	Telefonica Emisiones 5.445% 08/10/2029	379,493	0.26
INR33,100,000	International Finance 6.45% 10/08/2020	373,368	0.25
USD250,000	Indian Railway Finance 3.835% 13/12/2027	199,795	0.14
IDR2,850,000,000	European Investment Bank 7.40% 24/01/2022	162,071	0.11
		18,655,186	12.71
UK Equities 9.19% (31 December 2018 - 8.85%)			
174,577	HSBC	1,146,796	0.78
23,368	Unilever	1,143,747	0.78
199,971	BP	1,097,041	0.75
43,611	Admiral	962,931	0.66
16,631	Rio Tinto	811,676	0.55
12,364	AstraZeneca	795,747	0.54
12,617	Reckitt Benckiser	783,768	0.53
29,898	Royal Dutch Shell 'B'	771,518	0.53
1,187,862	Lloyds Banking	672,211	0.46
184,308	DS Smith	667,932	0.45
366,800	Man	571,291	0.39
97,905	Barratt Developments	560,604	0.38
28,896	Compass	545,267	0.37
31,057	Prudential	532,938	0.36
14,600	Carnival	507,788	0.35
31,104	GlaxoSmithKline	490,386	0.33
65,952	SSP	452,431	0.31
283,941	Vodafone	367,192	0.25
30,610	IMI	317,732	0.22
148,297	BT	291,285	0.20
		13,490,281	9.19
Global Equities 10.48% (31 December 2018 - 9.71%)			
18,756	Total	826,967	0.56
21,504	Pfizer	732,119	0.50

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal	Value	Investment	Bid Market Value (£)	% of Net Assets
Global Equities (continued)				
10,145	Novartis		729,103	0.50
23,500	Bridgestone		726,488	0.49
21,559	Taiwan Semiconductor Manufacturing ADR		663,354	0.45
3,000	Costco Wholesale		622,605	0.42
3,826	NextEra Energy		615,731	0.42
13,777	Bank of Nova Scotia		582,028	0.40
10,145	Colgate-Palmolive		570,900	0.39
3,622	CME		552,364	0.38
2,877	Air Products & Chemicals		511,562	0.35
224	Givaudan		497,323	0.34
89,888	Enel		493,766	0.34
1,302	BlackRock		479,501	0.33
4,318	Air Liquide		475,236	0.32
3,179	Amgen		460,177	0.31
3,834	Unibail-Rodamco-Westfield		451,814	0.31
6,554	Orsted		447,081	0.30
5,031	JPMorgan Chase		441,828	0.30
27,802	Sonic Healthcare		415,127	0.28
14,258	Deutsche Wohnen		411,315	0.28
44,664	ING Groep		407,323	0.28
2,576	Apple		400,578	0.27
3,765	Microsoft		396,173	0.27
4,850	United Parcel Service		393,465	0.27
1,996	Credicorp		358,926	0.24
1,433	Roche		317,057	0.22
2,273	Union Pacific		302,025	0.21
2,934	EssilorLuxottica		301,255	0.20
9,412	IAA		284,497	0.19
23,060	SES		283,303	0.19
9,412	KAR Auction Services		184,883	0.13
2,029	Alcon		98,549	0.07
(28)	Air Products and Chemicals Call Option 210 20/09/2019 ¹		(44,441)	(0.03)
			15,389,982	10.48
UK Property 0.17% (31 December 2018 - 0.21%)				
286,054	Civitas Social Housing		240,285	0.17
Global Property 0.81% (31 December 2018 - 1.13%)				
1,803	Equinix		714,046	0.49
4,584	Crown Castle International		469,133	0.32
			1,183,179	0.81
Alternatives 0.89% (31 December 2018 - 1.93%)				
327,480	International Public Partnerships		487,945	0.33
412,953	Sequoia Economic Infrastructure Income		468,289	0.32
200,548	SQN Asset Finance Income		177,685	0.12
221,369	US Solar Fund		175,676	0.12
			1,309,595	0.89

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
Global Collective Investment Schemes 1.43% (31 December 2018 - 1.47%)			
80,000	Neuberger Berman Emerging Market Debt	826,400	0.56
196,007	CF Morant Wright Nippon Yield 'B' Income	653,251	0.45
6,400	Ashmore SICAV Emerging Markets Short Duration 'Z' Income	620,608	0.42
		2,100,259	1.43
Forward Currency Contracts 0.02% (31 December 2018 - 0.01%)			
USD (2,651,000)	Sold USD, Bought GBP 2,108,386 for settlement on 19/09/2019	32,515	0.02
EUR (1,700,000)	Sold EUR, Bought GBP 1,524,305 for settlement on 19/09/2019	(843)	—
		31,672	0.02
Total Value of Investments 96.96% (31 December 2018 - 96.17%)			
	Net Other Assets	4,465,024	3.04
	Net Assets	146,809,088	100.00

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

¹Derivative Instruments

Asset Allocation of Portfolio of Investments is as follows:

Bonds	108,598,811	73.97
Collective Investment Schemes	2,100,259	1.43
Derivatives	(44,441)	(0.03)
Equities	31,657,763	21.57
Forward Currency Contracts	31,672	0.02
Net Other Assets	4,465,024	3.04
	146,809,088	100.00

Debt Security Allocation is as follows:

Percentage of Debt Securities investment grade and above	95.29%
Percentage of Debt Securities below investment grade (sub BBB- or unrated)	4.71%
	100.00%

Statement of Total Return
For the period ended 30th June 2019

			01.01.2019 to 30.06.2019 £		23.02.2018 to 30.06.2018 ¹ £
	Notes	£	£	£	£
Income					
Net capital gains	2		7,407,559		924,369
Revenue	3	2,284,974		1,509,924	
Expenses	4	(594,560)		(434,552)	
Interest payable and similar charges	6	(30)		(15)	
Net revenue before taxation		1,690,384		1,075,357	
Taxation	5	(47,681)		(35,351)	
Net revenue after taxation for the period			1,642,703		1,040,006
Total return before distributions			9,050,262		1,964,375
Distributions	6		(2,831,136)		(2,007,882)
Changes in net assets attributable to unitholders from investment activities			6,219,126		(43,507)

Statement of Changes in Net Assets Attributable to Unitholders
For the period ended 30th June 2019

			01.01.2019 to 30.06.2019 £		23.02.2018 to 30.06.2018 ¹ £
		£	£	£	£
Opening net assets attributable to unitholders			134,907,315		–
Movement due to sales and repurchases of units:					
Amounts received on issue of units		26,688,904		157,530,630	
Amounts paid on cancellation of units		(21,264,350)		(8,537,454)	
			5,424,554		148,993,176
Dilution levy			30,762		10,976
Changes in net assets attributable to unitholders from investment activities (see above)			6,219,125		(43,507)
Retained distribution on accumulation units			227,331		175,216
Closing net assets attributable to unitholders			146,809,087		149,135,861

The notes on pages 61 to 71 form part of these Financial Statements.

¹The Sub-fund launched 23rd February 2018.

Balance Sheet as at 30th June 2019

	Notes	30.06.2019 £	31.12.2018 £
Assets			
Fixed assets:			
Investments		142,389,348	129,743,181
Current assets:			
Debtors	8	1,501,951	1,170,422
Cash and bank balances	9	4,460,460	5,252,339
Total assets		148,351,759	136,165,942
Investment liabilities		(45,284)	(1,332)
Creditors:			
Bank overdrafts	9	(6,926)	(6,947)
Distribution payable on income units		(1,393,821)	(1,155,270)
Other creditors	10	(96,640)	(95,078)
Total liabilities		(1,542,671)	(1,258,627)
Net assets attributable to unitholders		146,809,088	134,907,315

The notes on pages 61 to 71 form part of these Financial Statements.

