SARASIN

AUDITED FINAL REPORT

31 DECEMBER 2020

Sarasin Fund for Charities – Thematic UK Equity (GBP)

FCA Authorised UK NURS (OEIC)
Non-UCITS retail scheme

For the period 1 January 2020 to 31 December 2020

Contents

Management and Professional Service Providers' Details

The Company
Sarasin Fund for Charities
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Authorised Corporate Director
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Tel: 020 7038 7000
Fax: 020 7038 6851
(Authorised and regulated by the Financial Conduct Authority)

Directors of the Authorised Corporate Director
G. V. Matthews
S. A. M. Jeffries
J. Lake (resigned as a Non-executive Director on 31 March 2020)
G. Steinberg
E. Tracey

Depositary
NatWest Trustee and Depositary Services Limited
Trustee & Depositary Services
250 Bishopgate
London EC2M 4AA
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

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Auditor
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Representative in Switzerland
J. Safra Sarasin Investmentfonds AG
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Place where the relevant documents may be obtained by investors in Switzerland:
the Prospectus, Articles of Association and Key Investor Information Document, as well as the latest annual report and any subsequent half yearly report, may be obtained free of charge from the representative and the paying agent in Switzerland.

Introduction to Shareholders

The Company
Sarasin Fund for Charities (the "Company") is an investment company with variable capital incorporated under the OEIC Regulations. It is a Non-UCITS retail scheme as defined in the FCA's Collective Investment Schemes Sourcebook (COLL) and also an umbrella company for the purposes of the OEIC Regulations. There is currently one sub-fund in issue, the Sarasin Fund for Charities – Thematic UK Equity (GBP); further sub-funds may be launched in the future. The Company is incorporated in England and Wales with registered number IC000828 and was authorised by the FCA on 12 October 2010.

As of 11 March 2015, when Sarasin Investment Funds Limited was authorised by the FCA as a full scope UK Alternative Investment Fund Manager in accordance with the Alternative Investment Fund Managers Directive with permission to manage Alternative Investment Funds, the Company was classified as an Alternative Investment Fund.

The Company is a tax elected fund ("TEF") which means that it meets the conditions set out in the TEF Regulations.

Shareholders are not liable for the debts of the Fund.

The Financial Statements
We are pleased to present the annual financial statements of the Company for the year ended 31 December 2020.

AIFMD Disclosure

The provisions of the Alternative Investment Fund Managers Directive ("AIFMD") took effect in full on 22 July 2014. That legislation requires the ACD, 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 "Funds") nor impair compliance with the AIFM's duty to act in the best interests of the Funds.

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

The board of directors of the AIFM (the "Board") consists of four directors with one further director serving during the year to 31 December 2020 (each a Director). The AIFM has no additional employees.

The AIFM has delegated the performance of the investment and re-investment of the assets of the Company to Sarasin & Partners LLP (the "Investment Advisor").

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 Funds.

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.

The Directors are therefore considered to be those that have a material impact on the risk profile of the Funds. Accordingly, the remuneration provisions of the Regulations only affect the AIFM with regard to the Board. Each Director is entitled to

AIFMD Disclosure (continued)

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 Funds.

The Directors do not receive performance based variable remuneration, therefore avoiding any potential conflicts of interest. In addition, two of the serving Directors have waived the fees to which they would otherwise be entitled. No amounts were paid directly from the Funds.

The total fixed and variable remuneration of the Directors of the Board considered to comprise the entire staff of the ACD for the financial year ending 31 December 2020 is analysed below:

Fixed Remuneration	£72,500
Variable Remuneration	-
Total	**£72,500**

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 Funds 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 AIFM Remuneration policy is covered by that of Sarasin & Partners LLP which is 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 Fund and report to investors the total amount of leverage employed by the Fund. 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%	100.00%

Actual	**Gross**	**Commitment**
	99.00%	99.00%

Notification of Amendments

Change in Investment objective

The sub-fund's investment objective was changed from seeking to provide comparable income to the FTSE All Share Index to seeking to provide comparable income to the MSCI UK Investable Market Index. The change took effect on 1 May 2020.

Assessment of Value

The first Assessment of Value report was published in April 2020 in line with the FCA's requirements. A comprehensive review of the sub-fund was conducted across each value assessment criteria. The assessment found that the sub-fund provided reasonable value to investors.

Corporate Characteristics – Equity Investments

As part of our equity portfolio construction, we consider the "Corporate Characteristics" of each of the companies held. Each characteristic has its own quality, growth, and valuation dimensions which help us to identify the important risk and return factors for each investment.

We identify five core Corporate Characteristics, as follows:

Disruptive Growth

Disruptive Growth companies can attack large entrenched profit pools with a superior product or service. They may not generate high returns on capital during their most innovative and disruptive phase because they are investing to drive growth. However, an understanding of the size of the addressable market, potential market share, and long term profit potential can reveal excellent investment opportunities. Valuation is a key risk with Disruptive Growth companies and it is important to maintain perspective and discipline.

Defensive Franchise

Typically market leaders in their industries with demonstrable barriers to entry. These companies usually earn consistently high returns on invested capital with limited variability across the economic cycle. From a purely fundamental perspective, these are highly attractive business models. Free cash flow generation is usually very high and predictable, and as result these companies are able to pay safe and growing dividends. Moreover, if end markets are growing and management sensible, the compounding effect can be very powerful.

Cyclical Franchise

Typically market leaders in their industries with demonstrable barriers to entry. These companies usually earn consistently high returns on invested capital, although these may come with a degree of cyclicality. Typically, these companies have business models that sell products into end markets where demand is highly dependent on the level and trend in economic activity. The presence of fixed costs in the business model can mean that profit margins and returns on invested capital can fall substantially in economic downturns. Business risk in the Cyclical Franchise category is thus higher than in the Defensive Franchise category.

Cash Harvest

Cash Harvest companies are usually mature and have limited need for the excess cash that they generate. As a result, they are likely to return this excess cash to shareholders via dividends or share buybacks. The market can underestimate the duration over which these companies are able to maintain superior and growing cash returns to shareholders, even if revenue growth is muted. Analysis of these companies emphasises the ability and willingness of a company to generate and return cash. Business risk (such as competitive threats from Disruptive Growth companies) and financial risk are the more important factors to consider in the Cash Harvest category.

Special Situations

A broad category of investments with specific and unusual investment case drivers, such as corporate restructuring, spin off businesses, companies which own real estate and other financial assets, and family-controlled businesses. These companies tend not to exhibit any particular style bias and the risk is more likely to be wholly idiosyncratic.

Investment Advisor's Report

World Economy

Unsurprisingly, the COVID-19 pandemic has been the defining factor for the world economy in 2020. Although the first official reports of the virus came out of China in early January, the true extent to which it would spread, debilitating economies and companies alike, was underestimated for a further two months. A surge of cases in Italy was followed by an uptick in deaths, as the hospital system became overwhelmed, bringing the pandemic into sharp realisation for both policy makers and markets. In Europe and the US, social distancing policies started in earnest in late February, accompanied by exceptional stimulus packages from both governments and central banks. This coincided with the sharpest economic downturns seen in modern history. Since April – which has since been assumed to be the nadir of global economic activity – the backdrop became more positive over the summer, with the gradual relaxing of restrictions and reopening of economies. In Europe and the US this proved unsustainable, as colder weather in the autumn and new highly transmissible variants of the virus led to rising cases and the reintroduction of restrictions.

In the US, the nature of the state legislature has been a prominent feature, with each state deciding their own methods of dealing with the pandemic. As a result, there is a high degree of variability between states. In general, however, restrictions have been less stringent than in Europe meaning cases have been higher but the economic impact has been relatively less severe. A sharp contraction in Q2 was followed by a rebound in response to exceptional fiscal stimulus packages and central bank support. Finally, the presidential election in November resulted in a Joe Biden victory, paving the way for fresh fiscal spending in 2021 and more predictable government policy moving forward. US GDP is expected to contract by less than any other major economy in 2020 (expectations of -4%), with the exception of China which has recently published 2020 GDP growth of 2.3%.