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.

G. V. Matthews
Director
Sarasin Investment Funds Limited
28th August 2019

S. A. M. Jeffries
Director
Sarasin Investment Funds Limited
28th August 2019

Notes

Notes to the financial statements For the period ended 30th June 2019

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 14 and 15.

2. Net Capital Gains

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
Net capital gains comprise:		
Non-derivative securities realised (losses)/gains	(70,411)	46,289
Non-derivative securities unrealised gains	7,611,520	967,199
Derivative securities realised gains	7,239	22,456
Derivative securities unrealised losses	(34,371)	–
Forward currency contracts realised losses	(61,665)	(71,473)
Forward currency contracts unrealised gains/(losses)	15,257	(6,577)
Currency losses	(60,113)	(33,495)
Management fee rebates	77	245
Transaction charges	–	(275)
Derivative charges	26	–
	7,407,559	924,369

3. Revenue

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
UK dividends	349,912	256,605
Overseas dividends	405,895	332,590
Bank Interest	4,863	1,397
Interest on debt securities	1,402,527	879,321
Unfranked PID ¹ revenue	4,191	–
Franked PID ¹ revenue	–	3,406
Option premium	44,026	10,494
Franked CIS ² revenue	11,320	11,669
Offshore dividend CIS ² revenue	5,412	–
Offshore interest CIS ² revenue	56,828	14,442
	2,284,974	1,509,924

¹Property Income Dividend

²Collective Investment Scheme

4. Expenses

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
Payable to the Manager, associates of the Manager, and agents of either of them:		
Management fees	538,212	391,359
	538,212	391,359
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
	–	–
Other Expenses		
Fixed operating charge	53,848	38,843
Professional fees	2,500	4,350
	56,348	43,193
Total Expenses	594,560	434,552

5. Taxation

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
a) Analysis of tax charge in period		
Overseas tax	47,681	35,351
Total tax for the period	47,681	35,351

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:

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
First interim	1,318,624	1,079,752
Second interim	1,517,704	1,484,802
	2,836,328	2,564,554
Add: Revenue deducted on cancellation of units	63,160	36,293
Deduct: Revenue received on creation of units	(68,352)	(592,965)
Net distributions for the period	2,831,136	2,007,882
Interest payable and similar charges	30	15
	2,831,166	2,007,897

7. Movement between Net Revenue and Distribution

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
Net revenue after tax	1,642,703	1,040,006
Add: Undistributed revenue Reserve brought forward	86	—
Less: Undistributed revenue Reserve carried forward	(98)	(13)
Add: Benefit of coupon basis distribution	593,911	533,337
Add: Expenses payable from capital	594,534	434,552
Net Distribution for the period	2,831,136	2,007,882

8. Debtors

	30.06.2019 £	31.12.2018 £
Amounts receivable for creation of units	55,330	—
Sales awaiting settlement	16,738	—
Accrued revenue	1,355,623	1,109,737
Overseas tax recoverable	73,343	60,061
Property income distribution tax recoverable	917	442
Fee rebate receivable	—	182
	1,501,951	1,170,422

9. Cash and Bank Balances

	30.06.2019	31.12.2018
	£	£
Cash and bank balances	4,318,493	5,238,201
Cash held at clearing houses	141,967	14,138
	4,460,460	5,252,339
Bank overdrafts	(6,926)	(6,947)
	4,453,534	5,245,392

10. Other Creditors

	30.06.2019	31.12.2018
	£	£
Accrued expenses	96,640	95,078
	96,640	95,078

11. Contingent Assets/(Liabilities)

The Sub-fund had no contingent asset or liability as at 30th June 2019.

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 page 72. All classes have the same rights on winding up and have no par value.

	Income Units	Accumulation Units
Opening units	118,854,916	5,034,574
Units created	23,105,852	1,050,403
Units liquidated	(19,703,273)	(28,845)
Units converted	(46,125)	25,829
Closing units	122,211,370	6,081,961

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:

	30.06.2019
	£
Management fees	(87,666)
	(87,666)

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.

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 30th June 2019

	Monetary Exposure £	Non-Monetary Exposure £	Total £	%
Australian Dollar	–	415,127	415,127	0.28
Canadian Dollar	1,838	582,028	583,866	0.40
Danish Kroner	1,389	447,081	448,470	0.31
Euro	25,996	2,125,830	2,151,826	1.47
Indian Rupee	–	373,368	373,368	0.25
Indonesian Rupiah	–	801,573	801,573	0.55
Japanese Yen	–	726,488	726,488	0.49
Swiss Franc	44,120	1,642,032	1,686,152	1.15
US Dollar	4,780	8,452,353	8,457,133	5.76
	78,123	15,565,880	15,644,003	10.66
Sterling	4,386,901	126,778,184	131,165,085	89.34
	4,465,024	142,344,064	146,809,088	100.00

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 69.

15. Risk Management Policies and Disclosures (continued)**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:

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
30th June 2019				
Australian Dollar	—	—	415,127	415,127
Canadian Dollar	—	—	583,867	583,867
Danish Kroner	—	—	448,470	448,470
Euro	6,926	—	3,676,974	3,683,900
Indian Rupee	—	373,368	—	373,368
Indonesian Rupiah	—	801,573	—	801,573
Japanese Yen	—	—	726,488	726,488
Sterling	16,541,754	94,087,748	22,026,044	132,655,546
Swiss Franc	—	—	1,686,152	1,686,152
US Dollar	623,543	624,358	9,329,543	10,577,444
	17,172,223	95,887,048	38,892,665	151,951,935

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
30th June 2019				
Euro	6,926	—	1,525,149	1,532,075
Sterling	—	—	1,490,461	1,490,461
US Dollar	—	—	2,120,311	2,120,311
	6,926	—	5,135,921	5,142,847

15. Risk Management Policies and Disclosures (continued)

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Financial Assets not carrying interest	Total
	£	£	£	£
31st December 2018				
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
	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Financial Liabilities not carrying interest	Total
	£	£	£	£
31st December 2018				
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 30th June 2019

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial Assets				
Collective Investment Schemes	—	2,100,259	—	2,100,259
Debt Securities	42,946,682	65,652,129	—	108,598,811
Equities	31,657,763	—	—	31,657,763
Forward Currency Contracts	—	32,515	—	32,515
	74,604,446	67,784,903	—	142,389,348
Financial Liabilities				
Forward Currency Contracts	—	(843)	—	(843)
Options	(44,441)	—	—	(44,441)
	(44,441)	(843)	—	(45,284)

15. Risk Management Policies and Disclosures (continued)**Valuation technique as at 31st December 2018**

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial Assets				
Collective Investment Schemes	724,750	2,675,208	—	3,399,958
Debt Securities	41,124,067	57,167,424	—	98,291,491
Equities	28,035,317	—	—	28,035,317
Forward Currency Contracts	—	16,415	—	16,415
	69,884,134	59,859,047	—	129,743,181
Financial Liabilities				
Options	(1,332)	—	—	(1,332)
	(1,332)	—	—	(1,332)

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 15.

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 30th June 2019	Exposure £
The Bank of New York Mellon	32,515
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

	01.01.2019 to 30.06.2019 £	23.02.2018 to 30.06.2018 £
Analysis of total purchase costs:		
Purchases in period before transaction costs		
Bonds	18,967,814	123,027,752
Collective Investment Schemes	102,262	5,490,856
Corporate Actions	1,341,812	–
Derivatives	35,288	175,639
Equities	5,536,493	32,411,579
Total purchases	25,983,669	161,105,826
Commissions:		
Equities total value paid	4,104	680
Taxes:		
Equities total value paid	1	1
Total purchase costs	4,105	681
Gross purchase costs	25,987,774	161,106,506
Analysis of total sale costs:		
Gross sales in period before transaction costs		
Bonds	12,871,953	12,967,617
Collective Investment Schemes	795,513	–
Corporate Actions	1,341,812	–
Derivatives	44,026	110,727
Equities	5,246,782	1,147,924
Total sales	20,300,086	14,226,268
Commissions:		
Equities total value paid	(1,826)	(469)
Taxes:		
Equities total value paid	(1)	(2)
Total sales costs	(1,827)	(471)
Total sales net of transaction costs	20,298,259	14,225,797

16. Portfolio Transaction Costs (continued)

	01.01.2019 to 30.06.2019 %	23.02.2018 to 30.06.2018 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV	—	—
Taxes:		
Equities percentage of average NAV	—	—
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV	—	—
Taxes:		
Equities percentage of average NAV	—	—

¹Excluding single swing price adjustment.

The average portfolio dealing spread as at 30th June 2019 was 0.35%. (30th June 2018: 0.34%)

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 30th June 2019

First Interim distribution in pence per unit

Group 1: Units purchased prior to 1st January 2019

Group 2: Units purchased between 1st January 2019 and 31st March 2019

Unit	Net Revenue 2019 Pence per Unit	Equalisation (note 12) 2019 Pence per Unit	1st Interim Distribution Paid 2019 Pence per Unit	1st Interim Distribution Paid 2019 Pence per Unit
A-Class Distribution Units				
Group 1	0.9662	—	0.9662	0.8091
Group 2	0.9662	—	0.9662	0.8091
A-Class Accumulation Units				
Group 1	1.7104	—	1.7104	1.3814
Group 2	1.7104	—	1.7104	1.3814

Second Interim distribution in pence per unit

Group 1: Units purchased prior to 1st April 2019

Group 2: Units purchased between 1st April 2019 and 30th June 2019

Unit	Net Revenue 2019 Pence per Unit	Equalisation (note 12) 2019 Pence per Unit	2nd Interim Distribution Paid 2019 Pence per Unit	2nd Interim Distribution Paid 2019 Pence per Unit
A-Class Distribution Units				
Group 1	1.1405	—	1.1405	1.0806
Group 2	1.1405	—	1.1405	1.0806
A-Class Accumulation Units				
Group 1	2.0369	—	2.0369	1.8586
Group 2	2.0369	—	2.0369	1.8586

Sarasin Climate Active Endowments Fund

**(Unaudited) Interim Report and Financial Statements for the period
01.01.2019 to 30.06.2019**

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 unrated 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 year of 2019 started uncertainly, following a fourth quarter of 2018 that had seen deteriorating macro data and heightened political tensions, which culminated in a significant global equity market sell off. However, relief in the form of dovish comments by Federal Reserve Chair Powell about 'the need to be patient in assessing future rate hikes', lessened investors' fears and supported a market rebound. Political uncertainty remains prevalent, and risks were realized in May as fears over US-China trade war were confirmed as talks broke down, leading US President Trump to announce tariff increases to 25% on certain Chinese imports. Macro data has also been less than encouraging; particularly worrying, are the indications that global manufacturing is slowing considerably. Ultimately, these factors have lead the IMF, the OECD, and the World Bank to downgrade their growth forecasts for the rest of the year. However, this has not translated into poor asset market returns, which have been upheld by the material dovish shift by central banks; the US 10 year yield fell below 2% in Q2 for the first time since 2016 and global equity indices have reached all-time highs.

Performance

Buoyed by increasingly dovish rhetoric from the Federal Reserve, the funds' US equities were the highest returners in the first half of 2019, despite the pressure from the US government shut down and US China trade war. Within the funds' equities, information tech was the strongest performing sector. Mastercard 'A' had a particularly strong start to the year, which tackled doubts about their payment business struggling in the face of slowing global market. Cloud-computing company, ServiceNow, was another strong contributor in this space, reporting good earnings for both Q4 2018 and Q1 2019 along with increased full year guidance for 2019. Equinix also reported well, as it proved that it is insulated from challenges facing its wholesale peers, as Facebook, Amazon, and Google all slowed their infrastructure builds. Strong performance has not been limited to technology, however, as Swiss flavour and fragrance manufacturer, Givaudan, reported better than expected revenues following successful price collaboration with customers. This continues to be a well-managed business and with a global industry market share of approximately 25%, is well protected against potential market turbulence. Finally, utility company, Orsted, built on its standing as the global leader in offshore wind energy, recently having won a large offshore wind contract in New Jersey. We maintain our belief that this is a quality company with strong thematic credentials but took the decision to reduce our holding on the grounds that the share price has reached our fair value.

In contrast, Umicore, the leading producer of differentiated battery materials and recycling, has struggled having downgraded expectations for 2019 due to slower than expected demand for electric vehicles. Our outlook for the company remains strong, however, due to the global pathway to electrification of vehicles and tightening emissions standards, along with its strong market position. Earlier in the year, our shares in Swedbank suffered following allegations of potential money laundering transfers relating to the bank's Estonian operations. With the regulator's investigation open-ended we had very limited visibility as to the credibility of the accusations, and decided to exit our holding after the annual dividend in March. In real estate, Deutsche Wohnen suffered when the Berlin senate approved a white paper proposal to freeze rental increases for five years, the company having reported earlier on its programme of comprehensive refurbishment of residential properties (over 70% are in Berlin) and expected 3.4% rental growth. We are reviewing our investment thesis.

For transactions, we reduced our holding in both Givaudan and Orsted, and used the proceeds to reduce our underweight to the IT sector, starting a holding in Microsoft and technology consultants, Accenture, who are well placed to benefit from increasing automation within business. We also began a modest investment in EssilorLuxottica, where the cultural clash involving the founder of Luxottica belies the merger of two companies well placed to take advantage of considerable synergies and a €100bn growing market for eyewear. Within alternatives, we have sold outright Twenty Four Income, and reduced our holding of SQN Asset Finance Income fund, in recognition of the late cycle environment and a set of political tail risks, which could potentially destabilize markets, drying up liquidity and causing price shocks.

Finally, following two years of active engagement, the fund sold Royal Dutch Shell 'B' at the end of June. The catalyst for the sale was Shell's publication of its five-year strategy on the 4th June, which set out its intention to allocate c. \$28bn of shareholder capital a year to fossil fuel activities, representing >90% of the total budget. The consequence of this capital deployment plan is a rising fossil fuel production profile, which is difficult to reconcile with the public commitments that Shell has made to support the Paris Climate Agreement and its goals to keep temperature increases below 2°C, and ideally to 1.5°C.

Outlook

Macro-economic indicators are softer globally as the US nears full employment and recent surveys indicate a drop in business confidence. Europe's manufacturing sector continues to languish from the effects of weaker trade with China, however, the latest data suggest that these trends may be bottoming out. China has the wherewithal for further policy stimulus to boost its economy and this may revive global trade. Consumer spending continues to fuel growth, supported by rising real wages and a tight labour market. Furthermore, the shift in rhetoric from central banks, combined with lukewarm inflation forecasts, make it unlikely that central banks will return to tightening in the near future.