Having been the first to institute a lockdown in the Wuhan province, China was the first to contain infection rates with a series of stringent social distancing policies. As a result, China was also the first to start reopening the economy with activity picking up in March. Resurgent localized infections have been met with local restrictions which have proved effective and the economy has generally been able to return to normal. Geopolitical tensions have remained a major issue; a border skirmish with India, treatment of the Uighur minority population and the controversial Hong Kong extradition law are a few examples which have brought condemnation. Nevertheless, China's superior strategy in dealing with domestic COVID-19 infections and increased exports of PPE have meant that the economy was able to avoid recession.

The euro area, similar to the US, has had mixed success in suppressing virus case numbers. As aforementioned, Italy was first hit, with the virus spreading to the rest of Europe with differing levels of severity. Reopening has happened in tandem with the suppression of cases but this inevitably led to a second wave in the autumn and winter months. The European Central Bank provided additional monetary policy accommodation, announcing the Pandemic Emergency Purchase Programme (PEPP) in March and expanded it several times, helping to underpin lending rates and support financial market liquidity. Agreement of the EU Recovery Fund (€750bn) was a historic political step for the EU, with member states agreeing to borrowing collectively for the first time to fund a combination of grants and loans to member countries.

In the UK, delayed lockdowns and confused public policies meant a comparatively large economic cost in relation to its European neighbours. Higher infection rates also meant that reopening happened at a slower pace than elsewhere in the summer months, with substantial government support introduced to cushion some of the economic costs. Despite strong monetary and fiscal support, 2020 GDP growth is expected to be the worst in the G7 (-11.3%). Compounding the effects of COVID-19, Brexit uncertainty was prevalent for much of the year before a relatively thin trade agreement was reached in late December. This skinny deal includes no agreement on some essentials, such as financial market equivalence, but does allow for continued negotiations going forward.

Global Equities

Against this backdrop, it is potentially surprising that global equity markets were positive for the year. Continuing momentum from the end of 2019 saw selected regional equity markets make new highs in February. However, this was short lived, as the true extent of disruption from the coronavirus became clear with global equities (MSCI ACWI) selling off 34% in a month. Government and central bank support was sizeable and coordinated, to the extent that, despite the deteriorating economic and humanitarian situation, equity markets rebounded. Having rallied from the trough at the end of March, the strong run of performance has continued with global equities breaching new record highs in September. Effective vaccine trials and a benign result in the US presidential election led to a further boost in investor stimulus in November.

Regionally, the US and China were the strongest performing markets; the S&P 500 rose 18.5% in local currency terms, whereas the Chinese equity market finished up 29%. The recovery in the values of UK companies has been notably weaker, with the MSCI UK (IMI) Index falling 11.8% on the year.

Oil prices have recovered markedly from their lows in April but remain 21.5% (Brent Crude) below where they started the year. This has driven a recovery of equity values in the energy sector and the broader industrial and material complexes, as the economic outlook slowly begins to improve. Nevertheless, energy was the worst hit sector for the year.

Investment Advisor's Report

Global Equities (continued)
Pandemic restrictions lead to a bifurcation in equity returns before the announcement of effective vaccines provided hope of an eventual return to normality. Pandemic 'winners' were predominantly those exposed to the 'working from home' (WFH) trend, such as e-commerce retailers, while pandemic 'losers' were those that were most effected by social distancing restrictions, such as travel companies. In general, this trend can be viewed in the large outperformance of the growth factor (e.g. the FAANG stocks) as compared to the value factor (e.g. energy companies) which was prevalent for much of the year until hopes of a vaccine lead to a sharp reversal in the final two months of the year.

Fixed Income
As the COVID-19 pandemic took hold in March, fixed income markets saw an explosion in volatility which, at its peak, eclipsed even the levels experienced during the Lehman Brothers crisis of 2008-09. Fortunately, policymakers had thoroughly assimilated the lessons of the Great Financial Crisis and the subsequent eurozone sovereign crisis of 2010-2012 and applied genuine "shock and awe" in their policy response. Consequently, after delivering an excess return vs gilts of -7.2% in Q1 (the single worst quarterly relative return figure since the inception of the series in 1996), sterling credit rebounded strongly through the remainder of the year to produce an overall excess return for 2020 of +2.6% and a total return of +8.0%. Central bank policy rates in developed economies descended to the zero bound (or remained there or below in several cases) and are unlikely to rise for the next couple of years at least, creating an environment conducive to an ongoing "hunt for yield" in global fixed income.

Currencies
Currency volatility in 2020 largely reflected market sentiments over economic prospects, with safe haven currencies initially benefiting from elevated uncertainty before giving away the gains as monetary and fiscal stimulus flowed and financial market panic subsided. In trade weighted terms, the USD ended the year almost 3% weaker than the start of 2020, after surging by 10% in mid-March. With USD weakness, and agreement of the EU Recovery fund, the euro ended the year strong, up almost 8% against the USD. The Japanese yen also closed the year strongly, at 103 against the dollar (from 112 in February). Brexit uncertainty and poor pandemic performance drove the GBP for much of the year, with the UK-EU trade deal struck at the end of the year allowing sterling to close the year at a high of almost $1.37.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
22 January 2021

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

Fund Details
As at 31 December 2020

Size (Shares)	Share Type	Mid Price	Yield[1]
Class 'A'	Accumulation	155.60 pence	2.68%
Class 'X'	Income	109.60 pence	2.79%
Class 'Z'	Income	118.20 pence	2.78%
Launch Date	1 December 2010		
Launch Price	100 pence		
Management Charges	Class A Shares: 0.75% Class Z Shares: 0.00% Class X Shares: 0.75%		
Share Type	Class A Shares Class Z Shares Class X Shares		
Accounting Period Ends	Annual: 31 December Interim: 30 June		
Initial Minimum Investment	Class A Shares: £1,000 Class Z Shares: £1,000,000 Class X Shares: £1,000		

[1] The yield shown is the historic yield and is calculated by taking the distribution rate for the last four distributions, multiplied by 100 and divided by the mid price of the shares.

Certification of Accounts by Directors

On 31 January 2020 the UK ceased to be a member of the EU, an event commonly referred to as Brexit. Whilst the terms of the UK's departure were agreed, the nature of the future relationship between the UK and the EU was subject to continuing negotiation during a transition period. A Trade and Cooperation Agreement (TCA) between the EU and the UK was finalised and published on 24 December 2020 after which the Brexit transition period ended on 31 December 2020 and the terms of TCA were enacted.

There were limited provisions in the TCA on equivalence or regulatory cooperation in financial services. A brief Joint Declaration on Financial Services Regulatory Cooperation was published alongside the TCA noting that the UK and the EU intend to agree a framework for regulatory cooperation in order to facilitate mutual equivalence decisions in the future. The final agreement on financial services is therefore subject to further separate negotiations between the UK and the EU.

The end of the Brexit transition period has consequently resulted in significant changes to the EU/UK financial services industry including the loss of passporting rights of UK firms under the Single Market Directives and there is no mutual recognition of licensing regimes.

At present therefore, uncertainty remains for fund and investment management businesses in the UK in terms of the shape of future regulation and the extent of EU market access. The Directors of the ACD do not believe that Brexit will present significant issues that cannot be mitigated; shareholders are predominantly UK based, whilst core counterparties of, and service providers to, the Company, have contingent arrangements available as necessary to ensure that activities can continue with minimal disruption. The Directors of the ACD continue to monitor the situation carefully, and will plan appropriately.