Investment Manager's Review (continued)

Political risks persist with concerns over Brexit, the China US trade war and European elections adding to the uncertainty over the current global economy. Any escalation would likely destabilize markets and lead to an increase in volatility. However, the risk of a Trump policy shock is partly contained as he attempts to gain favour in the run up to the 2020 presidential election.

Overall, we believe that the risk of a global recession is low and, notwithstanding the various political tail risks that have the potential to destabilize sentiment, growth can stabilize later this year. This should lead to a supportive environment but subject to periods of volatility as policy makers encounter and respond to exogenous shocks. Fixed income remains supported by accommodative monetary policy, although bonds remain 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 still hold the view that the outlook remains fair for good quality companies operating in the right areas of the global economy despite the challenges ahead in a slower growth world.

Currently the outlook for risky assets globally is balanced between sluggish economic fundamentals and a supportive policy stance. The former, potentially conducive to further declines in the corporate earnings outlook, particularly given that Sino-US trade tensions seem set to remain an abiding feature of the global economic landscape. Meanwhile, monetary policy stance has shifted to extremely supportive, with the likelihood of fiscal policy support also elevated as G10 economies generally have additional firepower at their disposal, although those countries who have the most, such as Germany and Japan, are also the least likely to use it. On balance, we feel that the latter will ultimately prevail and an upswing in growth will consequently materialise, leading us to retain a risk-facing stance on global equities, especially when considering bond yields at current levels.

Richard Maitland
Partner & Head of Charities
Sarasin & Partners LLP
28th August 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 30th June 2019, was 6.23%. The lowest, highest, and average utilisation in the period was 5.42%, 6.24%, and 5.91%, respectively (31st December 2018: 4.27%, 5.84%, and 5.01%, respectively).

Investment Manager's Review (continued)

Top 20 Purchases during the period

Microsoft
 Aramark
 Neuberger Berman Uncorrelated Strategies 'I5' GBP
 Accumulation
 United Parcel Service
 Legal & General
 Deutsche Wohnen
 Air Liquide
 Accenture
 Deere & Co
 EssilorLuxottica
 SVB Financial
 Fevertree Drinks
 Colgate-Palmolive
 Tesco
 Bridgestone
 RELX
 Apple
 Samsonite International
 Unibail-Rodamco-Westfield
 KAR Auction Services

Top 20 Sales during the period

Royal Dutch Shell 'B'
 LF Morant Wright Nippon Yield 'B' Income
 Swedbank
 Givaudan
 Royal Dutch Shell 'B'
 SQN Asset Finance Income
 Union Pacific
 Enel
 Orsted
 Sarasin IE Systematic Absolute Return UK 'I' Income
 3M
 Henkel
 ING Groep
 Boston Properties
 JPMorgan Chase
 AstraZeneca
 TwentyFour Income
 UK Treasury
 Alcentra European Floating Rate Income
 Compass

Sub-fund Information as at 30th June 2019

Size (Units)	Unit Type	Mid Price	Yield*
178,281,470	Income	107.60 pence	1.61%
1,174,376	Accumulation	268.10 pence	1.60%
Launch Date	16th February 2018		
Launch Price	Income: 101.70 pence Accumulation: 243.10 pence		
Management Charges	Annual:	0.75%	
	Initial:	0.00%	
Unit Types	Income & Accumulation Units		
Accounting Period Ends	Interim:	31st March	
	Interim:	30th June	
	Interim:	30th September	
	Final:	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 Manager'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 30th June 2019 (continued)
Comparative Tables
*Income Units***Change in Net Asset Value per Unit**

	2019 (pence per unit)	2018¹ (pence per unit)
Opening net asset value per unit	96.90	101.70
Return before operating charges*	11.84	(0.58)
Operating charges (calculated on average price)	(0.42)	(0.80)
Return after operating charges*	11.42	(1.38)
Distributions on income units	(1.73)	(3.42)
Closing net asset value per unit	106.59	96.90
* after direct transaction costs of :	0.01	0.04

Performance

Return after charges ²	11.79%	(1.36)%
-----------------------------------	---------------	---------

Other Information

Closing net asset value (£'000)	190,034	166,456
Closing number of units	178,281,470	171,781,634
Operating charges ³	0.83%	0.91%
Direct transaction costs	0.01%	0.03%

Prices

Highest unit price	107.90	106.50
Lowest unit price	96.40	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.

Sub-fund Information as at 30th June 2019 (continued)
Comparative Tables (continued)

Accumulation Units

Change in Net Asset Value per Unit

	2019 (pence per unit)	2018¹ (pence per unit)
Opening net asset value per unit	239.73	243.10
Return before operating charges*	29.71	33.87
Operating charges (calculated on average price)	(1.36)	(37.24)
Return after operating charges*	28.35	(3.37)
Distributions	(4.30)	(8.27)
Retained distributions on accumulation units	4.30	8.27
Closing net asset value per unit	268.08	239.73
* after direct transaction costs of :	0.03	(0.00)

Performance

Return after charges ²	11.83%	(1.39)%
-----------------------------------	---------------	---------

Other Information

Closing net asset value (£'000)	3,148	1,556
Closing number of units	1,174,376	648,973
Operating charges ³	0.83%	0.91%
Direct transaction costs	0.01%	0.03%

Prices

Highest unit price	268.80	258.90
Lowest unit price	238.50	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.

Portfolio Statement as at 30th June 2019

Holding or Nominal		Bid Market	% of
Value	Investment	Value (£)	Net Assets
Sterling Government Bonds 5.58% (31 December 2018 - 6.36%)			
£1,100,000	United Kingdom Gilt 4.25% 07/12/2049	1,851,960	0.96
£950,000	UK Treasury 4.25% 07/03/2036	1,376,757	0.71
£1,360,000	UK Treasury 3.75% 07/09/2019	1,367,632	0.71
£750,000	UK Treasury 4.50% 07/12/2042	1,207,275	0.62
£850,000	UK Treasury 4.75% 07/12/2030	1,200,780	0.62
£750,000	UK Treasury 4.25% 07/12/2027	965,781	0.50
£650,000	UK Treasury 2.75% 07/09/2024	719,976	0.37
£450,000	UK Treasury 4.25% 07/06/2032	622,282	0.32
£500,000	UK Treasury 8.00% 07/06/2021	571,240	0.30
£250,000	Affordable Housing Finance 2.893% 11/08/2043	301,560	0.16
£200,000	Transport for London 3.875% 23/07/2042	255,117	0.13
£200,000	Network Rail Infrastructure Finance 3.00% 07/09/2023	217,242	0.11
£100,000	High Speed Rail Finance 4.375% 01/11/2038	125,897	0.07
		10,783,499	5.58
Sterling Corporate Bonds 5.64% (31 December 2018 - 5.51%)			
£450,000	A2Dominion Housing 3.50% 15/11/2028	472,749	0.24
£250,000	Wellcome Trust Finance 4.625% 25/07/2036	358,005	0.19
£244,096	Tesco Property Finance 5.801% 13/10/2040	321,827	0.17
£200,000	Centrica 7.00% 19/09/2033	295,316	0.15
£200,000	University of Manchester 4.25% 04/07/2053	294,165	0.15
£200,000	Scottish Widows 7.00% 16/06/2043	263,013	0.14
£200,000	Manchester Airport 4.75% 31/03/2034	253,791	0.13
£200,000	Wales & West Utilities Finance 5.00% 07/03/2028	248,352	0.13
£200,000	CPUK Finance 7.239% 28/02/2042	242,799	0.13
£200,000	Arqiva Financing 5.34% 30/06/2030	240,145	0.12
£200,000	BPCE 5.25% 16/04/2029	238,062	0.12
£200,000	ENEL Finance International 5.625% 14/08/2024	234,647	0.12
£150,000	THFC (Funding No 2) 6.35% 08/07/2041	231,274	0.12
£200,000	Prudential F2V 5.70% 19/12/2063	229,310	0.12
£200,000	Unite (USAF) 3.921% 30/06/2025	222,350	0.11
£200,000	Orange 5.75% Perpetual	221,250	0.11
£200,000	Prudential F2V 5.625% 20/10/2051	219,982	0.11
£200,000	Aviva F2F 5.125% 04/06/2050	217,056	0.11
£196,802	Connect Plus M25 Issuer 2.607% 31/03/2039	211,518	0.11
£200,000	Electricite de France 5.875% Perpetual	211,500	0.11
£200,000	Bazalgette Finance 2.375% 29/11/2027	207,882	0.11
£200,000	Prs Finance 1.75% 24/11/2026	207,033	0.11
£200,000	Retail Charity Bond 4.25% 30/03/2028	206,200	0.11
£200,000	Channel Housing Link Enterprises Finance F2F 3.043% 30/06/2050	204,815	0.11
£200,000	Yorkshire Building Society 3.00% 18/04/2025	203,162	0.11
£200,000	Investec Bank 4.25% 24/07/2028	201,884	0.10
£200,000	Places for People Treasury 2.875% 17/08/2026	201,763	0.10
£250,000	Dignity Finance 4.696% 31/12/2049	201,692	0.10
£200,000	Bunzl Finance 2.25% 11/06/2025	201,208	0.10
£200,000	Anglian Water Services Financing 1.625% 10/08/2025	199,001	0.10
£170,005	Greater Gabbard Ofco 4.137% 29/11/2032	196,370	0.10
£150,000	Royal Bank of Scotland 6.375% 07/12/2028	196,289	0.10
£151,100	Great Rolling 6.875% 27/07/2035	190,992	0.10

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
Sterling Corporate Bonds (continued)			
£200,000	London & Quadrant Housing Trust 2.75% 20/07/2057	184,878	0.10
£164,000	BNP Paribas 3.375% 23/01/2026	174,085	0.09
£150,000	Bank of America 6.125% 15/09/2021	165,524	0.09
£120,000	Eastern Power Networks 8.50% 31/03/2025	161,593	0.08
£150,000	Royal Bank of Scotland 2.875% 19/09/2026	151,603	0.08
£100,000	Electricite de France 5.50% 17/10/2041	143,460	0.07
£100,000	United Utilities Water 5.625% 20/12/2027	130,248	0.07
£100,000	EMH Treasury 4.50% 29/01/2044	128,272	0.07
£100,000	Lloyds Bank 7.625% 22/04/2025	127,807	0.07
£100,000	Land Securities Capital Markets 5.391% 31/03/2027	119,773	0.06
£92,467	UPP Bond 1 Issuer 4.902% 28/02/2040	116,019	0.06
£100,000	Motability Operations 3.75% 16/07/2026	113,880	0.06
£109,000	HSBC 3.00% 22/07/2028	113,592	0.06
£100,000	Legal & General F2V 5.375% 27/10/2045	110,671	0.06
£100,000	Retail Charity Bond 4.50% 20/06/2026	102,100	0.05
£100,000	Barclays 3.25% 12/02/2027	101,970	0.05
£100,000	Kreditanstalt fuer Wiederaufbau 1.625% 05/06/2020	100,717	0.05
£100,000	Barclays 2.375% 06/10/2023	100,052	0.05
£88,863	WoDS Transmission 3.446% 24/08/2034	98,556	0.05
£100,000	RAC Bond 4.87% 06/05/2046	97,825	0.05
£100,000	AA Bond 2.875% 31/01/2022	95,138	0.05
£88,863	WoDS Transmission 3.446% 24/08/2034	94,758	0.05
£100,000	University of Southampton 2.25% 11/04/2057	93,201	0.05
£50,000	SSE 8.375% 20/11/2028	74,981	0.04
£50,000	Alpha Plus 5.00% 31/03/2024	52,051	0.03
£50,000	Retail Charity Bond 4.375% 29/07/2021	51,750	0.03
£30,000	Retail Charity Bond 4.40% 30/04/2025	31,467	0.02
£20,000	Retail Charity Bond 5.00% 29/07/2021	22,110	0.01
		10,903,483	5.64
Overseas Bonds 2.73% (31 December 2018 - 2.28%)			
£250,000	Tennessee Valley Authority 5.625% 07/06/2032	358,115	0.19
£300,000	Thames Water Utilities Cayman Finance 4.375% 03/07/2034	357,522	0.19
£200,000	E.ON International Finance 5.875% 30/10/2037	285,502	0.15
£250,000	Orsted 2.50% 16/05/2033	258,938	0.13
£250,000	Deutsche Bahn Finance 1.375% 07/07/2025	250,035	0.13
£200,000	Rabobank Nederland 4.625% 23/05/2029	231,298	0.12
INR20,500,000	International Finance 6.45% 10/08/2020	231,240	0.12
£150,000	AT&T 7.00% 30/04/2040	226,203	0.12
£150,000	innogy Finance 6.125% 06/07/2039	222,568	0.12
£200,000	Digital Stout 4.25% 17/01/2025	220,457	0.11
IDR3,780,000,000	Inter-American Development Bank 7.875% 14/03/2023	219,756	0.11
£200,000	Verizon Communications 3.375% 27/10/2036	219,493	0.11
£200,000	Banco Santander 2.75% 12/09/2023	206,656	0.11
£200,000	International Finance 1.25% 15/12/2023	202,538	0.10
£150,000	Comcast 5.50% 23/11/2029	199,487	0.10
£200,000	Credit Suisse F2F 2.125% 12/09/2025	198,389	0.10
£170,000	SNCF Reseau 5.50% 01/12/2021	187,791	0.10
USD200,000	Credit Agricole 6.875% Perpetual	165,003	0.09