The COVID-19 outbreak was declared a pandemic by the World Health Organisation on 11 March 2020. Global financial markets monitored and reacted to the outbreak, with all markets incurring increased volatility and uncertainty. Social distancing policies and exceptional stimulus packages from government and central banks were introduced as economic downturn and market sell-offs occurred. Asset markets recovered relatively quickly in response to the exceptional actions taken and the backdrop became more positive as restrictions began to relax and economies reopen. In Europe and the US this proved unsustainable, as colder weather in the autumn and new highly transmissible variants of the virus led to rising cases and the reintroduction of restrictions. As at the date of this report, economies are just starting to reopen tentatively following the widespread roll-out of vaccine programmes.

The sustainability of reopening is still in question, but markets remain positive.

The pandemic also brought operational risk to the Company and its service providers (principally the investment adviser, administrator and depository) due to global and local movement restrictions that were enacted by various governments. The Board of Directors of the ACD note that full operational continuity has been maintained by the Company and its service providers throughout the adoption of home-based working protocols. COVID-19 pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak. The Board of Directors of the ACD continue to monitor the situation.

Having considered relevant factors, including Brexit and the impact of COVID-19, the Directors of the ACD are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the Financial Statements. The assets of the Company consist predominantly of securities that are readily realisable, and accordingly, the Company has adequate resources to continue in operational existence for the foreseeable future.

In accordance with the requirements of the COLL 4.5.8BR, we hereby certify the Annual Report and audited Financial Statements on behalf of the Authorised Corporate Director, Sarasin Investment Funds Limited.

G. Steinberg
Director
23 April 2021

S. A. M. Jeffries
Director
23 April 2021

Statement of the Authorised Corporate Director's Responsibilities

The Authorised Corporate Director is responsible for preparing the annual report and the financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 (the "OEIC Regulations"), the Financial Conduct Services Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation. The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook requires the Authorised Corporate Director to prepare financial statements for each annual accounting year which give a true and fair view of the financial affairs of the Company, of its net gains or losses and of its revenue or expenditure for the year and to comply with the United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice (SORP) issued by the Investment Association in May 2014.

In preparing those financial statements, the Authorised Corporate Director is required to:

- Comply with the Prospectus and applicable UK accounting standards, subject to any material departure which are required to be disclosed and explained in the financial statements;
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. The ACD is also responsible for the system of internal controls, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of an ACD report which complies with the requirements of the Company's Instrument of Incorporation, Prospectus, and COLL. In accordance with COLL 4.5.8BR, the Annual Report and the audited financial statements were approved by the board of directors of the ACD of the Company and authorised for issue on 23 April 2021.

Statement of the Depositary's Responsibilities

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

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

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

The Depositary must ensure that:

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

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

Report of the Depositary to the Shareholders of Sarasin Fund for Charities (the "Company") for the year ended 31 December 2020

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

(i) has carried out the issue, sale, redemption, cancellation, and calculation of the price of the Company's shares, and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and

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

NatWest Trustee and Depositary Services Limited
Trustee & Depositary Services
Edinburgh
23 April 2021

Independent Auditor's Report to the Shareholders of Sarasin Fund for Charities for the year ended 31 December 2020

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Sarasin Fund for Charities (the 'company'):

- give a true and fair view of the financial position of the Company and its sub fund as at 31 December 2020 and of the net revenue and the net capital losses on the property of the company and its sub fund for the year ended 31 December 2020; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

We have audited the financial statements which comprise for each sub-fund:

- the Statement of Total Return;
- the Statement of Changes in Net Assets Attributable to Shareholders;
- the Balance Sheet;
- the related notes 1 to 17; and
- the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014 as amended in June 2017, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's (ACD's) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the ACD with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Depositary and ACD

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

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Collective Investment Schemes Sourcebook and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included The Open-Ended Investment Companies Regulations 2001.

We discussed among the audit engagement team including relevant internal specialists such as valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investments. In response we have: involved our financial instruments specialists to assess the applied valuation methodologies; agreed investment holdings to independent confirmations; and agreed investment prices to reliable independent sources.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reviewing correspondence with HMRC and the FCA.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the company and its sub fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the Annual Report for the year ended 31 December 2020 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

Use of our report

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

Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom
23 April 2021

Investment Objective and Policy

The investment objective of the sub-fund seeks to grow the value of the sub-fund over a rolling 5 year period after deducting fees and costs and to provide comparable income to the MSCI UK Investable Market Index. The sub-fund measures income after adjusting for withholding taxes.

Investment Policy

Investments

We invest at least 80% of the sub-fund in the shares of UK listed companies that are domiciled, incorporated or conduct a significant portion of their economic activity in the UK.

We may also invest in cash or bonds or units in funds (including those managed by Sarasin).

Investment Selection

We carefully select the sub-fund's investments and have free choice to select companies from any sector or industry.

We identify the long-term investment themes that drive growth and lead to disruption in global economies and industries, and will shape the world in which we live and invest. We select companies based on our own analysis of which are most likely to benefit from our themes, and are well placed to grow their revenues and cash flows as a result of them.

Additional Techniques

We may only use derivatives to maintain the sub-fund's value, manage investment risk and to gain cost-effective access to investments. Derivatives are financial contracts whose value is linked to the price of another asset (e.g. indices, rates, share prices, and currencies).

Benchmark Information

The sub-fund does not use a target benchmark. However, the income it generates can be assessed by reference to the MSCI Investable Market Index as it represents the returns of UK companies.

We also compare the sub-fund's overall performance (income and capital growth) with that of MSCI UK Investable Market Index.

Sensitivity Analysis

The sub-fund invests in equities. The sub-fund has the ability to use options on individual stocks for efficient portfolio management purposes.

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 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 calculates 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 ranks the distribution and then calculates 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 Fund for Charities – Thematic UK Equity (GBP), as at 31 December 2020, was 19.07% (31 December 2019: 10.22%). The lowest, highest and average utilisation in the year was 9.68%, 19.86%, and 15.86%, respectively (31 December 2019: 5.71%, 10.22%, and 8.66%, respectively).

Note: Sub-fund moved to relative VaR in Q4 2020 so that the VaR limit will move with market volatility. The regulatory limit is 200% relative to benchmark VaR. Relative VaR for the sub-fund at 31 December 2020 was 102.55%.

Investment Review

2020 was a year characterised by a period of massive turbulence for individuals, companies, governments and markets. From the end of the first quarter, the spread of coronavirus resulted in a widespread shutdown of the UK economy and the furloughing of labour at an unprecedented pace. Financial markets reacted in turn, rising steadily into February but correcting sharply thereafter. Policy makers responded, with the Bank of England cutting interest rates twice in March and the UK government unveiling extensive fiscal stimulus packages. The MSCI UK IMI Index fell 26.10% during the first quarter of 2020 as markets came to terms with the realisation that the measures required to tackle the health emergency would result in a very sharp economic recession. Into the second quarter markets began to rebound with the extreme level of policy action helping to calm markets, alongside the belief that the lockdowns were working to slow the spread.

Despite the UK market recovering some of the losses by mid-year, the return for the year was still significantly negative at -19.60% to the end of June. The make-up of the UK stock market did not help, particularly with the large weighting of the banks, all of which fell sharply after the announcement that all dividends would be cancelled for this year and potentially for longer. In addition, the major oil companies, also large index constituents, suffered after a price war between Saudi Arabia and Russia saw the oil price drop to record low levels, which in turn also resulted in a cut to dividends. These sectors were not alone as a raft of companies across the market acted on their dividends, in order to retain cash and flexibility. Into the summer months, UK equities continued to lag behind other regions and further extended their year-to-date losses. Renewed fears around a disorderly Brexit weighed on sentiment, as did worries towards the end of the third quarter around the implications of a second wave of COVID-19 infections. While GDP figures showed the economy rebounding from the big drop seen in the previous quarter, the recovery began to slow and unemployment numbers rise.