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal	Value	Investment	Bid Market Value (£)	% of Net Assets
Overseas Bonds (continued)				
USD200,000		Greenko Dutch 5.25% 24/07/2024	154,387	0.08
£100,000		Heathrow Funding 4.625% 31/10/2046	133,291	0.07
£100,000		Telefonica Emisiones 5.445% 08/10/2029	126,498	0.07
£100,000		GE Capital UK Funding 4.125% 13/09/2023	107,769	0.06
£100,000		BASF 1.75% 11/03/2025	102,440	0.05
£100,000		New York Life Global Funding 1.625% 15/12/2023	101,314	0.05
£100,000		ABN AMRO Bank 1.375% 07/06/2022	100,247	0.05
£100,000		AA Bond 4.875% 31/07/2043	98,171	0.05
USD70,000		Southern Power 4.15% 01/12/2025	58,619	0.03
IDR700,000,000		European Investment Bank 7.40% 24/01/2022	39,807	0.02
			5,263,534	2.73
UK Equities 17.43% (31 December 2018 - 18.13%)				
438,841		HSBC	2,882,747	1.49
49,757		Unilever	2,435,356	1.26
30,441		AstraZeneca	1,959,183	1.01
39,788		Rio Tinto	1,941,853	1.01
107,433		Prudential	1,843,550	0.95
111,988		GlaxoSmithKline	1,765,603	0.91
73,853		RELX	1,409,854	0.73
2,359,445		Lloyds Banking	1,335,210	0.69
70,753		Compass	1,335,109	0.69
21,148		Reckitt Benckiser	1,313,714	0.68
51,184		Associated British Foods	1,259,638	0.65
493,562		Tesco	1,118,411	0.58
291,558		DS Smith	1,056,606	0.55
56,529		Smith & Nephew	963,537	0.50
17,123		London Stock Exchange	939,368	0.49
162,616		Barratt Developments	931,139	0.48
15,517		InterContinental Hotels	802,539	0.42
284,032		Legal & General	765,466	0.40
479,520		Barclays	718,225	0.37
64,185		3i	714,700	0.37
35,070		Halma	708,063	0.37
78,852		Sage	632,393	0.33
483,342		Vodafone	625,058	0.32
118,353		Howden Joinery	600,050	0.31
56,338		IMI	584,788	0.30
16,212		Carnival	563,853	0.29
76,914		SSP	527,630	0.27
276,742		Man	431,026	0.22
63,322		Just Eat	395,636	0.21
17,039		Fevertree Drinks	394,794	0.21
198,700		BT	390,287	0.20
33,610		Softcat	326,185	0.17
			33,671,571	17.43
Global Equities 52.87% (31 December 2018 - 48.99%)				
22,201		NextEra Energy	3,572,883	1.85

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal	Value	Investment	Bid Market Value (£)	% of Net Assets
Global Equities (continued)				
90,978		Pfizer	3,097,412	1.60
20,280		CME	3,092,752	1.60
14,575		Mastercard 'A'	3,028,490	1.57
180,129		Sonic Healthcare	2,689,606	1.39
12,601		Costco Wholesale	2,615,151	1.35
29,756		JPMorgan Chase	2,613,207	1.35
83,706		Taiwan Semiconductor Manufacturing ADR	2,575,569	1.33
16,644		Amgen	2,409,306	1.25
15,223		Apple	2,367,238	1.23
24,991		Texas Instruments	2,249,524	1.16
39,505		Colgate-Palmolive	2,223,107	1.15
19,959		Air Liquide	2,196,672	1.14
51,603		Bank of Nova Scotia	2,180,040	1.13
11,927		Credicorp	2,144,742	1.11
13,811		Ecolab	2,135,404	1.11
5,610		BlackRock	2,066,051	1.07
19,605		Microsoft	2,062,938	1.07
15,265		Deere & Co	1,987,676	1.03
68,729		Aramark	1,946,251	1.01
226,800		AIA	1,920,609	0.99
833		Givaudan	1,849,422	0.96
27,020		Orsted	1,843,169	0.95
333,596		Enel	1,832,483	0.95
39,500		Shionogi & Co	1,785,730	0.92
10,849		ASML	1,783,283	0.92
823,100		BDO Unibank	1,760,897	0.91
21,430		United Parcel Service	1,738,546	0.90
23,789		Novartis	1,709,673	0.88
1,144		Amazon.com	1,698,652	0.88
14,830		Marriott International 'A'	1,634,365	0.85
29,273		Citigroup	1,609,359	0.83
1,885		Alphabet 'C'	1,600,510	0.83
50,000		Bridgestone	1,545,718	0.80
22,955		Fresenius Medical Care	1,418,487	0.73
45,973		IAA	1,389,629	0.72
12,615		Walt Disney	1,384,409	0.72
147,047		ING Groep	1,341,025	0.69
5,698		Roche	1,260,704	0.65
48,660		CRH	1,246,669	0.65
5,756		ServiceNow	1,246,447	0.65
17,141		Schneider Electric	1,223,327	0.63
637,800		Samsonite International	1,148,210	0.59
45,351		Umicore	1,143,129	0.59
8,556		Union Pacific	1,136,878	0.59
14,769		First Republic Bank	1,130,855	0.59
8,175		Alibaba ADR	1,088,244	0.56
410,448		Oakley Capital Investments	931,717	0.48
45,973		KAR Auction Services	903,060	0.47
6,416		3M	873,699	0.45

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal	Value	Investment	Bid Market Value (£)	% of Net Assets
Global Equities (continued)				
45,000		Mitsui Fudosan	857,201	0.44
6,548		Unibail-Rodamco-Westfield	771,642	0.40
21,154		Zions Bancorporation	764,250	0.40
19,916		Service Corp International	731,730	0.38
20,300		Tencent	719,475	0.37
473		Booking	696,240	0.36
56,163		SES	689,989	0.36
16,975		Activision Blizzard	629,544	0.33
8,170		Henkel	589,952	0.31
5,684		EssilorLuxottica	583,617	0.30
3,986		Accenture	578,498	0.30
19,479		Deutsche Wohnen	561,931	0.29
2,898		SVB Financial	511,266	0.26
16,783		Cinemark	475,916	0.25
453,582		US Solar Fund	359,957	0.19
4,757		Alcon	231,049	0.12
(95)		Zions Bancorporation Call Option 52.5 19/07/2019 ¹	(298)	–
(4)		Amazon.com Put Option 1860 19/07/2019 ¹	(8,533)	–
(19)		BlackRock Call Option 470 19/07/2019 ¹	(12,839)	(0.01)
(100)		Citigroup Call Option 70 20/09/2019 ¹	(23,572)	(0.01)
			102,139,939	52.87
UK Property 2.32% (31 December 2018 - 2.66%)				
1,420,568		Mayfair Property Income Trust for Charities	1,241,576	0.64
905,856		Charities Property Fund	1,157,322	0.60
563,775		AEW UK Core Property	754,444	0.39
593,426		COIF Charities Property	709,381	0.37
741,786		Civitas Social Housing	623,100	0.32
			4,485,823	2.32
Global Property 4.63% (31 December 2018 - 4.79%)				
296,893		Sarasin IE Global Real Estate Equity 'I' GBP Income ²	5,391,865	2.79
4,683		Equinix	1,854,618	0.96
12,795		Crown Castle International	1,309,459	0.68
3,029		Simon Property	380,226	0.20
			8,936,168	4.63
Alternatives 3.44% (31 December 2018 - 5.01%)				
268,362		Neuberger Berman Uncorrelated Strategies 'IS' GBP Accumulation	2,774,863	1.44
21,713		Source Physical Gold	2,337,811	1.21
431,639		International Public Partnerships	643,142	0.33
531,636		Sequoia Economic Infrastructure Income	602,875	0.31
325,138		SQN Asset Finance Income	288,073	0.15
			6,646,764	3.44
Global Collective Investment Schemes 0.10% (31 December 2018 - 1.60%)				
2,030		Ashmore SICAV Emerging Markets Short Duration 'Z' Income	196,849	0.10

Portfolio Statement as at 30th June 2019 (Continued)

Holding or Nominal Value	Investment	Bid Market Value (£)	% of Net Assets
Forward Currency Contracts 0.29% (31 December 2018 - 0.16%)			
USD (45,197,500)	Sold USD, Bought GBP 35,946,348 for settlement on 19/09/2019	554,362	0.29
JPY (369,060,000)	Sold JPY, Bought GBP 2,725,802 for settlement on 19/09/2019	28,317	0.01
EUR (14,672,000)	Sold EUR, Bought GBP 13,155,649 for settlement on 19/09/2019	(7,280)	—
CHF (3,288,000)	Sold CHF, Bought GBP 2,636,369 for settlement on 19/09/2019	(22,708)	(0.01)
		552,691	0.29
Total Value of Investments 95.03% (31 December 2018 - 95.49%)			
	Net Other Assets	9,602,008	4.97
	Net Assets	193,182,329	100.00