Investment Review (continued)

In November the UK government once again introduced restrictions, announcing a second lockdown and further measures to help businesses and households through the winter including the extension of the furlough scheme to the end of March 2021. However, the announcement of three vaccines, all highly effective against the virus, provided some positive news and resulted in a big bounce in the UK market and coincided with the post-US election rally. This news momentarily eclipsed worries about the near-term economic outlook with the year's biggest losers gaining the most in November. The market held onto these gains into December despite attention turning to the increasingly fraught Brexit negotiations, with all indications suggesting the UK would crash out of Europe without a deal at the year end. However, in the final hours before Christmas a deal was struck much to the relief of both sterling and the equity market. By the year end the index (MSCI UK IMI) was still down 14.40% on the year but significantly higher than the mid-year lows.

With economic activity grinding to a halt and the government attempting to stem the pandemic, a number of companies have struggled to remain solvent. Any economic recovery will take some time with many corporates seeing a significant hit to profits for the 2020 financial year. From the outbreak of the virus until the final quarter of the year there was a significant polarisation of share price performance between those companies that benefited from the lockdowns and those that didn't. The supermarkets and online shopping platforms were short-term beneficiaries due to people consuming a much greater amount at home rather than in restaurants and bars, and the holdings in Tesco and Ocado performed well as a result. Similarly, stockpiling initially drove demand for healthcare and hygiene products with consumer product companies like Unilever and Reckitt Benckiser doing well. Other trends like the shift to working from home benefitted technology companies, including Softcat, and those seeing a big pick up in the need for data services and analytics, such as London Stock Exchange and RELX.

In contrast, general high street retailers suffered from a total closure of their stores during lockdown across many of their geographies. ABF, the parent company of Primark, was initially hard hit but as restrictions were lifted the shares rallied. The sectors most significantly impacted by the current environment were those related to travel and leisure. At the start of the crisis the holdings in Carnival, the cruise ship owner, and SSP, the airport and rail concession retailer, were sold. In both cases we had concerns over the prospect of these companies having a prolonged period of minimal revenues, while at the same time having liquidity and balance sheet concerns. IHG, the hotel chain, Compass, the contract caterer and WH Smith are all holdings in a similar space. Despite initially underperforming, we maintained positions in these names given their stronger financial positions, and in the latter half of the year as the outlook improved with news of the vaccines, these shares rallied strongly. Similarly, as markets rebounded a number of the more cyclical and value names within the portfolio performed well on a realisation that they were more resilient than previously expected. These included Halma, Rio Tinto, CRH and Prudential. Furthermore, those companies closely correlated with the UK economy, such as the housebuilder Barratt Developments and the two big banks, Lloyds and HSBC, had had a torrid time for most of the year as the Brexit negotiations dragged on but rebounded strongly on the resolution of a deal.

Activity over the period focussed on ensuring we only held onto companies that could get through the current crisis and reasonably quickly regain a growth trajectory. In addition to the disposals of Carnival and SSP, the holdings in M&G, MAN Group, Sage and Barclays were also sold. Ocado, Unite Group, B&M European and Britvic were new additions to the portfolio as in each case they are leaders in their fields, with solid balance sheets and the potential to come out the other side as winners.

The effects of the pandemic and Brexit uncertainty have battered the UK, with GDP on track for an 11% contraction in 2020. Going into 2021, the uncertainty around the length of the coronavirus crisis is beginning to fade, which in turn is improving the outlook for risk assets, despite a difficult winter ahead for the economy. Coupled with the recently agreed Brexit deal, a return to normality is now on the horizon. Once restrictions are eased and as the economic recovery and GDP rebound plays out, earnings expectations should continue to recover, providing support for equities. The Bank of England is likely to keep rates on hold during the recovery phase which should add further support. Markets dislike uncertainty and for these reasons the UK market was the worst-performing regional equity market in 2020, but with more certainty and hope heading into 2021, we could well see a period of outperformance as the entrenched degree of negativity towards UK shares fades.

Investment Review (continued)

As investors look beyond recent events opportunities will arise at an individual stock level. Strong companies are looking to the future again, increasing investment and reinstating dividends in a sign of corporate confidence. In addition, many companies' share prices are failing to properly reflect company prospects to sustain and grow earnings over time. As the world gets to grips with resolving the pandemic it will be those companies with the strongest balance sheets that have been able to consolidate their positions and have adapted best to the changes that will lead the way. These companies are reacting quickly to the change in circumstances, reducing costs, finding new sources of revenue and preserving cash wherever possible as well as receiving significant assistance from the government. Our focus is on positioning the portfolio towards companies that are both well positioned to survive this crisis and to emerge in a stronger competitive position on the other side. In particular, this means concentrating on those investments that can generate secure and growing cashflows over the long-term and those that benefit from long-term structural growth themes.

Guy Monson
Chief Investment Officer
Sarasin & Partners LLP
26 January 2021

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

Top 10 purchases during the year

HSBC
Unilever
Vodafone
Unite
Britvic
Ocado
Lloyds Banking
Intertek Group
Compass
Prudential

Top 10 sales during the year

AstraZeneca
Rio Tinto
GlaxoSmithKline
CRH
Diageo
Unilever
HSBC
Reckitt Benckiser
London Stock Exchange
RELX

Sub-fund Information

For the year ended 31 December 2020

The Comparative Tables on pages 19 to 24 give the performance of each active share class in the sub-fund.

The ‘Return after charges’ disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the ACD'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 (continued)

Comparative Tables

Thematic UK Equity 'A' Income Shares

	2018[1] (pence per share)
Change in Net Asset Value per Share	
Opening net asset value per share	125.10
Return before operating charges*	(4.42)
Operating charges	(0.89)
Return after operating charges*	(5.31)
Distributions on income shares	(3.79)
Last quoted share price	116.00
Closing net asset value per share	–
* after direct transaction costs of[2]:	–
Performance	
Return after charges[3]	(4.24)%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[4]	0.93%
Direct transaction costs	–
Prices	
Highest share price	127.80p
Lowest share price	111.40p

[1]Share class closed on 5 November 2018.

[2]Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment 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 share divided by the opening net asset value per share.

[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 (continued)

Comparative Tables (continued)

Thematic UK Equity 'A' Accumulation Shares

	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	174.15	144.10	158.40
Return before operating charges*	(17.78)	31.63	(12.87)
Operating charges	(1.47)	(1.58)	(1.43)
Return after operating charges*	(19.25)	30.05	(14.30)
Distributions	(4.18)	(6.36)	(6.02)
Retained distributions on accumulation shares	4.18	6.36	6.02
Closing net asset value per share	154.90	174.15	144.10
* after direct transaction costs of[1]:	(0.01)	(0.01)	–
Performance			
Return after charges[2]	(11.05)%	20.85%	(9.03)%
Other Information			
Closing net asset value (£'000)	2	5,326	2
Closing number of shares	1,000	3,058,334	1,000
Operating charges[3]	0.93%	0.95%	0.93%
Direct transaction costs	(0.01)%	(0.01)%	–
Prices			
Highest share price	176.50p	176.80p	163.20p
Lowest share price	117.40p	143.70p	142.10p

[1]Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment 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.

[2]The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[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 (continued)

Comparative Tables (continued)

Thematic UK Equity 'X' Income Shares

	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	125.83	108.22	123.78
Return before operating charges*	(13.20)	23.44	(9.81)
Operating charges	(0.99)	(1.12)	(1.11)
Return after operating charges*	(14.19)	22.32	(10.92)
Distributions on income shares	(3.06)	(4.71)	(4.64)
Closing net asset value per share	108.58	125.83	108.22
* after direct transaction costs of[1]:	(0.01)	(0.01)	–
Performance			
Return after charges[2]	(11.28)%	20.62%	(8.82)%
Other Information			
Closing net asset value (£'000)	3,606	7,957	24,628
Closing number of shares	3,321,003	6,323,075	22,758,403
Operating charges[3]	0.93%	0.95%	0.93%
Direct transaction costs	(0.01)%	(0.01)%	–
Prices			
Highest share price	127.50p	128.60p	126.30p
Lowest share price	84.79p	116.90p	107.60p

[1]Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment 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.