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

¹Derivative Instruments

²Related Party Investments

Asset Allocation of Portfolio of Investments is as follows:

Bonds	26,950,516	13.95
Collective Investment Schemes	14,564,111	7.54
Derivatives	(45,242)	(0.02)
Equities	141,558,245	73.27
Forward Currency Contracts	552,691	0.29
Net Other Assets	9,602,008	4.97
	193,182,329	100.00

Debt Security Allocation is as follows:

Percentage of Debt Securities investment grade and above	94.97%
Percentage of Debt Securities below investment grade (sub BBB- or unrated)	5.03%
	100.00%

Statement of Total Return
For the period ended 30th June 2019

			01.01.2019 to 30.06.2019		16.02.2018 to 30.06.2018 ¹
	Notes	£	£	£	£
Income					
Net capital gains	2		17,758,985		1,465,940
Revenue	3	3,363,313		1,237,799	
Expenses	4	(728,734)		(285,830)	
Interest payable and similar charges	6	(653)		(516)	
Net revenue before taxation		2,633,926		951,453	
Taxation	5	(206,678)		(82,080)	
Net revenue after taxation for the period			2,427,248		869,373
Total return before distributions			20,186,233		2,335,313
Distributions	6		(2,998,335)		176,369
Changes in net assets attributable to unitholders from investment activities			17,187,898		2,511,682

Statement of Changes in Net Assets Attributable to Unitholders
For the period ended 30th June 2019

			01.01.2019 to 30.06.2019		16.02.2018 to 30.06.2018 ¹
		£	£	£	£
Opening net assets attributable to unitholders			168,012,015		–
Movement due to sales and repurchases of units:					
Amounts received on issue of units		10,329,256		102,900,252	
Amounts received on in-specie transactions		–		84,683,766	
Amounts paid on cancellation of units		(2,390,704)		(84,831,509)	
			7,938,552		102,752,509
Dilution levy			–		15,818
Changes in net assets attributable to unitholders from investment activities (see above)			17,187,898		2,511,682
Retained distribution on accumulation units			43,864		41
Closing net assets attributable to unitholders			193,182,329		105,280,050

The notes on pages 89 to 101 form part of these Financial Statements.

¹The Sub-fund launched on 16th February 2018.

Balance Sheet as at 30th June 2019

	Notes	30.06.2019 £	31.12.2018 ¹ £
Assets			
Fixed assets:			
Investments		183,655,551	160,556,132
Current assets:			
Debtors	8	3,374,132	529,357
Cash and bank balances	9	8,112,960	8,775,496
Total assets		195,142,643	169,860,985
Investment liabilities		(75,230)	(122,008)
Creditors:			
Bank overdrafts	9	(46,646)	(46,791)
Distribution payable on income units		(1,711,502)	(1,563,213)
Other creditors	10	(126,936)	(116,958)
Total liabilities		(1,960,314)	(1,848,970)
Net assets attributable to unitholders		193,182,329	168,012,015

The notes on pages 89 to 101 form part of these Financial Statements.

¹The 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.

G. V. Matthews
Director
Sarasin Investment Funds Limited
28th August 2019

S. A. M. Jeffries
Director
Sarasin Investment Funds Limited
28th August 2019

Notes

Notes to the financial statements For the period ended 30th June 2019

1. Accounting Policies

The accounting policies for this sub-fund match those found on pages 14 and 15.

2. Net Capital Gains

	01.01.2019 to 30.06.2019 £	16.02.2018 to 30.06.2018 £
Net capital gains comprise:		
Non-derivative securities realised losses	(691,279)	(26,506)
Non-derivative securities unrealised gains	19,187,227	2,766,148
Derivative securities realised gains	165,087	47,476
Derivative securities unrealised gains/(losses)	10,609	(46,019)
Forward currency contracts realised losses	(418,239)	(843,682)
Forward currency contracts unrealised gains/(losses)	289,922	(76,886)
Currency losses	(785,664)	(354,313)
Management fee rebates	1,468	1,170
Transaction charges	(146)	(1,448)
	17,758,985	1,465,940

3. Revenue

	01.01.2019 to 30.06.2019 £	16.02.2018 to 30.06.2018 £
UK dividends	850,557	319,848
Overseas dividends	1,698,274	688,697
Bank Interest	589	3
Interest on debt securities	351,451	127,087
Unfranked PID ¹ revenue	15,944	–
Franked PID ¹ revenue	(5,116)	5,071
Option premium	305,105	34,848
Franked CIS ² revenue	(5,704)	19,630
Unfranked CIS ² revenue	98,468	38,955
Offshore dividend CIS ² revenue	47,263	–
Offshore interest CIS ² revenue	6,482	3,660
	3,363,313	1,237,799

¹Property Income Dividend

²Collective Investment Scheme

4. Expenses

	01.01.2019 to 30.06.2019 £	16.02.2018 to 30.06.2018 £
Payable to the Manager, associates of the Manager, and agents of either of them:		
Management fees	658,485	254,701
	658,485	254,701
Other Expenses		
Fixed operating charge	67,749	26,539
Set-up costs	—	4,590
Professional fees	2,500	—
	70,249	31,129
Total Expenses	728,734	285,830

5. Taxation

	01.01.2019 to 30.06.2019 £	16.02.2018 to 30.06.2018 £
a) Analysis of tax charge in period		
Overseas tax	206,678	82,080
Total tax for the period	206,678	82,080

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:

	01.01.2019 to 30.06.2019 £	16.02.2018 to 30.06.2018 £
First interim	1,388,145	670,440
Second interim	1,739,602	984,738
	3,127,747	1,655,178
Add: Revenue deducted on cancellation of units	34,585	1,462,268
Deduct: Revenue received on creation of units	(163,997)	(3,001,145)
Deduct: Reserve transferred from predecessor fund	–	(292,670)
Net distributions for the period	2,998,335	(176,369)
Interest payable and similar charges	653	516
	2,998,988	(175,853)

7. Movement between Net Revenue and Distribution

	01.01.2019 to 30.06.2019 £	16.02.2018 to 30.06.2018 £
Net revenue after tax	2,427,248	869,373
Add: Undistributed revenue Reserve brought forward	1,889,181	–
Less: Equalisation uplift on unit Conversion	2	–
Less: Undistributed revenue Reserve carried forward	(2,191,381)	(1,382,649)
Add: Benefit of coupon basis distribution	144,551	51,078
Add: Expenses payable from capital	728,734	285,829
Net Distribution for the period	2,998,335	(176,369)

8. Debtors

	30.06.2019 £	31.12.2018 £
Amounts receivable for creation of units	247,785	–
Sales awaiting settlement	2,434,707	–
Accrued revenue	588,602	493,240
Overseas tax recoverable	100,448	34,948
Property income distribution tax recoverable	1,223	–
Fee rebate receivable	1,367	1,169
	3,374,132	529,357

9. Cash and Bank Balances

	30.06.2019	31.12.2018
	£	£
Cash and bank balances	7,710,230	8,459,900
Cash held at clearing houses	402,730	315,596
	8,112,960	8,775,496
Bank overdrafts	(46,646)	(46,791)
	8,066,314	8,728,705

10. Other Creditors

	30.06.2019	31.12.2018
	£	£
Accrued expenses	126,936	116,958
	126,936	116,958

11. Contingent Assets/(Liabilities)

The Sub-fund had no contingent asset or liability as at 30th June 2019.