[2]The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[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 (continued)

Comparative Tables (continued)

Thematic UK Equity 'X' Accumulation Shares

	2018[1] (pence per share)
Change in Net Asset Value per Share	
Opening net asset value per share	155.30
Return before operating charges*	(5.81)
Operating charges	(1.10)
Return after operating charges*	(6.91)
Distributions	(4.74)
Retained distributions on accumulation shares	4.74
Last quoted share price	148.39
Closing net asset value per share	–
* after direct transaction costs of[2]:	–
Performance	
Return after charges[3]	(4.45)%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[4]	0.93%
Direct transaction costs	–
Prices	
Highest share price	160.00p
Lowest share price	141.40p

[1]Share class closed on 5 November 2018.

[2]Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment 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 share divided by the opening net asset value per share.

[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 (continued)

Comparative Tables (continued)

Thematic UK Equity 'Z' Income Shares

	2020 (pence per share)	2019 (pence per share)	2018 (pence per share)
Change in Net Asset Value per Share			
Opening net asset value per share	134.73	114.97	130.48
Return before operating charges*	(14.13)	25.03	(10.37)
Operating charges	(0.20)	(0.25)	(0.23)
Return after operating charges*	(14.33)	24.78	(10.60)
Distributions on income shares	(3.28)	(5.02)	(4.91)
Closing net asset value per share	117.12	134.73	114.97
* after direct transaction costs of[1]:	(0.01)	(0.01)	–
Performance			
Return after charges[2]	(10.64)%	21.55%	(8.12)%
Other Information			
Closing net asset value (£'000)	3,292	778	664
Closing number of shares	2,810,668	577,507	577,507
Operating charges[3]	0.18%	0.20%	0.18%
Direct transaction costs	(0.01)%	(0.01)%	–
Prices			
Highest share price	136.60p	137.70p	133.60p
Lowest share price	90.93p	114.70p	114.30p

[1]Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment 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.

[2]The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[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 (continued)

Comparative Tables (continued)

Thematic UK Equity 'Z' Accumulation Shares

	2018[1] (pence per share)
Change in Net Asset Value per Share	
Opening net asset value per share	167.20
Return before operating charges*	(6.17)
Operating charges	(0.23)
Return after operating charges*	(6.40)
Distributions	(5.12)
Retained distributions on accumulation shares	5.12
Last quoted share price	160.80
Closing net asset value per share	–
* after direct transaction costs of[2]:	–
Performance	
Return after charges[3]	(3.83)%
Other Information	
Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges[4]	0.18%
Direct transaction costs	–
Prices	
Highest share price	172.80p
Lowest share price	152.60p

[1]Share class closed on 5 November 2018.

[2]Direct transaction costs are stated after deducting the proportion of the amounts collected from single swing price adjustment 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 share divided by the opening net asset value per share.

[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 (continued)

Risk and Reward Profile

Lower risk / Typically lower rewards — **Higher risk** / Typically higher rewards

1	2	3	4	5	6	7

- Historical data may not be a reliable indication for the future.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk-free'.

The Risk and Reward Indicator
The Risk and Reward Indicator table demonstrates where the sub-fund ranks in terms of its potential risk and return, calculated using the volatility of monthly returns over five years. As it is based upon how the sub-fund has performed in the past, you should note that the sub-fund may well perform differently in the future. The higher the rank the greater the potential reward but the greater the risk of losing money.

The sub-fund is ranked at 5 reflecting observed historical returns. The sub-fund is in this category because it has shown higher levels of volatility historically. The prior year rating was 4 and it has increased due to increased volatility within the sub-fund.

The following risks may not be fully captured by the Indicator:
Derivatives: Derivatives can only be used to manage the sub-fund more efficiently in an attempt to reduce the overall risk of its investments, reduce the costs of investing or generate additional capital or income. Although this may not be achieved and may create losses greater than the cost of the derivative.

The sub-fund has charges deducted from capital. This may reduce the potential for growth.

Portfolio Statement

As at 31 December 2020

Holding	Investment	Bid Market Value £	% of Net Assets
Cash Harvest 11.43% (31 December 2019 - 13.94%)			
71,588	BP	182,406	2.64
78,458	Legal & General	208,777	3.03
15,557	Royal Dutch Shell 'B'	195,925	2.84
166,752	Vodafone	201,670	2.92
		788,778	**11.43**
Cyclical Franchise 42.86% (31 December 2019 - 47.21%)			
8,742	B&M European Value Retails	45,126	0.65
23,119	Barratt Developments	154,851	2.24
10,559	Britvic	85,581	1.24
4,065	CRH	124,308	1.80
44,716	DS Smith	167,506	2.43
2,022	Genus	84,843	1.23
23,310	GlaxoSmithKline	312,820	4.53
12,884	Howden Joinery	88,848	1.29
104,929	HSBC	397,471	5.76
9,457	IMI	110,174	1.60
2,967	InterContinental Hotels	139,034	2.02
614,027	Lloyds Banking	223,751	3.24
2,250	London Stock Exchange	202,680	2.94
18,568	Prudential	250,111	3.62
6,928	Rio Tinto	378,962	5.49
7,220	Softcat	99,203	1.44
6,104	WH Smith	92,170	1.34
		2,957,439	**42.86**
Defensive Franchise 35.58% (31 December 2019 - 31.98%)			
5,737	AstraZeneca	420,178	6.09
13,603	Compass	185,409	2.69
10,732	Diageo	308,867	4.48
4,806	Halma	117,699	1.71
2,005	Intertek Group	113,242	1.64
3,675	Reckitt Benckiser	240,418	3.48
13,248	RELX	237,470	3.44
9,698	Smith & Nephew	146,440	2.12
75,021	Tesco	173,599	2.52
9,387	Unilever	412,277	5.98
9,544	Unite	98,876	1.43
		2,454,475	**35.58**
Disruptive Growth 6.64% (31 December 2019 - 4.62%)			
6,463	Abcam	100,047	1.45
6,961	Associated British Foods	157,597	2.29
3,286	Fevertree Drinks	82,972	1.20
5,158	Ocado	117,241	1.70
		457,857	**6.64**

Portfolio Statement (continued)

Holding	Investment	Bid Market Value £	% of Net Assets
Special Situation 2.60% (31 December 2019 - 1.77%)			
15,492	3i	179,320	2.60
		179,320	**2.60**
	Total Value of Investments 99.11% (31 December 2019 - 99.52%)	6,837,869	99.11
	Net Other Assets	61,646	0.89
	Net assets	**6,899,515**	**100.00**

All holdings are ordinary shares of stock and are listed on an official stock exchange unless otherwise stated.

Statement of Total Return

For the year ended 31 December 2020

	Notes[1]		31.12.2020		31.12.2019
		£	£	£	£
Income					
Net capital (losses)/gains	4		(2,191,067)		3,019,331
Revenue	6	312,938		674,548	
Expenses	7	(74,092)		(153,378)	
Interest payable and similar charges	9	(1)		–	
Net revenue before taxation		238,845		521,170	
Taxation	8	5,465		–	
Net revenue after taxation for the year			244,310		521,170
Total returns before distributions			(1,946,757)		3,540,501
Distributions	9		(318,399)		(674,612)
Changes in net assets attributable to shareholders from investment activities			(2,265,156)		2,865,889

Statement of Changes in Net Assets Attributable to Shareholders

For the year ended 31 December 2020

	Note[1]		31.12.2020		31.12.2019
		£	£	£	£
Opening net assets attributable to shareholders			14,060,775		25,293,810
Movement due to sales and repurchases of shares:					
Amounts received on issue of shares		262,140		443,835	
Less: amounts paid on cancellation of shares		(5,194,297)		(14,635,255)	
			(4,932,157)		(14,191,420)
Single swing price adjustment			2,881		5,531
Changes in net assets attributable to shareholders from investment activities (see above)			(2,265,156)		2,865,889
Retained distribution on accumulation shares	9		33,172		86,965
Closing net assets attributable to shareholders			6,899,515		14,060,775

[1]The notes to these accounts can be found on pages 30 to 39.