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 page 102. All classes have the same rights on winding up and have no par value.

	Income Units	Accumulation Units
Opening units	171,781,634	648,973
Units created	9,274,743	349,739
Units liquidated	(2,337,164)	—
Units converted	(437,743)	175,664
Closing units	178,281,470	1,174,376

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:

	30.06.2019
	£
Management fees	114,951
	114,951

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

	30.06.2019
	£
Sarasin IE Global Real Estate Equity 'I' GBP Income	
	Shares 296,893
	Bid Market Value (£) 5,391,865

At period end, BNY (OCS) Nominees Limited owned 29.81% units in the Sub-fund on behalf of multiple beneficiaries (31st December 2018: 31.68%). St. Hilda's College owned 26.65% units in the Sub-fund on behalf of multiple beneficiaries (31st December 2018: 27.86%).

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.

15. Risk Management Policies and Disclosures (continued)

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 30th June 2019

	Monetary Exposure £	Non-Monetary Exposure £	Total £	%
Australian Dollar	—	2,689,606	2,689,606	1.39
Canadian Dollar	1,127	2,180,040	2,181,167	1.13
Danish Kroner	5,517	1,843,169	1,848,686	0.96
Euro	46,748	972,609	1,019,357	0.53
Hong Kong Dollar	—	3,788,295	3,788,295	1.96
Indian Rupee	—	231,240	231,240	0.12
Indonesian Rupiah	—	259,563	259,563	0.13
Japanese Yen	7,089	1,491,164	1,498,253	0.78
Philippine Peso	—	1,760,897	1,760,897	0.91
Swiss Franc	46,016	2,391,771	2,437,787	1.26
US Dollar	21,792	35,192,648	35,214,440	18.23
	128,289	52,801,002	52,929,291	27.40
Sterling	9,473,719	130,779,319	140,253,038	72.60
	9,602,008	183,580,321	193,182,329	100.00

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 98.

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:

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Financial Assets not carrying interest	Total
	£	£	£	£
30th June 2019				
Australian Dollar	—	—	2,689,606	2,689,606
Canadian Dollar	—	—	2,181,167	2,181,167
Danish Kroner	—	—	1,848,686	1,848,686
Euro	46,646	—	14,182,286	14,228,932
Hong Kong Dollar	—	—	3,788,295	3,788,295
Indian Rupee	—	231,240	—	231,240
Indonesian Rupiah	—	259,563	—	259,563
Japanese Yen	7,089	—	4,188,649	4,195,738
Philippine Peso	—	—	1,760,897	1,760,897
Sterling	10,540,473	23,578,664	107,972,339	142,091,476
Swiss Franc	—	—	5,096,863	5,096,863
US Dollar	186,796	213,006	70,251,867	70,651,669
	10,781,004	24,282,473	213,960,655	249,024,132
	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Financial Liabilities not carrying interest	Total
	£	£	£	£
30th June 2019				
Euro	46,646	—	13,162,929	13,209,575
Japanese Yen	—	—	2,697,485	2,697,485
Sterling	—	—	1,838,438	1,838,438
Swiss Franc	—	—	2,659,077	2,659,077
US Dollar	—	—	35,437,228	35,437,228
	46,646	—	55,795,157	55,841,803

15. Risk Management Policies and Disclosures (continued)

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Financial Assets not carrying interest	Total
	£	£	£	£
31st December 2018				
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

	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Financial Liabilities not carrying interest	Total
	£	£	£	£
31st December 2018				
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 30th June 2019

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial Assets				
Collective Investment Schemes	2,337,811	12,226,300	–	14,564,111
Debt Securities	10,783,499	16,167,017	–	26,950,516
Equities	141,558,245	–	–	141,558,245
Forward Currency Contracts	–	582,679	–	582,679
	154,679,555	28,975,996	–	183,655,551
Financial Liabilities				
Forward Currency Contracts	–	(29,988)	–	(29,988)
Options	(45,242)	–	–	(45,242)
	(45,242)	(29,988)	–	(75,230)

Valuation technique as at 31st December 2018

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial Assets				
Collective Investment Schemes	5,755,906	10,674,182	–	16,430,088
Debt Securities	9,834,273	13,940,548	–	23,774,821
Equities	120,019,930	–	–	120,019,930
Forward Currency Contracts	–	331,293	–	331,293
	135,610,109	24,946,023	–	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 15.

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.

15. Risk Management Policies and Disclosures (continued)

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 30th June 2019	Exposure £
The Bank of New York Mellon	582,679
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

	30.06.2019 £	16.02.2018 to 30.06.2018 £
Analysis of total purchase costs:		
Purchases in period before transaction costs		
Bonds	3,291,071	14,602,558
Collective Investment Schemes	1,441,943	8,642,460
Corporate Actions	3,207,152	512,495
Derivatives	404,440	381,678
Equities	21,370,243	78,903,977
Total purchases	29,714,849	103,043,168
Commissions:		
Equities total value paid	11,563	7,377
Taxes:		
Equities total value paid	739	1,551
Total purchase costs	12,302	8,928
Gross purchase costs	29,727,151	103,052,095
Analysis of total sale costs:		
Gross sales in period before transaction costs		
Bonds	1,284,768	635,786
Collective Investment Schemes	3,327,601	—
Corporate Actions	3,207,152	512,495
Derivatives	327,367	243,032
Equities	16,907,941	3,556,829
Total sales	25,054,829	4,948,142
Commissions:		
Equities total value paid	(5,350)	(1,953)
Taxes:		
Equities total value paid	(4)	—
Total sales costs	(5,354)	(1,953)
Total sales net of transaction costs	25,049,475	4,946,189
	30.06.2019 %	16.02.2018 to 30.06.2018 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV	0.01	0.01
Taxes:		
Analysis of total sale costs:		
Commissions:		
Taxes:		

The average portfolio dealing spread as at 30th June 2019 was 0.17% (30th June 2018: 0.25%).

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 30th June 2019

First Interim distribution in pence per unit

Group 1: Units purchased prior to 1st January 2019

Group 2: Units purchased between 1st January 2019 and 31st March 2019

Unit	Net Revenue 2019 Pence per Unit	Equalisation (note 12) 2019 Pence per Unit	1st Interim Distribution Paid 2019 Pence per Unit	1st Interim Distribution Paid 2018 Pence per Unit
Income Units				
Group 1	0.7700	—	0.7700	0.7350
Group 2	0.7700	—	0.7700	0.7350
Accumulation Units				
Group 1	1.9049	—	1.9049	1.7580
Group 2	1.9049	—	1.9049	1.7580

Second Interim distribution in pence per unit

Group 1: Units purchased prior to 1st April 2019

Group 2: Units purchased between 1st April 2019 and 30th June 2019

Unit	Net Revenue 2019 Pence per Unit	Equalisation (note 12) 2019 Pence per Unit	2nd Interim Distribution Paid 2019 Pence per Unit	2nd Interim Distribution Paid 2018 Pence per Unit
Income Units				
Group 1	0.9600	—	0.9600	0.9600
Group 2	0.9600	—	0.9600	0.9600
Accumulation Units				
Group 1	2.3928	—	2.3928	2.3133
Group 2	2.3928	—	2.3928	2.3133



SARASIN