Balance Sheet
As at 31 December 2020

	Notes[1]	31.12.2020 £	31.12.2019 £
Assets			
Fixed assets:			
Investments		6,837,869	13,993,462
Current assets:			
Debtors	10	22,944	32,284
Cash and bank balances	11	71,150	104,442
Total assets		6,931,963	14,130,188
Liabilities			
Creditors:			
Distribution payable on income shares	9	(29,059)	(58,926)
Other creditors	12	(3,389)	(10,487)
Total liabilities		(32,448)	(69,413)
Net assets attributable to shareholders		6,899,515	14,060,775

[1]The notes to these accounts can be found on pages 30 to 39.

Notes to the Financial Statements
For the year ended 31 December 2020

1. Accounting Polices

(a) Basis of preparation
The 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 in May 2014 and FRS102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

The ACD is confident that the Company will continue in operation and be able to meet its liabilities as they fall due for at least the next twelve months from the approval of these financial statements. The Company has adequate financial resources and its assets consist of securities, which are readily realisable. As such, the financial statements have been prepared on the going concern basis.

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

(c) Recognition, classification and derecognition of investments
Financial assets and financial liabilities are recognised in the sub-fund’s balance sheet when the sub-fund become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at transaction price (including transaction costs) and subsequently measured at amortised cost, except for the sub-fund’s investments classified as financial assets at fair value through profit or loss, which are initially recognised at fair value (excluding transaction costs).

(d) Valuation of investments
Quoted investments have been valued at their bid-market value using prices as at close of business of 31 December 2020, being the last working day of the accounting period, net any accrued interest which is included in the balance sheet as revenue.

(e) Foreign Exchange
Where applicable, transactions during the year have been translated into sterling at the rate of exchange ruling at the date of transaction. Revenue received in foreign currencies has been translated into sterling at the rates of exchange ruling on the date of receipt by the Depositary. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end.

(f) Revenue
Dividends on equities and distributions from Collective Investment Schemes are recognised when quoted ex-dividend or ex-distribution, respectively (see also Notes 2 (d), and (e)). Interest on cash deposits is accounted for on an accruals basis. Other revenue is accounted for on a receipts basis.

(g) Expense
All expenses are charged against capital.

Operating and administrative costs and expenses incurred by the Company may be paid out of the scheme’s property. In order to protect the shareholders from fluctuations in these expenses, the ACD has agreed to fix the total amount of these expenses in respect of the sub-fund. This is referred to as the “fixed rate operating charge”, this charge will be calculated and accrued daily and deducted monthly in arrears from the sub-fund.

(h) Taxation
The sub-fund is a tax elected fund (TEF) which means that it meets the conditions set out in the TEF Regulations. A fund which qualifies and has been elected as a TEF will, generally, have no liability to UK corporation tax, and instead, the investor will be taxed as though it had invested in the underlying assets itself.

The TEF must, for tax purposes, attribute the total amount shown as available for distribution into two streams: into TEF distributions (dividend) and into TEF distributions (non-dividend). TEF distributions (dividend) amounts are treated as dividends on shares whereas TEF distributions (non-dividend) amounts are treated as yearly interest. These two distribution streams are shown with the Distribution Tables on pages 40 to 43.

Like other authorised investment funds, a TEF is exempt from corporation tax on capital gains.

Notes to the Financial Statements (continued)

1. Accounting Polices (continued)

(i) Single swing price adjustment
In certain circumstances, the ACD may charge a single swing price adjustment on the sale or repurchase of shares. The adjustment, which is paid into the relevant sub-fund, is intended to cover the net inflows into the sub-fund or net outflows from the sub-fund, so that the price of a share is above or below that which would have resulted from a mid-market valuation. The charging of a single swing price adjustment may reduce the redemption price or increase the purchase price of shares. The dilution adjustment for each sub-fund will be calculated by reference to the costs of dealing in the underlying investments of that sub-fund, including any dealing spreads, commission and transfer taxes including any United Kingdom Stamp Duty payable on purchases of underlying securities.

(j) 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.

(k) Valuation Techniques
Level 1
Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2
Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

For Sarasin Funds, 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.

Level 3
Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Where assets are subject to administration or orderly realisation processes, the ACD 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 Depositary and monitored frequently.

2. Distribution Policies

(a) Basis of distribution
Revenue produced by the sub-fund’s investments accumulates during each accounting year. In order to conduct a controlled distribution flow to shareholders, interim distributions may be made at the ACD’s discretion, up to a maximum of the distributable revenue available for the year.

(b) Unclaimed distributions
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 sub-fund.

(c) Stock dividends
Ordinary scrip dividends are recognised as revenue, based on the market value of the shares on the date they are quoted ex-dividend and included in the amount available for distribution. For enhanced stock dividends the amount of enhancement is treated as capital.

Notes to the Financial Statements (continued)

2. Distribution Policies (continued)

(d) 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 sub- fund. Any tax treatment would follow the accounting treatment of the principal amount.

(e) Distribution from collective investment schemes
The first distribution received from investments in collective investment schemes may include an element of equalisation, which represents the average amount of revenue included in the price of units/shares. This equalisation is treated as a return of capital and is not available for distribution.

(f) Equalisation
Equalisation is not applied to distribution paid by the sub-fund.

3. Risk Management Policies
In pursuing the sub-fund's investment objective, the ACD accepts market risk (comprising foreign currency risk, interest rate risk and other price risk) and derivative risk, and in operating the sub-fund accepts liquidity risk and credit risk.

Foreign 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. Each sub-fund's investment portfolio may be invested in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. The ACD 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.

Interest rate risk is the risk that the value of a sub-fund's investment holdings will fluctuate as a result of actual or anticipated changes in interest rates. The ACD considers the credit rating, yield and maturity of each debt security, to ensure the yield reflects any perceived risk. The value of such debt securities may also be affected by changes in credit rating or default by the underlying issuer.

Market risk is the risk that the value of a sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate movements or exchange rate movements. Other price risk arises mainly from uncertainty about the future prices of the financial instruments that each sub-fund holds. It represents the potential loss a sub-fund might suffer through holding market positions in the face of price movements. Each sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Instrument of Incorporation. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the Rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority mitigates the risk of excessive exposure to any particular type of security or issuer.

Derivatives comprise of forward foreign currency contracts, futures, swaps and option contracts. Forward foreign currency contracts are used to manage currency risk arising from investing in overseas securities. Open positions at the balance sheet date, which are all covered, are included in the Investment Assets/(Liabilities) as applicable. 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 exposure to market movements with that of the sub-fund's benchmark. (The value of these investments may fluctuate significantly). By holding these types of investments there is a risk of capital depreciation in relation to certain fund assets.

Liquidity risk is the risk that a sub-fund may not be able to settle its financial obligations or that in order to do so, is forced to sell investments or close positions on unfavourable terms. The sub-fund's main liability is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions.

As the sub-fund has significant holdings in readily realisable level 1 and level 2 securities, it is expected that the sub-fund will be able to generate sufficient cash flows to settle these obligations when they arise.

Credit risk is the risk that a sub-fund will suffer a financial loss as a result of a counterparty failing to discharge an obligation. The sub-fund only buy and sell investments through brokers which have been approved by the ACD 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.

Sub-fund invested in bonds expose it to the default risk of the bond issuer with regards interest payments and principal repayments. Bond holdings with low credit ratings (sub-investment grade) or those that are not rated by a reputable credit rating agency (unrated) are disclosed within the Portfolio Statement of the sub-fund. 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.

Notes to the Financial Statements (continued)

4. Net Capital (Losses)/Gains

	31.12.2020 £	31.12.2019 £
Non-derivative securities[1]	(2,191,067)	3,021,078
Currency losses	–	(1,747)
Net capital (losses)/gains	(2,191,067)	3,019,331

[1] Includes realised losses of £364,401 and unrealised losses of £1,826,666. (31 December 2019: realised gains of £1,130,962 and unrealised gains of £1,890,116.)

5. Purchases, Sales, and Transaction Costs

	31.12.2020 £	31.12.2019 £
Analysis of total purchase costs:		
Purchases in year before transaction costs		
Collective Investment Schemes	–	387,685
Corporate Actions	–	1,188,333
Equities	1,803,652	3,595,082
Commissions:		
Equities total value paid	584	1,116
Taxes:		
Equities total value paid	1	133
Total purchase transaction costs	585	1,249
Gross purchases total	1,804,237	5,172,349
Analysis of total sale costs:		
Gross sales in year before transaction costs		
Collective Investment Schemes	–	408,970
Corporate Actions	–	1,188,333
Equities	6,770,215	17,622,979
Commissions:		
Equities total value paid	(1,450)	(3,281)
Taxes:		
Equities total value paid	(1)	–
Total sales costs	(1,451)	(3,281)
Total sales net of transaction costs	6,768,764	19,217,001

Notes to the Financial Statements (continued)

5. Purchases, Sales, and Transaction Costs (continued)

	31.12.2020 %	31.12.2019 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV[1]	0.01	0.01
Equities percentage of purchases total	0.03	0.03
Taxes:		
Equities percentage of average NAV[1]	–	–
Equities percentage of purchases total	–	–
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV[1]	0.01	0.02
Equities percentage of sales total	0.02	0.02
Taxes:		
Equities percentage of average NAV[1]	–	–
Equities percentage of sales total	–	–

The average portfolio dealing spread as at 31 December 2020 was 0.20% (31 December 2019: 0.08%).

[1] Excluding single swing price adjustment.

6. Revenue

	31.12.2020 £	31.12.2019 £
Bank interest	87	638
Franked UK dividends	296,644	656,892
Franked CIS revenue	–	5,465
Overseas dividends	16,207	11,553
	312,938	674,548

7. Expenses

	31.12.2020 £	31.12.2019 £
Payable to the ACD or associates of the ACD, and agents of either of them:		
ACD's annual charge	55,320	120,476
	55,320	120,476
Other expenses:		
Fixed operating charge[1]	18,772	29,402
Sundry expenses	–	3,500
	18,772	32,902
	74,092	153,378

[1] Expenses due to the Depositary, Custodian, Administrator, Auditor and the FCA are payable by the ACD out of the Fixed operating charge. Fee payable to the Auditors for the year ending 31 December 2019 is £7,600 plus VAT (31 December 2019: £7,250 plus VAT).

Notes to the Financial Statements (continued)

8. Taxation

	31.12.2020 £	31.12.2019 £
a) Analysis of charge for the year:		
Overseas tax suffered	–	–
Prior year adjustment[1]	(5,465)	–
Current tax (note 8b)	(5,465)	–
Deferred tax (note 8c)	–	–
Total tax charge	(5,465)	–

b) Factors affecting taxation charge for the year:

The tax assessed for the period is lower (2019: lower) than the standard rate of UK Corporation Tax for an Open Ended Investment Company in the UK of 20% (2019: 20%). The differences are explained below:

	31.12.2020 £	31.12.2019 £
Net revenue before tax	238,845	521,170
Corporation tax at 20%	47,769	104,234
Effects of:		
UK dividend revenue not subject to corporation tax	(59,329)	(131,378)
Excess management expenses	14,801	30,548
Franked CIS revenue	–	(1,093)
Overseas dividend revenue not subject to corporation tax	(3,241)	(2,311)
Prior year adjustment[1]	(5,465)	–
Sub-total	(53,234)	(104,234)
Current year tax charge (note 8a)	(5,465)	–

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

	31.12.2020 £	31.12.2019 £
c) Provision for the deferred tax		
Provision at start of year	–	–
Deferred tax charge for the year	–	–
Provision at end of year	–	–

The sub-fund has not recognised a deferred tax asset of £642,576 (31 December 2019: £627,775) arising from excess management expenses, which will only be utilised to reduce future tax charges if the sub-fund has an excess of unfranked revenue over expenses in future years. It is unlikely that the fund will generate sufficient taxable profits in the future to utilise these expenses, as such the deferred tax asset has not been recognised.

[1] Relates to prior year reclaims outstanding

Notes to the Financial Statements (continued)

9. Distributions

The distributions take account of revenue added on creation of shares and revenue deducted on the cancellation of shares, and comprise:

	31.12.2020 £	31.12.2019 £
First Quarter Distribution	65,512	197,613
First Quarter Accumulation	33,144	17
Interim Distribution	98,849	155,620
Interim Accumulation	12	18
Third Quarter Distribution	79,319	88,900
Third Quarter Accumulation	10	51,236
Final Distribution	29,059	58,926
Final Accumulation	6	35,694
	305,911	588,024
Add: Amounts deducted on cancellation of shares	13,627	90,526
Less: Amounts added on creation of shares	(1,139)	(3,938)
Distributions	318,399	674,612
Interest payable and similar charges	1	–
Total distributions	318,400	674,612
Net revenue after taxation	244,310	521,170
Add: Capitalised expenses	74,091	153,378
Add: Equalisation uplift on unit conversions	–	55
Add: Undistributed revenue brought forward	2	11
Less: Undistributed revenue carried forward	(4)	(2)
Distributions	318,399	674,612

10. Debtors

	31.12.2020 £	31.12.2019 £
Accrued revenue	17,681	22,587
Overseas tax recoverable	5,263	9,697
	22,944	32,284

11. Cash and Bank Balances

	31.12.2020 £	31.12.2019 £
Cash and bank balances	71,150	104,442
	71,150	104,442

12. Other Creditors

	31.12.2020 £	31.12.2019 £
Accrued expenses	3,389	10,487
	3,389	10,487

13. Commitments, Contingent Liabilities and Contingent Assets

At 31 December 2020, the sub-fund had no contingent liabilities or assets (31 December 2019: £Nil).

Notes to the Financial Statements (continued)

14. Related parties

ACD fees paid to Sarasin Investment Funds Limited are shown in note 7. The balance due to Sarasin Investment Funds Limited at the year end in respect of these transactions was £2,313 (31 December 2019: £8,410).

At the year end, Sarasin Fund for Charities – Thematic UK Equity (GBP) held no shares in any other sub fund or collective investment scheme managed by associated companies of Sarasin Investment Funds (31 December 2019: same).

At the year end, The Bank of New York Mellon (OCS) Nominees Limited owned 37.70% of shares in the sub-fund on behalf of multiple beneficiaries (31 December 2019: 37.72%).

15. Shareholders' Funds

The sub-fund has 3 share classes in issue. The shares have no par value and, within each class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the assets in, or the termination of, that sub-fund.

Shares do not carry preferential or pre-emptive rights to acquire further shares. All shares have the same rights on winding up.

Thematic UK Equity 'A' Accumulation Shares	
Opening shares	3,058,334
Shares Created	–
Shares Liquidated	(515,035)
Shares Converted	(2,542,299)
Closing shares	1,000
Thematic UK Equity 'X' Income Shares	
Opening shares	6,323,075
Shares Created	27,510
Shares Liquidated	(3,029,582)
Shares Converted	–
Closing shares	3,321,003
Thematic UK Equity 'Z' Income Shares	
Opening shares	577,507
Shares Created	216,338
Shares Liquidated	(1,296,461)
Shares Converted	3,313,284
Closing shares	2,810,668

16. Risk Disclosures

The policies in place for controlling the risks associated with pursuing the sub-fund's objectives and operating the sub-fund are detailed in note PublishingCrossReference on page 32. A sensitivity analysis of the sub-fund is provided on page 15. Further analysis of the sub-fund's exposure to these risks is detailed below.

Currency exposure as at 31 December 2020

All monetary and non-monetary exposure as at 31 December 2020 is in Sterling so there is no currency exposure (31 December 2019: same)

Notes to the Financial Statements (continued)

16. Risk Disclosures (continued)

Interest rate exposure as at 31 December 2020

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Sterling	71,150	–	6,860,813	6,931,963
	71,150	–	6,860,813	6,931,963

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	–	–	(32,448)	(32,448)
	–	–	(32,448)	(32,448)

Interest rate exposure as at 31 December 2019

	Floating rate financial assets £	Fixed rate financial assets £	Financial assets not carrying interest £	Total £
Sterling	104,442	–	14,025,746	14,130,188
	104,442	–	14,025,746	14,130,188

	Floating rate financial liabilities £	Fixed rate financial liabilities £	Financial liabilities not carrying interest £	Total £
Sterling	–	–	(69,413)	(69,413)
	–	–	(69,413)	(69,413)

Fair Value

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

Valuation technique as at 31 December 2020

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Equities	6,837,869	–	–	6,837,869
	6,837,869	–	–	6,837,869

Valuation technique as at 31 December 2019

Financial Assets	Level 1 £	Level 2 £	Level 3 £	Total £
Equities	13,993,462	–	–	13,993,462
	13,993,462	–	–	13,993,462

The valuation technique has been disclosed under note 1 Accounting Policies on pages 30 to 31.

Notes to the Financial Statements (continued)

16. Risk Disclosures (continued)

Level 1

The unadjusted quoted price in an active market for an identical instrument 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).

17. Post Balance Sheet Market Movements

The ACD 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. The following share class has exceeded the threshold and, as at the date of signing these accounts, has increased in value by over 10% since 31 December 2020: Fund for Charities – Thematic UK Equity Z Inc and A Acc.

Distribution Tables
For the year ended 31 December 2020

First Interim distribution in pence per share
Group 1: Shares purchased prior to 1 January 2020
Group 2: Shares purchased between 1 January 2020 and 31 March 2020

Share	Net Revenue 2020 Pence per Share	Equalisation (note 2e) Pence per Share	Interim Distribution Paid 2020 Pence per Share	Interim Distribution Paid 2019 Pence per Share
Thematic UK Equity 'A' Accumulation Shares				
Dividend Stream				
Group 1	1.3023	–	1.3023	1.6958
Group 2	1.3023	–	1.3023	1.6958
Non-Dividend Stream				
Group 1	0.0009	–	0.0009	0.0012
Group 2	0.0009	–	0.0009	0.0012
Thematic UK Equity 'X' Income Shares				
Dividend Stream				
Group 1	0.9410	–	0.9410	1.2754
Group 2	0.9410	–	0.9410	1.2754
Non-Dividend Stream				
Group 1	0.0006	–	0.0006	0.0009
Group 2	0.0006	–	0.0006	0.0009
Thematic UK Equity 'Z' Income Shares				
Dividend Stream				
Group 1	1.0083	–	1.0083	1.3567
Group 2	1.0083	–	1.0083	1.3567
Non-Dividend Stream				
Group 1	0.0007	–	0.0007	0.0009
Group 2	0.0007	–	0.0007	0.0009

100% of the Dividend Streams together with tax credits are received as franked investment income.

0% of the Dividend Streams are received as an annual payment (non-foreign element)

Distribution Tables (continued)

Second Interim distribution in pence per share
Group 1: Shares purchased prior to 1 April 2020
Group 2: Shares purchased between 1 April 2020 and 30 June 2020

Share	Net Revenue 2020 Pence per Share	Equalisation (note 2e) Pence per Share	Interim Distribution Paid 2020 Pence per Share	Interim Distribution Paid 2019 Pence per Share
Thematic UK Equity 'A' Accumulation Shares				
Dividend Stream				
Group 1	1.1828	–	1.1828	1.8206
Group 2	1.1828	–	1.1828	1.8206
Non-Dividend Stream				
Group 1	0.0002	–	0.0002	0.0014
Group 2	0.0002	–	0.0002	0.0014
Thematic UK Equity 'X' Income Shares				
Dividend Stream				
Group 1	0.9224	–	0.9224	1.3538
Group 2	0.9224	–	0.9224	1.3538
Non-Dividend Stream				
Group 1	0.0001	–	0.0001	0.0010
Group 2	0.0001	–	0.0001	0.0010
Thematic UK Equity 'Z' Income Shares				
Dividend Stream				
Group 1	0.9871	–	0.9871	1.4422
Group 2	0.9871	–	0.9871	1.4422
Non-Dividend Stream				
Group 1	0.0001	–	0.0001	0.0011
Group 2	0.0001	–	0.0001	0.0011

100% of the Dividend Streams together with tax credits are received as franked investment income.

0% of the Dividend Streams are received as an annual payment (non-foreign element)

Distribution Tables (continued)

Third Interim distribution in pence per share
Group 1: Shares purchased prior to 1 July 2020
Group 2: Shares purchased between 1 July 2020 and 30 September 2020

Share	Net Revenue 2020 Pence per Share	Equalisation (note 2e) Pence per Share	Interim Distribution Paid 2020 Pence per Share	Interim Distribution Paid 2019 Pence per Share
Thematic UK Equity 'A' Accumulation Shares				
Dividend Stream				
Group 1	1.0420	–	1.0420	1.6736
Group 2	1.0420	–	1.0420	1.6736
Non-Dividend Stream				
Group 1	–	–	–	0.0017
Group 2	–	–	–	0.0017
Thematic UK Equity 'X' Income Shares				
Dividend Stream				
Group 1	0.7388	–	0.7388	1.2282
Group 2	0.7388	–	0.7388	1.2282
Non-Dividend Stream				
Group 1	–	–	–	0.0012
Group 2	–	–	–	0.0012
Thematic UK Equity 'Z' Income Shares				
Dividend Stream				
Group 1	0.7944	–	0.7944	1.3112
Group 2	0.7944	–	0.7944	1.3112
Non-Dividend Stream				
Group 1	–	–	–	0.0013
Group 2	–	–	–	0.0013

100% of the Dividend Streams together with tax credits are received as franked investment income.

0% of the Dividend Streams are received as an annual payment (non-foreign element)

Distribution Tables (continued)

Final distribution in pence per share
Group 1: Shares purchased prior to 1 October 2020
Group 2: Shares purchased between 1 October 2020 and 31 December 2020

Share	Net Revenue 2020 Pence per Share	Equalisation (note 2e) Pence per Share	Final Distribution Payable 2021 Pence per Share	Final Distribution Paid 2020 Pence per Share
Thematic UK Equity 'A' Accumulation Shares				
Dividend Stream				
Group 1	0.6490	–	0.6490	1.1649
Group 2	0.6490	–	0.6490	1.1649
Non-Dividend Stream				
Group 1	–	–	–	0.0022
Group 2	–	–	–	0.0022
Thematic UK Equity 'X' Income Shares				
Dividend Stream				
Group 1	0.4576	–	0.4576	0.8474
Group 2	0.4576	–	0.4576	0.8474
Non-Dividend Stream				
Group 1	–	–	–	0.0016
Group 2	–	–	–	0.0016
Thematic UK Equity 'Z' Income Shares				
Dividend Stream				
Group 1	0.4932	–	0.4932	0.9061
Group 2	0.4932	–	0.4932	0.9061
Non-Dividend Stream				
Group 1	–	–	–	0.0017
Group 2	–	–	–	0.0017

100% of the Dividend Streams together with tax credits are received as franked investment income.

0% of the Dividend Streams are received as an annual payment (non-foreign element)

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